

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO

22 May 1985

EXAMINER HEARING

IN THE MATTER OF:

Application of Doyle Hartman for si-                   CASE  
multaneous dedication and compulsory                   8606  
pooling, Lea County New Mexico.

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division:	Jeff Taylor Attorney at Law Legal Counsel to the Division State Land Office Bldg. Santa Fe, New Mexico 87501
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For the Applicant:

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MR. STOGNER: Call next Case  
No. 8606.

MR. TAYLOR: The application of  
Doyle Hartman for simultaneous dedication and compulsory  
pooling, Lea County, New Mexico.

Applicant has requested that  
this case be continued.

MR. STOGNER: Case No. 8606  
will be continued to the Examiner's Hearing scheduled for  
June 5, 1985.

(Hearing concluded.)

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 8606 heard by me on 22 May 1985.  
Michael P. Stogner, Examiner  
Oil Conservation Division

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO

5 June 1985

EXAMINER HEARING

IN THE MATTER OF:

Application of Doyle Hartman for simultaneous dedication and compulsory pooling, Lea County New Mexico.

CASE  
8606

BEFORE: Gilbert P. Quintana, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Jeff Taylor  
Attorney at Law  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

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MR. QUINTANA: We'll call next  
Case 8606.

MS. LUNDERMAN: Application of  
Doyle Hartman for simultaneous dedication and compulsory  
pooling, Lea County, New Mexico.

There's been a motion in this  
case for continuance until June 19.

MR. QUINTANA: Case 8606 will  
so be continued until June 19, 1985.

(Hearing concluded.)

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete and correct record of the proceedings in the Examiners hearing of Case No. 8606 heard by me on June 5 1985.  
Gilbert F. Quintana, Examiner  
Oil Conservation Division

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO

19 June 1985

EXAMINER HEARING

IN THE MATTER OF:

Application of Doyle Hartman for si-  
multaneous dedication and compulsory  
pooling, Lea County, New Mexico.

CASE  
8606

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Jeff Taylor  
Counsel for the Division  
Oil Conservation Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

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MR. STOGNER: Call next Case  
No. 8606.

MR. TAYLOR: Application of  
Doyle Hartman for simultaneous dedication and compulsory  
pooling, Lea County, New Mexico.

MR. STOGNER: At the request of  
the applicant, Case No. 8606 will be so continued to the  
Examiner's hearing scheduled for July 2, 1985.

(Hearing concluded.)

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 8606 heard by me on 19 June 1985.  
Michael P. [Signature] Examiner  
Oil Conservation Division



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## I N D E X

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4 RUTH SUTTON

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Direct Examination by Mr. Carr

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Cross Examination by Mr. Adams

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8 WILLIAM P. AYCOCK

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Direct Examination by Mr. Carr

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Cross Examination by Mr. Adams

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Cross Examination by Mr. Taylor

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Cross Examination by Mr. Quintana

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14 STATEMENT BY MR. ADAMS

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STATEMENT BY MR. CARR

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E X H I B I T S

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MR. QUINTANA: We'll call Case 8606.

MR. TAYLOR: The application of Doyle Hartman for a simultaneous dedication and compulsory pooling, Lea County, New Mexico.

MR. CARR: May it please the Examiner, my name is William F. Carr with the law firm Campbell and Black, P. A. of Santa Fe, Appearing on behalf of Mr. Hartman.

I have two witnesses.

MR. QUINTANA: Are there other appearances in this case?

MR. ADAMS: Yes, sir. Mark Adams of the Rodey, Dickason, Sloan, Akin, and Robb, P. A. law firm, appearing on behalf of Marilyn Tarlton, Trustee of the Lortscher Family Trust.

MR. QUINTANA: Are there other appearances in this case?

If not, Mr. Carr, would you have your witnesses please stand up and be sworn in at this time?

(Witnesses sworn.)

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RUTH SUTTON,

being called as a witness and being duly sworn upon her oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. CARR:

Q Will you state your full name and place of residence, please?

A Ruth Sutton, Midland, Texas.

Q By whom are you employed and in what capacity?

A Doyle Hartman, as a landman.

Q Have you previously testified before the Division?

A No, I have not.

Q Would you summarize your educational background and your work experience for Mr. Quintana?

A I have a BA in psychology and an MBA in finance, and sixteen years experience as a landman, the last five years which are Certified Professional Landman.

Q For whom have you worked prior to your employment with Mr. Hartman?

A I worked for (not understood) Oil Corporation for five years; for American Quazar, four years; and

1 for Union Texas Petroleum, four years.

