

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

----- :

IN THE MATTER OF: :

CASE 2009 Application of Gulf Oil Corporation for a :  
200-acre non-standard gas proration unit :  
and for an order force-pooling the in- :  
terests therein. Applicant, in the above- :  
styled cause, seeks the establishment of a :  
200-acre non-standard gas proration unit :  
in the Blinebry Gas Pool, consisting of :  
the SW/4 and the SW/4 SE/4 of Section 23, :  
Township 22 South, Range 37 East. Lea :  
County, New Mexico, to be dedicated to :  
the O. I. Boyd Well No. 3, located 1980 :  
feet from the South and West lines of :  
said Section 23. Applicant further seeks :  
an order force-pooling the interests of :  
those in said non-standard gas proration :  
unit who have gas rights within the ver- :  
tical limits of the Blinebry Gas Pool, :  
including the following named persons or :  
parties who have not consented to the :  
pooling agreement: :

W. B. Trammel; Mrs. Carrie Gidwitz; Harry :  
L. Jones and Isabel Jones; Heirs, Devisees :  
and Personal Representatives of William T. :  
Pitt, Deceased; Peter M. Smith; Adam F. :  
Arnold; Cranfill Fowler; George W. Clark; :  
Charles W. Hastings; John E. McConnell, Jr.; :  
Lionel L. Shatford; Ernest O. Knapp, J. Paul :  
Knapp, Gertrude K. Schrecengost, Mildred K. :  
Stoneburner, Evelyn Neel, and Maude S. Knapp, :  
Jointly; Robert R. McKee; and all other :  
persons or parties owning oil and gas in- :  
terests in the SW/4 and SW/4 SE/4 of Section :  
23, Township 22 South, Range 37 East, Lea :  
County, New Mexico. :

----- :

BEFORE:

Elvis A. Utz, Examiner.

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T R A N S C R I P T O F P R O O C E E D I N G S

MR. UTZ: Case 2009.

MR. PAYNE: Case 2009, Application of Gulf Oil Corporation for a 200-acre non-standard gas proration unit and for an order force-pooling the interests therein.

MR. CASTLER: If the Examiner please, I am Bill Castler appearing for Gulf Oil Corporation.

MR. CAMPBELL: If the Examiner please, I am Jack M. Campbell, Campbell and Russell, Roswell, New Mexico. I would like to enter an appearance in this case for the following: J. M. Armstrong, W. A. Jeager, H. B. Fuqua, I understand executor for the Estate of Clifford Mooers, John J. Redfern, Jr., Jack Markham, J. R. Cone, J. Hiram Moore, Roy G. Barton. For the information of the Examiner, these are mineral owners under the northwest quarter of the southwest quarter of Section 23, and they represent all of the mineral owners except three mineral acres owned by the Lucky Ride Royalty Syndicate.

MR. UTZ: You don't represent them?

MR. CAMPBELL: No, I don't represent them. As the evidence will disclose, they have executed a communitization agreement, but I am not authorized to speak in their behalf. The others that I mentioned own all of the minerals under that forty-acre tract except for this 3/40 undivided interest.

MR. UTZ: Are there other appearances?

You may proceed.

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MR. CASTLER: The witness will be Mr. Frank W. Moran.

(Witness sworn in.)

FRANK W. MORAN

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. CASTLER:

Q Please state your name, by whom you are employed and your present position?

A My name is Frank W. Moran, I am employed by the Gulf Oil Corporation in Roswell, New Mexico, and my present position is Petroleum Engineer.

Q Have you ever previously appeared before the New Mexico Oil Conservation Commission and qualified as an expert Petroleum Engineer witness?

A No, sir.

Q Would you please state your educational background as a Petroleum Engineer?

A I attended the University of Texas from 1946 to 1950, and in January, 1950, I received a BS Degree in Petroleum Engineering.

Q Will you please review your experience as a Petroleum Engineer?