2 Q And how long have you been with Mr.  
3 Hartman?

4 A Two and a half years.

5 Q And at all times that you've just re-  
6 viewed you were employed as a petroleum landman.

7 A Yes.

8 Q Are you familiar with the application  
9 filed in this case on behalf of Mr. Hartman?

10 A Yes, I am.

11 Q And are you familiar with the subject ac-  
12 reage?

13 A Yes.

14 MR. CARR: At this time we  
15 would tender Ms. Sutton as an expert witness in petroleum  
16 land matters.

17 MR. QUINTANA: Ms. Sutton,  
18 where has most of your experience been in what area of the  
19 country?

20 A It's been very varied; some New Mexico,  
21 some Oklahoma, some Texas, about equal, I would say.

22 Since I've been in Hartman's office it's  
23 been mostly in New Mexico.

24 MR. QUINTANA: Ms. Sutton is  
25 considered a qualified landman.

1 She may proceed.

2 Q Would you briefly state what Mr. Hartman  
3 seeks with this application?

4 A We are seeking to pool the Jalmat Gas  
5 right under the northwest quarter of Section 8 in Township  
6 24 South, Range 37 East.

7 Q Have you prepared certain exhibits for  
8 introduction in this case?

9 A Yes, I have.

10 Q Would you please refer to what has been  
11 marked for identification as Hartman Exhibit Number One,  
12 identify this and review it for Mr. Quintana?

13 A This is a land plat that shows outlined  
14 in yellow the proposed unit.

15 The small, red dot is the proposed loca-  
16 tion for our infill well.

17 The other red location on there is the --  
18 the Jack No. 1, also identified as the Langlie Mattix 214,  
19 and this also has some other information as to some Hartman  
20 operated Jalmat wells and some Langlie Mattix Unit wells.

21 Q Now you indicated that the well in the  
22 spacing unit, the one with the red circle around the well  
23 symbol, is identified both as a Langlie Mattix well and also  
24 as the Jack No. 1.

25 A Yes, sir.

1 Q Does this well have more than one opera-  
2 tor?

3 A Yes, it does. Texaco operated the unit  
4 portion of the well and Doyle Hartman operated the Jalmat  
5 portion, dually completed.

6 Q And is Texaco using this as an injection  
7 well in the Langlie Mattix?

8 A I believe so, yes, sir.

9 Q Would you now refer to what has been mar-  
10 ked for identification as Exhibit Number Two?

11 A This is a flow chart that sort of deline-  
12 ates the ownership of the Jalmat operating rights from the  
13 original Federal lease down to the present owners, which are  
14 colored in yellow.

15 Q Now you said this sort of indicates the  
16 ownership. Has Mr. Hartman had a title opinion prepared  
17 concerning this acreage?

18 A Yes, he did.

19 Q And what does that title opinion show?

20 A These are the figures as per the title  
21 opinion that we had done.

22 When we purchased this lease from Sun we  
23 were given figures that were -- did not match these. So  
24 while the figures may be a little bit off, these are the  
25 owners.

1 Q You're certain the --

2 A Percentages may be a little bit differ-  
3 ent.

4 Q And do you know why the percentages may  
5 be different?

6 A Apparently there's been some instrument  
7 that was never recorded.

8 Q But you are convinced that these are all  
9 the interest owners within the subject spacing unit.

10 A Yes.

11 Q Will you now refer to Hartman Exhibit  
12 Number Three and review that, please?

13 A This is an AFE for our E. E. Jack No. 5.  
14 It shows the dry hole cost of \$130,000 and completed well  
15 cost of \$378,000. This has been furnished to all the work-  
16 ing interest owners.

17 Q Are these costs in line with what's being  
18 charged for other wells in the area?

19 A Yes.

20 Q Ms. Sutton, could you now summarize for  
21 Mr. Quintana the efforts made by Mr. Hartman to obtain join-  
22 der of the Tarlton interest in the proposed well?

23 A That would be mostly included in this ex-  
24 hibit.

25 Q That's Exhibit Number Four?

1           A           Exhibit Number Four is a copy of corres-  
2           pondence that we have written to all of these people from  
3           February through some dates in June, the last being June 4,  
4           I believe.

5                       Also we have made, I would guess, in ex-  
6           cess of 25 to 30 telephone calls to these people at all  
7           hours since we're dealing with three different time zones.

8           Q           In your opinion has Mr. Hartman made a  
9           good faith effort to locate and obtain the voluntary join-  
10          der of all interest owners in this spacing unit?

11          A           Yes.

12          Q           Has Mr. Hartman drilled other Jalmat  
13          wells in the area?

14          A           Yes.

15          Q           Would you now refer to what has been mar-  
16          ked as Hartman Exhibit Number Five and identify that,  
17          please?