A I went to work for Gulf in February, 1950, and worked in Fort Worth, Texas until May, 1960. During that time, I did

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engineering work in Gulf's core laboratory and Reservoir Department and Proration Department, and have been familiar with Gulf's activities in New Mexico and West Texas. I've frequently appeared before the Texas Commission and have served as a technical witness with the company since September, 1955. In May, 1960, I was transferred to Gulf's Roswell District and am presently stationed in Roswell working primarily as Gulf's representative in New Mexico and Texas in proration work. I am also a registered professional engineer in the State of Texas.

Q Mr. Moran, have you become familiar with Gulf's O. I. Boyd lease and are you familiar with what is involved in Gulf's application for a 200-acre non-standard proration unit and their request for forced-pooling?

A Yes sir, I have.

MR. CASTLER: Mr. Examiner, I submit Mr. Moran is qualified to give testimony in this case.

MR. UTZ: He is.

Q (By Mr. Castler) Mr. Moran, have you prepared for introduction as Gulf's Exhibit Number One in this case a plat showing the present and proposed proration unit and other matters pertinent to the application?

A Yes, sir, I have.

(Thereupon, the document was marked as Exhibit Number One for identification.)

Q (By Mr. Castler) Referring now to Gulf's Exhibit Number



One, will you please state what this area plat shows?

A This plat shows in white within the red outline Gulf's present 160-acre Abo lease, which is covered by OCC Order Number R-857 dated August 16, 1956, as a 160-acre non-standard gas production unit described as Well Number 3, which is circled in red. This well is located 1980 feet from the south and west lines of Section 23, Township 22 South, Range 37 East. This well is dually completed within the Drinkard oil pool and the Blinebry gas pool.

Q Is the O. I. Boyd Lease, which is the white lease within the red outline, is that one continuous lease with common royalty ownership?

A Yes sir, it is.

Q Will you state what else Exhibit One shows?

A This exhibit also shows shaded in yellow, an outline in red, the northwest southwest of Section 23, which is an unleased tract presently outside any gas unit within the Blinebry gas pool. The mineral owners within the Blinebry--excuse me, the mineral owners of this unleased tract have joined with Gulf in a gas pooling agreement covering the two hundred acres outlined in red. It is the approval of this 200-acre unit that Gulf is seeking to obtain. The mineral owners presently requested--the mineral owners representing the entire interests have joined in this request.

Q The includes the Lucky Ride Royalty Syndicate?

A Yes, sir.



Q Which owns three mineral acres, I believe?

A Yes sir, it does.

Q Does Exhibit One show the offset operators?

A Yes sir, it does. I have shown in green outline on this exhibit the present boundaries of all surrounding gas proration units, Blinebry gas proration units; the purpose of this is to illustrate the fact that the forty-acre unleased tract shaded in yellow is completely isolated, although is capable of gas production within the Blinebry gas pool.

Q Mr. Moran, do you have a true copy of the gas pooling agreement covering the two hundred acres in question, which may be introduced here as Gulf's Exhibit Number Two?

A Yes sir, I do.

(Thereupon, the document was marked as Exhibit Number Two for identification.)

Q Does that show that it has been executed by all parties who have been listed and named in this case so far as being mineral interest owners?

A Yes sir, it does.

Q Is the well shown on the northwest quarter of the southwest quarter of Section 23 in Exhibit One a producing well --

A No, sir.

Q --within the yellow shaded area?

A No sir, it was not. This well was originally completed in the Drinkard pool and was plugged and abandoned, according to our



latest information, in April, 1952.

Q Have you looked into the question of cost to the applicant for a Blinebry gas well on this yellow shaded tract?

A Yes sir, I have; it is estimated that it would cost approximately sixty-five thousand dollars to drill and equip a well for Blinebry gas production, and the estimated payout time, assuming a forty-acre gas allowable, would be approximately 11.2 years. In addition, we have been advised of the possibility of plugging back this well for completion from the Blinebry gas pool, and have found that it would cost approximately twenty-five thousand dollars to perform such an operation, which we estimate would take a payout time of approximately 4.3 years. In my opinion, it is not economically feasible to drill or complete a well at this location for Blinebry gas production on this forty-acre tract, and undoubtedly that is shared by all the mineral interest owners thereunder.

Q The reason, it appears to be, of the mineral owners is because they have entered into the gas pooling agreement offered by Gulf?

A Yes, sir.

Q Is Gulf's O. I. Boyd Well Number 3, which is outlined in red on Exhibit Number One, capable of producing sufficient gas to warrant a two-hundred acre allowable?

A Yes sir, it is. This well was originally completed in June, 1946 in the Drinkard oil pool from the interval 6340 to



6420 feet. In May, 1955, the well was dually completed in the Blinebry gas pool with a perforated interval from 5400 to 5550 feet. An initial test in the Blinebry, gas flowed through the casing, tubing, annulus at a rate of 2400 MCF per day with a back pressure of 600 pounds. On a test taken in October, on October 27, 1959, the well had an overflow potential of 1,192 MCF per day, and in April, 1960, the well produced into the Permian Basin Pipeline system at a rate of 876 MCF per day. The average gas allowable for a 160-acre unit during the past twelve months was 503 MCF per day, which would amount to 629 MCF per day for a 200-acre gas proration unit.

Q Is Gulf's Well Number 3 located in a position that it could effectively drain the northwest quarter of the southwest quarter of Section 23 in the event a 200-acre unit is allowed?

A Yes sir, it is.

Q Are there diversified royalty owners in the O. I. Boyd lease?

A No sir, there are not.

Q How many royalty owners does Gulf have in this lease?

A Fifty-nine.

Q Has Gulf requested the royalty owners to consent and ratify the proposed gas pooling agreement?

A Yes sir, by registered mail.

Q What per cent of the royalty interests have ratified the agreement to this date?





A 99.4 per cent of the interests have approved the unit.

Q How many of these fifty-nine royalty owners then have approved?

A Forty-nine.

Q And their aggregate ownership is 99.49 per cent?

A That is correct.

Q Has any royalty owner notified Gulf or any other party, to your knowledge, of its disapproval of the --

A No sir, they haven't. The ones that we are seeking to force-pool, that are named in Gulf's application, are people who have failed to send in their consent of this agreement, their consent and ratification. We have not had any royalty owners state any reason for refusing to ratify the proposed two hundred-acre pooling agreement. I might add that since this application was filed, two royalty owners, namely Robert R. McKee and Mr. John E. McConnell, Jr., have sent in their consent since the application was filed in March, 1960.

Q In your opinion, if pooling of all interests in the proposed two hundred-acre unit were not agreed upon as in this case, would the owners of the minerals in the northwest quarter of the southwest quarter be deprived or would they tend to be deprived of the opportunity to recover their just and equitable share of their natural gas?

A Yes, sir.

Q Would an order requiring a pooling of all royalty not



already voluntarily pooled here deprive any royalty owner or tend to deprive him of the opportunity to recover his just and equitable share of the gas?

A No, sir.

Q If any interest were force-pooled, would the cost of development be more for one than it would for the other?

A No, sir.

Q Have all royalty owners that have not already consented been notified of Gulf's pending application and this hearing today?

A Yes, sir, they have.

Q Have all offset operators been notified and been furnished a copy of Gulf's application?

A Yes, sir.

Q Was Exhibit One compiled and prepared by you and at your direction and under your supervision?

A Yes sir, it was.

MR. CASTLER: These are all the questions I have at this time on direct.

MR. UTZ: Mr. Moran, who owns the 120-acre unit in the southeast quarter of Section 22?

A Anderson Pritchard is the operator of that unit.

MR. UTZ: And Gulf owns the southwest of the southeast of 23?

A That is correct.