18          A           These are your certified mail notifica-  
19          tions of the scheduled hearing for today.

20                       MR. CARR: Mr. Examiner, with  
21          your permission we will submit the return receipts as soon  
22          as they all are received.

23                       We do have one back from the --  
24          from Robert Scott, who is one of the interest owners. We  
25          have not received the other return receipts. I would, how-

1 ever, note that this case was originally docketed for May  
2 22nd of this year and we do have return receipts from each  
3 of the interest owners for that hearing.

4 Because of the continuance we  
5 re-notified the interest owners of today's hearing.

6 Q Were Exhibits One through Five prepared  
7 by you or compiled under your direction?

8 A Yes.

9 MR. CARR: At this time we  
10 would offer Hartman Exhibits One through Five.

11 MR. QUINTANA: Exhibits One  
12 through Five will be entered as evidence.

13 MR. CARR: And that concludes  
14 my examination of this witness.

15 MR. QUINTANA: I have no ques-  
16 tions of the witness at this time.

17 Would you care to cross exa-  
18 mine?

19 MR. ADAMS: Yes, sir. I have  
20 just a few questions.

21  
22 CROSS EXAMINATION

23 BY MR. ADAMS:

24 Q Have you received any responses from Mrs.  
25 Tarlton to any of the communications sent to her?

1           A           Yes, we did.

2           Q           In what form were those responses made?

3           A           By phone and also by letter.

4           Q           Are copies of the responses made by  
5 letter included in your exhibit?

6           A           I believe so. I have one dated May 29.

7                       MR. CARR: Also April 26th.

8           A           April 26th. Do you have others?

9           Q           No, I believe that's -- Has Mrs. Tarlton  
10 in her responses made reference to what she contends is an  
11 existing and valid operating agreement?

12          A           Yes, I believe she did.

13                       MR. ADAMS: That's all I have.

14                       I would like to make a  
15 statement, Mr. Examiner, after --

16                       MR. QUINTANA: Would somebody  
17 point out that -- that letter?

18                       Excuse me, you wanted to make a  
19 statement at the end of the --

20                       MR. ADAMS: Yes, sir.

21                       MR. QUINTANA: Okay. You may  
22 proceed.

23                       I have no further questions of  
24 the witness.

25                       She may be excused.

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WILLIAM P. AYCOCK,

being called as a witness and being duly sworn upon his  
oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. CARR:

Q Will you state your full name and place  
of residence?

A William P. Aycock, Midland, Texas.

Q Mr. Aycock, by whom are you employed and  
in what capacity?

A By Doyle Hartman in connection with the  
application contained under Case Number 8606.

Q Mr. Aycock, have you previously testified  
before this Division and had your credentials accepted and  
made a matter of record?

A Yes, sir, for the past fifteen years on a  
fairly regular basis.

Q And were you qualified at that time as a  
petroleum engineer?

A Yes, sir, I have been.

Q Are you familiar with the application  
filed in this case on behalf of Mr. Hartman?

A I am.

1 Q And are you familiar with the subject  
2 lands?

3 A Yes, sir.

4 MR. CARR: Are the witness'  
5 qualifications acceptable?

6 MR. QUINTANA: They are. You  
7 may proceed.

8 Q Mr. Aycock, have you prepared certain ex-  
9 hibits for introduction in this case?

10 A I have.

11 Q Would you refer to what has been marked  
12 for identification as Hartman Exhibit Number Six, identify  
13 this, and review it, please?

14 A Hartman Exhibit Number Six, the first  
15 page is a land map of, let's see, two, four, twelve sections  
16 within the area of the lands that are the subject of this  
17 application that have been subjected to a current study as  
18 to the number of Jalmat producing wells contained thereon  
19 the variation in quality of those wells.

20 Attached behind the land map is a tabula-  
21 tion within that study area of all of the wells that have  
22 been completed in the Jalmat interval, and both currently  
23 active and active at one time, and you'll notify -- behind  
24 that there is a tabulation of the -- by years of the number  
25 of wells that are contained within that interval and the





1 the next log that's shown there with scout ticket informa-  
2 tion is the Alpha Twenty-One Production Company El Paso  
3 Plant No. 1, which is located 1950 feet from the south line  
4 and 660 feet from the west line of Section 32, Township 23  
5 South, Range 37 East, which would be to the north of the  
6 lands that are approximately a mile to a mile and a half  
7 north of the lands that are the subject of this application.

8                   The third set of information that's in-  
9 cluded is for the Doyle Hartman Late Thomas No. 3 Well,  
10 which is located 1980 feet from the south line and 2080 feet  
11 from the east line of Section 17, Township 24 South, Range  
12 37 East, which is approximately one mile south of the -- of  
13 the indicated -- well, about a mile and a half south, I beg  
14 your pardon, of the lands that are the subject of this ap-  
15 plication.