MR. UTZ: Do you know what the spacing, special pool



rules of spacing of the Blinebry pool are?

A As I recall, that provides for 160-acre gas units.

MR. UTZ: And you are here asking for two hundred?

A That is correct.

MR. UTZ: What objection would Gulf have with communitizing the forty acres in the southeast quarter with the Anderson Pritchard unit and forming the regular 160-acre units in each area?

A The first objection, Mr. Examiner, would be that Gulf has committed the southwest quarter of the southeast quarter to the O. I. Boyd Well Number 3, and it would take approximately one year in order to attempt a negotiation with Anderson Pritchard for a new operating agreement and a new gas pooling agreement with all the royalty interests involved under this acreage, as well as our acreage, and consequently, we feel the paperwork and time consumed would be impractical.

MR. UTZ: Have you contacted Anderson Pritchard in this regard?

A No sir, I havenot.

MR. UTZ: How long did it take you to effect the communitization asked for in this hearing?

A Well, as I recall, Gulf has been working with the royalty owners under our O. I. Boyd Lease as well as those under the northwest quarter of the southwest quarter for a period of at least two years.

MR. UTZ: Do you know of any units in the Blinebry pool



In excess of one hundred and sixty acres?

A Yes sir, I know of one, it's Kelly Baker's, I don't recall the exact number, but as I recall, it has an acreage assigned to that particular well of 240 acres.

MR. UTZ: Was that a special hearing?

A Yes sir, it was; in addition, I recall that it was approved by a special rule adopted for approval.

MR. UTZ: Any other questions?

MR. CAMPBELL: Yes, I have a question or two, Mr. Examiner.

CROSS EXAMINATION

BY MR. CAMPBELL:

Q Mr. Moran, the Anderson Pritchard 120-acre unit to the east is a non-standard proration unit previously approved by the Commission, is it not?

A Yes sir, it is.

Q And your present 160-acre non-standard unit which extends into the Anderson Pritchard quarter section is also an approved non-standard gas proration unit, is it not?

A Yes sir, it is.

Q With regard to the time that has been involved in attempting to pool the acreage under your O. I. Boyd Lease and the unleased minerals under the isolated 40-acre tract in the northwest quarter of the southwest quarter of Section 23, does the unit agreement which you have offered in evidence indicate that some of the signatures on that agreement are as early as



September of 1957?

A Yes, sir.

Q And isn't it correct that only rather recently have you been able to obtain the signature to that particular communitization agreement by the Lucky Ride Royalty Syndicate?

A Yes, sir.

Q And that involves a period of almost three years, does it not?

A Yes sir, it does.

Q And then you have at the same time then been attempting to obtain approval of the fifty-nine royalty owners under the O. I. Boyd Lease, have you not?

A Yes sir, we have.

Q And if you were required at this time to re-adjust these units in order to create two standard 160-acre tracts, you would have to go through the process again and include in the royalty under the leases of the Anderson Pritchard unit to the east, would you not?

A Yes, we would.

MR. CAMPBELL: That's all the questions.

MR. UTZ: Are there other questions?

The witness may be excused.

(Witness excused.)

MR. UTZ: Any other statements in this case?

MR. CAMPBELL: I would like to make a statement.

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Mr. Examiner, it has been indicated, we represent practically all of the mineral owners under the northwest quarter of the southwest quarter of Section 23. I think it is quite apparent that if there had been possibilities on an economic basis of re-completion of the well that was drilled there as a Drinkard well in the Blinebry, that the person who drilled that well, Mr. Penrose, certainly would have done so rather than abandon the well and leave the acreage unleased as it is at the present time. It is quite apparent that all during this time this Gulf well to the east has been producing gas from the Blinebry zone, it has been draining this tract, it will continue to drain this tract so long as it is producing gas, and as a matter of fact, the surprising thing to me is that the mineral owners under this 40-acre tract had not themselves sought forced-pooling, and on their behalf, we appreciate the fact that Gulf has come before the Commission to include this acreage in their unit. We believe that since the Anderson Pritchard people apparently obtained their 120-acre unit in the knowledge of this situation, since these two gas proration units had been in existence for some period of time, and since to re-adjust them at this time would further damage the correlative rights of the mineral owners under the 40-acre tract, that the Commission should, in view of the fact that Anderson Pritchard has no objection, grant this application for the non-standard unit and for the compulsory pooling of those interests who have not replied to Gulf's two or three year effort to get