16                   And the last well that is included is the  
17 Doyle Hartman Late Thomas No. 2, which is 1980 feet from the  
18 south line and 990 feet from the west line of Section 17,  
19 Township 24 South, Range 37 East.

20                   Although Mr. Quintana was not the exa-  
21 miner, there are at least three cases in the -- that were  
22 conducted and the evidence has been entered previously that  
23 contained the Late Thomas Lease in various capacities when  
24 there was -- when there was contention over the locations at  
25 which the Late Thomas 2 and 3 are -- were drilled, and al-

1 though I don't think we want administrative notice of them,  
2 if Mr. Quintana needs additional data and additional infor-  
3 mation about them, those files are available and there is a  
4 tremendous volume of information contained in them.

5 Q Now, Mr. Aycock, what does Exhibit Number  
6 Seven show you as to the producing zones and the completion  
7 interval in the Jack No. 1?

8 A I will, with the indulgence of the  
9 Examiner, I will point out that each log shows the top of  
10 the Yates formation, the top of the Seven Rivers formation,  
11 and the perforated intervals within both the Langlie Mattix  
12 Pool and the Jalmat Pool.

13 The Jalmat Pool perforated intervals are  
14 colored in yellow to make them easy to see at a glance and  
15 you'll notice that for the E. E. Jack No. 1 it was completed  
16 in the Jalmat from -- between depths of 2900 and 2984 feet  
17 and was completed on September 5th, 1951.

18 On the Alpha Twenty-One Production Com-  
19 pany El Paso Plant No. 1, the perforations are between  
20 depths of 3002 and 3172 feet with seventeen perforations,  
21 and it was completed on the 19th of October, 1979.

22 The Doyle Hartman Late Thomas No. 3 is --  
23 the perforations are contained within three intervals be-  
24 tween the depths of 2855 feet and 3177 feet, with twenty  
25 perforations. That well was completed on the 11th of Octo-  
ber, 1981.

1                   And the Doyle Hartman Late Thomas No. 2  
2 Well is completed in four basic perforated intervals between  
3 depth of 2957 feet and 3226 feet with twenty perforations,  
4 and that well was completed on the 28th of October, 1981.

5                   So, in summary, it shows that all the  
6 wells that have been completed in relatively recent years  
7 have been completed basically in the Lower Yates with some  
8 perforations in the Upper Yates, but that has not been the  
9 major point of the completions that have been made and the  
10 reason is because the Upper Yates is not the best developed  
11 zone in this area and that is one of the reasons that Mr.  
12 Hartman believes that the projected E. E. Jack No. 5 needs  
13 to be drilled, because the existing E. E. Jack No. 1, as  
14 shown by the first log here, has no perforated interval in  
15 the Lower Yates; so therefore, whatever reserves are con-  
16 tained therein, this lease is not participating in them.  
17 The correlative rights of both the royalty owners and the  
18 working interest owners are being violated because drainage  
19 is taking place out of the Lower Yates to other leases that  
20 are nearby and producing therefrom at attractive rates.

21                   Q                   Mr. Aycok, is it possible that the  
22 existing E. E. Jack No. 1 could be recompleted in the Lower  
23 Yates?

24                   A                   Not in a -- not practically and not ef-  
25 fectively because it is a water injection well in the Lang-

1 lie Mattix zone and you cannot, there is no way that you can  
2 work on the Yates zone without disturbing the operations of  
3 the Langlie Mattix zone, which I suspect the unit operator  
4 would -- would resist.

5                   And there is another aspect of the  
6 mechanical arrangement which we will go into next.

7                   A                   Exhibit Number Eight is a schematic well  
8 completion diagram, which shows the arrangement of the var-  
9 ious strings of casing in the zones in which the existing E.  
10 E. Jack No. 1 Well is completed.

11                   I would particularly call the Examiner's  
12 attention to the fact that the Langlie Mattix interval is  
13 completed in both -- in perforations between zones of 3420  
14 feet and 3456 feet, as well as in open hole between depths  
15 of 3460 to a total depth of 3600 feet, all of these in the  
16 Langlie Mattix Pool and it is completed -- that is on the  
17 tubing side. It is completed with a conventional single  
18 packer dual, which means that the gas production comes up  
19 the annulus between the tubing that is set on a Baker packer  
20 at 3379 feet and the existing 5-1/2 inch casing which is set  
21 at a depth of 3460 feet, and the gas is produced from per-  
22 forations between depths of 2864 to 2984 feet from the Upper  
23 Yates zone.