this communitized. It certainly seems to me that this is the situation so far as the mineral interest owners under that 40-acre tract are concerned, which calls for the exercise of the Commission's powers to pool acreage and to establish gas proration units that will protect the correlative rights of all the owners of interest in the pool, so all of these mineral owners certainly urge the Commission to approve this application.

MR. UTZ: Well, Mr. Campbell, whether it's two hundred acres or a 160-acre tract, the mineral interests that you are representing, the people that you represent will get the same amount.

MR. CAMPBELL: They will absolutely get the same amount, but if the thing is revised for the mere sake of having a square tract as the unit, another two or three years will have elapsed and additional drainage will have taken place when it is ultimately re-arranged, if it is, by the process of negotiations. Of course they will get the same amount of gas allowable, true, but in view of the fact that they have this tract on which it is fatally economical to drill another well, the longer we wait, the more of their fair share of the gas in this reservoir they are going to lose.

MR. UTZ: Off the record.

(Discussion off the record.)

MR. UTZ: Back on the record. Any other statements? If there are none, the case will be taken under advisement.

That's all, the hearing is adjourned.



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I N D E X

WITNESS

PAGE

FRANK W. MORAN

Direct Examination by Mr. Castler  
Cross Examination by Mr. Campbell

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STATE OF NEW MEXICO )  
 : ss  
COUNTY OF BERNALILLO )

I, JERRY MARTINEZ, Notary Public in and for the County of Santa Fe, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript by me, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this, the 8th day of July, 1960,  
in the City of Albuquerque, County of Bernalillo, State of New  
Mexico.

Notary Public

My Commission Expires:

January 24, 1962

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2009, heard by me on 7-6, 1960.

*James A. [Signature]* Examiner  
New Mexico Oil Conservation Commission

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FARMINGTON, N. M.  
PHONE 325-1182

ALBUQUERQUE, N. M.  
PHONE 243-6691

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
August 8, 1962

EXAMINER HEARING

-----  
IN THE MATTER OF: (Reopened) )

Application of Gulf Oil Corporation for )  
a four-month extension of the effective- ) Case 2009  
ness of Order No. R-1726, Lea County, )  
New Mexico. Applicant, in the above- )  
styled cause, seeks a four-month exten- )  
sion of the effectiveness of Order No. )  
R-1726, which established a temporary )  
200-acre non-standard gas proration )  
unit in the SW/4 and the SW/4 SE/4 of )  
Section 23, Township 22 South, Range 37 )  
East, Blinbry Gas Pool, Lea County, )  
New Mexico. )  
-----

BEFORE: Mr. Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: The hearing will come to order, please.

The first case this morning will be Case 2009.

MR. FLINT: Application of Gulf Oil Corporation for a  
four-month extension of the effectiveness of Order No. R-1726,  
Lea County, New Mexico.

MR. KASTLER: If the Examiner please, I am Bill Kastler  
from Roswell, New Mexico appearing on behalf of Gulf Oil



## NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING - DANIEL S. NUTTERSANTA FE, NEW MEXICOREGISTERHEARING DATE AUGUST 8, 1962 TIME: 9 A.M.

NAME:	REPRESENTING:	LOCATION:
Prentice Watts Jim F Burrows	Aztec Oil & Gas	Dallas
W. J. Indryge James A. Kelley	Pan American Pet Corp Humble Oil & Refining	Lubbock Denver, Colo
<del>Van Couver</del> W V Kastle J H Hoover	<del>Pan American</del> Gulf Oil Corp	<del>Los Angeles</del> Roswell N.M.
Kenneth Swanson	Aztec Oil & Gas Co	Dallas
Richard S. Morris	Seth Montgomery Jenkins & Co for Texaco	Santa Fe
L. B. Plumb	Tenneco Oil Co	DURANGO Colo
Joe Porter	Waterbury & Co	Artesia N.M.
Harold L. Kenney P. J. M. Smith	Hervey Dow & Humbert for Humble V. S. G. S.	Harmington
	ILLEGIBLE	

Corporation. Our witness in this case will be Mr. John H. Hoover.

(Witness sworn.)

(Whereupon, Applicant's Exhibits Nos. 1 through 11 were marked for identification.)

JOHN HOOVER

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. KASTLER:

Q Will you please state your name, your employer and your position?

A John Hoover, employed by Gulf Oil Corporation as senior petroleum engineer.

Q Have you previously testified as an expert petroleum engineer before the New Mexico Oil Conservation Commission?

A Yes, sir, I have.

Q Are you familiar with all of the facts and circumstances involved in Gulf's application in Case 2009?

A Yes, sir.

Q Are you familiar with the O. I. Boyd well and the lease situation in there?

A Yes, sir, I am.

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Q Would you please state what the location of the land in question is?

A Are you speaking of the two hundred acre unit?

Q Yes.

A Or O. I. Boyd lease?

Q First review the present order and its background a little, if you please.

A Originally in 1956, Gulf obtained approval for a non-standard 160-acre unit by Order R-857 which covered the O. I. Boyd lease, described as the South Half, Southwest Quarter, and Northeast Quarter Southwest Quarter, and Southwest Quarter Southeast Quarter of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico. In August of 1960, Order R-1726 was issued to provide for a temporary 200-acre non-standard gas proration unit in the Blinebry Gas Pool which would cover the Southwest Quarter and the Southwest Quarter-Southeast Quarter of this Section 23. This order stated that the 200 acres was approved for only a two-year period, which was for the purpose to attempt to form two standard 160-acre units covering the South Half of Section 23.

Q Mr. Hoover, beginning shortly after August 4, 1960 when this Order R-1726 was entered, did Gulf in good faith attempt to form a unit in the Southeast Quarter of Section 23?



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A Yes, sir, we did. I would like to go through what we have labeled Exhibits 1 through 11, which sets forth the correspondence taking place in the attempt to form this unit. Bearing in mind that the order was dated August 4, 1960, on September the 1st, 1960 we directed a letter to Anderson-Pritchard in their Midland, Texas office advising them of what had happened and if it would be possible to form a unit, a standard unit using their well as a unit well.

Q Mr. Hoover, was Anderson-Pritchard at that time the owner or unit operator of a proration unit in the Southeast Quarter?

A Yes. They had 120-acre unit in the Southeast Quarter. On September the 12th, they advised us that our letter had been referred to the Reservoir Department in Oklahoma City and that we would hear from them in the near future. Then on December 30th we directed another letter to them asking if they needed any further information and if they had been able to come up with a decision. I would like to call your attention to Exhibit 4, which is the reply from Anderson-Pritchard dated January 23, 1961, and the last sentence of the first paragraph. It says, "Because of the recent purchase of A.P.O.C. by Union Texas Natural Gas Corporation, it is unlikely that any enlargement of this gas proration unit would be made by Union Texas Natural subsequent to



April 1, 1961."

Q Was A.P.O.C. understood to be Anderson-Pritchard Oil Corporation?

A Yes, sir, that's what I understand. Therefore, there was nothing possible to form this unit until April 1st, 1961. Then we directed a letter to them on June 28th calling to their attention that they could not do anything until after April 1st and asking if they were now in a position to offer us a proposal. Then on August the 1st, 1961, we received this letter from Union Texas Natural Gas Corporation where they make reference to our letter and that they had formulated a plan that had been approved by their management and that they would first have to secure approval of the working interest partners and that they were hopeful that we would receive a reply by September 1st, 1961.