24                   At such time as the -- a combination fo  
25 the accumulation of water that is contained both in the

1 liquid phase and in the vapor phase in the reservoir accumu-  
2 lates in the well, and the reservoir pressure has declined  
3 to the point that the flow velocity cannot be maintained at  
4 a sufficient level to lift the water from the well, the zone  
5 will die and at the time that it dies the only way that you  
6 could restore production to it would be to open the sliding  
7 sleeve that's indicated on the schematic immediately above  
8 the packer, and to do that you would have to interrupt the  
9 operation of the Langlie Mattix water injection, as well as  
10 cause communication between the two zones.

11           The likelihood is that in attempting to  
12 swab the lower zone, unless you could place a mechanical  
13 plug of some kind and simply backflow water from the high  
14 pressure Langlie Mattix perforations and not only not ever  
15 be able to re-establish communication between the Jalmat be-  
16 cause so much waterflow during the time that the sleeve was  
17 open, that you would probably damage it and maybe you'd dam-  
18 age it beyond repair.

19           So, at some time in the future the Jalmat  
20 production from the E. E. Jack No. 1 is -- will be extant  
21 from a mechanical standpoint.

22           That will be demonstrated by some other  
23 exhibits that we have, but it basically shows that number  
24 one, we have two operators with two different objectives in  
25 two different pools that are trying to operate the same

1 well.

2 From an operational standpoint this is,  
3 in our opinion, a very poor procedure, if nothing else.

4 Q Mr. Aycock, will you now go to Exhibit  
5 Number Nine, identify that, and review it, please?

6 A Exhibit Number Nine is a history of the  
7 dually completed wells that are completed both in the Jalmat  
8 gas zone and in the Langlie Mattix Pool in the immediate  
9 area of the lands that are the subject of this application.

10 On the first two pages are listed fifteen  
11 wells and it also shows whether they were producers or in-  
12 jectors and in what zone and then they show when the last  
13 Jalmat production took place, and I would call the attention  
14 of the Examiner in particular to the fact that in most cases  
15 the last Jalmat production took place in the mid-seventies  
16 to early eighties.

17 There are, out of the total of fifteen  
18 wells there are only one, two, three, four of them in which  
19 the Jalmat is still producing. The rest of them, the Jalmat  
20 has been plugged off.

21 Further, the map that is attached as the  
22 last portion of this Exhibit Number Nine, shows all of the  
23 wells that are included on the tabulation that precedes the  
24 map.

25 Q Would you now review Exhibit Number Ten?

1           A           Exhibit Number Ten are copies of the  
2 Forms C-104 for both the tubing side of the E. E. Jack No. 1  
3 and the casing side of the E. E. Jack No. 1, verifying that  
4 as to the Commission records the casing side is the Jalmat  
5 Pool, which is operated by Doyle Hartman, and the tubing  
6 side is the Langlie Mattix Pool, which was originally oper-  
7 ated by Skelly Oil Company in the Meyers Langlie Mattix  
8 Unit.

9                       Also included as the first two -- the C-  
10 104's in Exhibit Ten, are underlined the indication in the  
11 New Mexico Engineering Committee Annual Report for 1984,  
12 showing that the tubing side is carried as an injection well  
13 and the casing side is carried as a producing well in the  
14 Jalmat Pool.

15           Q           Would you now go to Exhibit Number Eleven  
16 and explain the purpose of including this exhibit?

17           A           Exhibit Number Eleven is a combination  
18 exhibit, the first page of which is page number three from  
19 the Meyers Langlie Mattix Unit agreement, which includes a  
20 definition of the unitized formation, and it, as is common,  
21 as the Examiner is aware and as is common with these types  
22 of agreements, it defines a unitized interval between cer-  
23 tain depths in the Texas Pacific Oil Company's Blinebry "B"  
24 No. 3 Well, that's located in Section 34, Township 23 South,  
25 Range 37 East, and it defines it on a Schlumberger electri-  
cal log.

1                   The intent of this, as it is in all unit  
2 agreements, is that these specific depths that are defined  
3 by the horizontal planes at those locations, are not in-  
4 tended to be a depth defined definition of the producing in-  
5 terval, but a stratigraphically defined definition of the  
6 producing interval and at a different structural position  
7 than (not understood) would have to be correlated with the  
8 log on any well to tell what the consistent interval would  
9 be in that well.

10                   Included is the -- both the Blinebry "B"  
11 No. 3 "T", which is in Section 4, 23 South, 37 East, which  
12 is really the Texas Pacific Blinebry. It was originally the  
13 R. Olson. It's now the Texas Pacific and the interval is  
14 defined there and shown thereon.