On September 25, 1961 they advised us again that one of their working interest partners had raised a question concerning the deliverability of the well and they were going to take some tests on it and review the data again with the partners and they would advise.

On February 22, we wrote again asking if they had been able to resolve the matter. Then on March 27 they wrote us another letter that they had proposed a plan to the working interest partners, but one of their partners had not approved it and as

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soon as they received a decision they would let us know. Then on July 25 I called Union Texas and talked to them and they had a copy of our application for this hearing and he said that he would contact the partner who had objected, or not objected but had not seen fit to approve, and let us know.

So this letter of July 31, 1962 is the letter whereby they have made an offer for us to include our 40 acres of the O. I. Boyd lease and form a standard 160-acre unit in the Southeast Quarter of 23. Our letter, Exhibit No. 11, of August 3rd, 1962, we advised Union Texas Petroleum, which formerly was Union Texas Natural, that we accept their proposal and that they please submit the necessary instruments for communitization. That is the status as of this date.

Q Mr. Hoover, all of these Exhibits 1 through 11 constitute photo copies of correspondence. Have these been, in your estimation, made as true copies?

A Yes, sir, they have.

Q In your opinion, do they show or tend to show that Gulf has continuously since August 4, 1960, carried on an effort in good faith to effect a unitization of the Southeast Quarter of Section 23?

A Yes, sir, I believe that they had.

Q At the present state of affairs, Mr. Hoover, are all





of the working interest owners apparently in accord that a unitization can be made on an acceptable basis?

A Yes, sir.

Q Do you foresee any difficulty in getting the unit flanged up and getting an allowable made for this Southeast Quarter?

A No, sir, no difficulty. Time is the only element.

Q What do you understand to be involved that will require any substantial amount of time?

A Well, first, we will have to get those instruments from Union Texas and execute them, and then it will be necessary for Union Texas to form or ask for approval of the standard 160-acre unit upon presentation of the communitization of the properties. Then in our particular Boyd lease we have fifty-nine royalty interests and it will be necessary to contact those necessary royalty interests and wait until we receive approval from them; and if we do not hear from all of them and it is necessary to force pool, that could consume considerable time.

Q Do you understand that it would be necessary to request a forced pooling of royalty owners if the Oil Commission were to set an allowable for the Southeast Quarter and constitute that a standard unit?

A I believe it would be.

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MR. KASTLER: If the Examiner please, I would like to state my own legal opinion in this matter, if the Commission were to enter a standard pooling order covering this and based upon a unitization agreement entered into by the working interest owners, that force pooling of royalty owners would not appear to be necessary because the production of the allowable would be attributed to the leases as the acreage designates.

MR. NUTTER: Okay.

Q (By Mr. Kastler) During the next 120 days, is it your recommendation that the Order R-1726 be continued in effect, that is during the next 120 days or such shorter period as may be necessary to effect the unitization and obtaining an allowable?

A Yes, sir.

Q Do you have anything else you would like to add?

A No, sir, I believe not.

MR. KASTLER: That concludes my questions of Mr. Hoover on direct examination, and at this time I would like to offer Exhibits 1 through 11.

MR. NUTTER: Gulf's Exhibits 1 through 11 will be admitted.

(Whereupon, Applicant's Exhibits Nos. 1 through 11 were admitted in evidence.)



CROSS EXAMINATION

BY MR. FLINT:

Q Let me ask one question, Mr. Hoover, to synthesize your testimony. Is it your testimony that you expect within a limited period of time to be able to comply with the original order of the Commission, Order No. R-1726, and to establish by communitization two standard 160-acre gas proration units as provided in that order?