15                   That's the second log. This same -- this  
16 same discussion that's on the first page, is shown on the  
17 log on the third page, which is the log of the well that is  
18 used for the definition.

19                   Also shown is the log for the Jack No. 3  
20 Well in Unit C of Section 8, 24, 37, which shows that the  
21 Jalmat interval correlates differently in the -- in the  
22 stratigraphy from the depths that are indicated for the Lan-  
23 glie Mattix Pool in the -- on the log of the well that is  
24 used for the definition of a unitized interval.

25

1 Q So Exhibit Number Eleven is offered to  
2 clarify exactly what the Jalmat interval is under the pro-  
3 posed --

4 A As I understand it --

5 Q -- location.

6 A -- from Mr. Hartman and from Ms. Sutton,  
7 part of the problem with communicating with the Tarltons is  
8 that they do not understand that the depths that are in-  
9 cluded within the Langlie Mattix Meyers Unit are not inten-  
10 ded to be absolute depths but intended to be depths that de-  
11 fine the stratigraphic interval that is constituted in the  
12 Langlie Mattix Pool.

13 Q And Exhibit Eleven addresses that ques-  
14 tion.

15 A That's correct.

16 Q Would you now go to Exhibit Number  
17 Twelve?

18 A Exhibit Number Twelve is a tabulation of  
19 yearly production beginning with 1970, the year 1970, and  
20 going through January of 1985 for the Doyle Hartman Jack No.  
21 1 Well.

22 And behind that we have also a tabulation  
23 of the shut-in wellhead pressures that have been submitted  
24 to the Oil Conservation Division, starting in 1970.

25 The next page is a conventional rate/time

1 curve which shows gas, the log of gas production rate as a  
2 function of time, starting with the year 1973 and coming  
3 forward and, as a matter of interest, it shows that Mr.  
4 Hartman took over the operations in 1984 and it shows that  
5 the production trend was increased at the time that he took  
6 over operation of the well above the long time established  
7 prior trend of production rates based upon annual average  
8 production from 1973.

9                   And the last page in this exhibit is a  
10 relationship, is the -- on the vertical axis we have the  
11 subsurface pressure divided by the consistent compressibil-  
12 ity factor and along the horizontal axis we have cumulative  
13 gas production in BCF.

14                   Included are the -- all points that are  
15 on the tabulation that is the third page of this exhibit,  
16 plotted at the consistent points, and it indicates that the  
17 original gas in place is approximately 6.1 BCF and that as  
18 of April of 1985 the indicated shut-in pressure was 134  
19 psia.

20                   Q           Now, Mr. Aycock, a few moments ago you  
21 testified that in your opinion it was possible to drill an  
22 additional well on this unit and it not be a commercial suc-  
23 cess.

24                   A           That's correct.

25                   Q           Are you prepared to make a recommendation

1 to the Examiner as to the risk penalty that should be im-  
2 posed on any --

3 A Yes, sir.

4 Q -- nonjoining interest owner? And what  
5 is that figure?

6 A 200 percent.

7 Q And would you just summarize the basis  
8 for that recommendation?

9 A The basis for that is the fact that, num-  
10 ber one, we know we're dealing with low reservoir pressures.

11 Number two, because we're located within  
12 approximately a half mile of a reservoir boundary in the Up-  
13 per Yates formation, there is some stratigraphic risk invol-  
14 ved.

15 In addition to that, there's always a  
16 minor but mechanical risk that's involved in drilling and  
17 completing any well in these low pressure zones and the bas-  
18 ic point that mechanical risk is the fact that in order to  
19 drill a well with water based mud you have to have a signi-  
20 ficant overburden as to the reservoir pressures that are  
21 contained in the target zones.

22 While you are drilling, until such time  
23 as you establish equilibrium between the mud pressure and  
24 the permeability of the formation face as controlled by the  
25 mud solids that played out on the formation face as it im-

1 bibes the mud filtrate fluid, you can have a phenomenon that  
2 we call differential sticking occur, which means that if the  
3 drill collars become adjacent to the face of the formation  
4 at the time that the mud filtrate flow is incurring into the  
5 formation, the pressure differential created by that flow  
6 will cause the drill collars to lie against the face of that  
7 formation and the -- until that differential pressure is re-  
8 leased the drill collars will be come stuck and it's impos-  
9 sible to dislodge them by brute force pooling on them be-  
10 cause the differential pressure is so great that it can't be  
11 overcome by that.

12           So if -- if that happens and if you're  
13 not able to relieve the differential pressure, or not able  
14 to get the drill collars out of the hole, you could be talk-  
15 ing about a significant amount of expense to watch over them  
16 and get them out of the hole.

17           So really there are three risks involved  
18 here.

19           Number one is the stratigraphic risk.

20           Number two is what is the reservoir pres-  
21 sure actually going to be.

22           And, really, number three is a variation  
23 of the stratigraphic risk and that is going to be what is  
24 going to be the reservoir permeability as influenced by the  
25 effective stimulation that I'm going to be able to achieve

1 at the location of the projected well.

2 And then number four is the mechanical  
3 risk that's involved in drilling and completing the well.

4 Q Have you made --

5 A I might also point out that on the Late  
6 Thomas 2 and 3, which are included in the -- in the previous  
7 exhibit, that we were awarded a 200 percent penalty in the  
8 forced pooling that was necessitated as to the Gulf Oil Com-  
9 pany interest by the Commission at that time.

10 Q Mr. Aycock, have you made an estimate of  
11 overhead and administrative costs while drilling and --

12 A Yes, I have.

13 Q -- producing the well?

14 A And that's included on page three of the  
15 accounting procedure that's attached to the operating agree-  
16 ment.

17 Q And that's part of Exhibit Number Four?

18 A That's part of Exhibit Number Four.

19 Q And what are those figures?

20 A Under Section I, Overhead, Subsection A,  
21 Fixed Rate Basis, Drilling Well, \$5,500 per month; Producing  
22 Well, \$550 per month.

23 Q Are these costs in line with what's being  
24 charged for other wells in the area?

25 A They are for current -- currently exe-

1 cuted operating agreements.

2 Q And do you recommend that these figures  
3 be incorporated into any order which results from this hear-  
4 ing?

5 A I do.

6 Q Does Mr. Hartman seek to be designated as  
7 operator of the proposed well?

8 A He does.

9 Q Now, I believe -- were you present when  
10 Mr. Adams asked Ms. Sutton certain questions about the exis-  
11 tence of a previous operating agreement?

12 A I was.

13 Q Are you familiar with the prior operating  
14 agreement on this tract?

15 A I am.

16 Q In your opinion could an injection well  
17 on this unit be drilled under any previous operating agree-  
18 ment?

19 A It could not.

20 Q And why not?

21 A Because the nonconsent penalty is insuf-  
22 ficient to justify the risks that are inherent in the drill-  
23 ling of the well, as well as the fact that the overhead rate  
24 that's indicated is far too low for contemporary conditions.

25 Q Could you wait and develop, further

1 develop this tract after the E. E. Jack No. 1 is lost?

2 A Well, you could, but there -- there are  
3 two problems with it.

4 Number one, you're not participating in  
5 the major reserves that probably lie beneath the tract right  
6 now, because those are in the Lower Yates, which is, we pre-  
7 viously testified, is not -- the E. E. Jack No. 1 is not  
8 completed in the Lower Yates.

9 And Number Two, as the Commission is  
10 aware from previous cases on this docket, if, even though  
11 you're covered by an existing gas contract, if you wait and  
12 allow a well to water out and let the gas production lapse  
13 for some time, you're going to be looking, more than likely,  
14 based upon our experience, at a significant lapse of time  
15 before you can get recognition from the gas purchasers that  
16 you do have a contract that -- in which they're obligated to  
17 take the gas from your well.

18 You could easily be looking at six months  
19 to a year to re-establish the fact that you have a valid  
20 contract that covers these reserves if you wait until the E.  
21 E. Jack No. 1 completely waters out.

22 Q Mr. Aycock, in your opinion will granting  
23 this application be in the best interest of conservation,  
24 the prevention of waste, and the protection of correlative  
25 rights?

1 A Yes, it will, I believe.

2 Q Were Exhibits Six through Twelve prepared  
3 by you or compiled under your direction and super-vision?

4 A They were.

5 MR. CARR: At this time, Mr.  
6 Quintana, we would offer into evidence Hartman Exhibits Six  
7 through Twelve.

8 MR. QUINTANA: Exhibits Six  
9 through Twelve will be entered as evidence.

10 MR. CARR: And that concludes  
11 my direct examination of Mr. Aycock.

12 MR. QUINTANA: I have some  
13 questions of Mr. Aycock.

14 Mr. Adams, would you care to  
15 cross examine the witness before I proceed with my ques-  
16 tions?

17 MR. ADAMS: I have just a very  
18 few questions, sir.

19

20 CROSS EXAMINATION

21 BY MR. ADAMS:

22 Q Mr. Aycock, you testified that you were  
23 familiar with the nonconsent penalty provided in the January  
24 16, 1951 operating agreement.

25 Can you tell us what that nonconsent

1 penalty is?