A Yes, sir. Of course, we're making every effort we can to form the two 160-acre units in compliance with the Commission's directive. We think that 120 days should be enough. However, I thought two years was enough to form the unit. From the testimony you can see we could do nothing from the 1st of September of 1960 until April 1st of 1961 due to the merging of Anderson-Pritchard into Union Texas. I don't see why 120 days is not enough, but like I say, we hope it's enough. It shouldn't take long to get the communitization agreement signed with the working interest owner.

Q Have the necessary legal instruments been provided you as yet?

A No, not as yet.

Q Do you have any idea of how soon you can expect that to take place?

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A Well, in talking to Mr. Henry with Union Texas, he advised me that it would not take long. How long that would be I do not know. It should not take long. I'd say we should have them in the next two weeks; that ought to be ample time.

BY MR. NUTTER:

Q Has any actual personal contact been made between either one of the companies other than the telephone call you made on July 25th?

A No, sir, no personal contact.

Q You have just been writing letters back and forth for two years?

A Yes.

Q As I understand it, at the time of the original hearing, Gulf had a non-standard 160-acre unit; is that correct?

A Yes, by Order R-857.

Q That was the East Half of the Southwest of 23, the Southwest Southwest of 23, and the Southwest Southeast of 23?

A Yes, sir.

Q Then you added the Northwest of the Southwest?

A Yes, sir.

Q Which made the unit over size?

A It made it 200 acres.

Q Then commenced negotiations to remove the Southwest of



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the Southeast to bring it back down to a standard 160-acre unit?

A Yes, at the Commission's directive.

Q All of these negotiations are to include the Southwest of the Southeast in Anderson-Pritchard's 120-acre unit in the Southeast Quarter?

A Yes, sir. I might add there that we originally, Gulf had their 160 acres covered and we took the working interest owners in the Northwest Quarter of the Southwest Quarter into the unit as a concession to them and tried to form the 200.

Q Who owns that forty?

A There are several of them. As I understand --

Q Does Anderson-Pritchard have any interest in that forty at all?

A No, sir, they do not. J. M. Armstrong, W. A. Yager, Clifford Moore's Estate, John J. Redford, Jr., John Mock, J. R. Coehn, Lucky Right Royalty Syndicate, and Roy J. Barton.

Q That acreage has been communitized with Gulf's lease?

A Yes, sir.

MR. NUTTER: Any further questions of Mr. Hoover?

MR. KASTLER: I would like to ask another question.

REDIRECT EXAMINATION

BY MR. KASTLER:

Q Those owners are owners of mineral interest, is that not



correct?

A Yes, that's correct.

Q They were unleaded mineral interests?

A That is my understanding.

Q Gulf originally took them into a proposed 200-acre unit on a condition; is that not correct?

A Yes, on condition we could get the 200-acre unit approved.

RECROSS EXAMINATION

BY MR. NUTTER:

Q So in the event this 200-acre unit should be discontinued, probably that would be the forty acres that would come out of the unit rather than the forty acres you are attempting to communitize, the Anderson-Pritchard and Gulf would have its own 160 non-standard unit?

A Yes, but we would like to see that no one be deprived of the opportunity to produce their gas. We would like to have a little time, since we're so close on forming the standard unit, we would like to have the time to do the completion work to get the 160-acre unit.

Q I appreciate the fact that you are requesting the extension of the 200-acre.

A Yes, sir.



MR. NUTTER: Do you have anything further, Mr. Kastler?

MR. KASTLER: No, sir, I don't.

MR. NUTTER: Does anyone have anything to offer in Case 2009? We will take the case under advisement.

STATE OF NEW MEXICO )  
 ) ss  
COUNTY OF BERNALILLO )

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 1st day of September, 1962.

*Ada Dearnley*  
Notary Public-Court Reporter

My commission expires:

June 19, 1963.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2009 heard by me on Aug 8, 1962.

*[Signature]*, Examiner  
New Mexico Oil Conservation Commission

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