2 A I'll find the operating agreement and  
3 read it to you.

4 MR. TAYLOR: Can we have a copy  
5 of that?

6 MR. CARR: That --

7 A It's included in Exhibit Four, I believe.

8 MR. TAYLOR: Well, we have one  
9 page of one.

10 A Okay, well, it's supposed -- I thought it  
11 was. I beg your pardon. I have a copy of it somewhere  
12 then, if you'll give me just a minute to find it.

13 MR. QUINTANA: Why don't we get  
14 a couple of quick copies of that on our machine in there?

15 MR. TAYLOR: Off the record.

16

17 (Thereupon a discussion was had off the record.)

18

19 A It's a 200 percent penalty, as shown on  
20 page 3, Section 5, Additional Wells.

21 Q When you say it's a 200 percent penalty,  
22 you mean it's a --

23 A Well, it's a 100 percent penalty. It's  
24 200 percent of the cost.

25 Q Thank you, so it's --

1           A           Beg your pardon.

2           Q           -- double the cost, in other words?

3           A           It's double the cost rather than being  
4 three times the cost as we are requesting of the Commission,  
5 that's correct.

6           Q           Which section of the operating agreement  
7 provides for that penalty?

8           A           Of the pre-existing or the suggested  
9 operating agreement?

10          Q           The January 16, 1951 operating agreement.

11          A           Section 5, Page 3, under the subtitle Ad-  
12 ditional Wells, about halfway down. Would you like for me  
13 to read the sentence?

14          Q           That would be fine.

15          A           Starting on Line 6, near the righthand  
16 margin, "In the event any party hereto shall fail to agree  
17 to the drilling of a well desired by any other party, then  
18 the parties desiring so to do may drill such well at their  
19 own cost, risk, and expense, and in the event of production  
20 they shall be entitled to receive the entire working inter-  
21 est in the oil, gas, and casinghead gas produced therefrom,  
22 until they shall have received out of the value of such pro-  
23 duction, after deducting operating expenses, royalty pay-  
24 ments, and any other charges against the same, an amount  
25 equal to twice the cost and expense of drilling and complet-

1 ing said well."

2 And then it goes on further than that,  
3 but that's the section to which you're referring and is --  
4 is the reply to your answer.

5 Q That's correct. Thank you.

6 Could you tell us, please, what the  
7 monthly charges are provided in this agreement?

8 A As I recall, they're \$75.00 month, but  
9 let me find them and -- and be certain that my memory is  
10 correct.

11 Oh, is it in the amendment? Okay. Yeah,  
12 here it is right here.

13 The next to last page of the copy that I  
14 have, no, it's the third from the last page, I believe, beg  
15 your pardon, is an amendment to this operating agreement,  
16 and it is dated October 15th, 1954, and it states under Sec-  
17 tion 2, near as I can read it, that the portion of the ac-  
18 counting procedure relating to overhead, and I'm unable to  
19 read the first few words there, they're illegible, "to the  
20 sum of \$25.00 per month per well", something drilled from  
21 the date of the -- or completed as a dry hole.

22 So I would conclude that \$25.00 per month  
23 per well is the -- under Section 2, and under Section 3, the  
24 sum of \$75.00 per month is agreed to as a fair charge for  
25 the allocation of District expense and something cost of

1 pumping, but all other direct labor charges to the leasehold  
2 shall be billed as provided.

3                   So, to answer your question, \$25.00 per  
4 well per month is included as the overhead and the way I  
5 read it, it's a total cost of \$100 per well per month only  
6 is allowed to be billed to the joint account.

7                   Q            Thank you. That's all I have.

8

9

CROSS EXAMINATION

10 BY MR. TAYLOR:

11                   Q            Mr. Aycock, just looking at this agree-  
12 ment, and we haven't had time to study it, but I see there's  
13 a term of agreement here which says that if -- Paragraph 14,  
14 which says that it shall remain in force and effect . . .  
15 why don't you read that to us and explain your interpreta-  
16 tion of it?

17                   A            Could I rejoin to that without answering  
18 the question first and then --

19                   Q            Sure.

20                   A            -- see if that -- it's Mr. Hartman's  
21 position that as he is now an owner of approximately 2/3rds  
22 of the working interest, that the agreement has been termin-  
23 ated, and if it becomes necessary to determine whether the  
24 operating agreement that he is requesting is -- shall con-  
25 trol, or whether the pre-existing operating agreement to

1 which you have referred controls, it is my opinion that that  
2 will of necessity be handled in a forum other than this.

3           What Mr. Hartman is requesting is that he  
4 be allowed to have a forced pooling order and proceed with  
5 the drilling and if it becomes necessary to determine those  
6 interests in another forum, then that will have to be ad-  
7 dressed in that forum at that time, and if there is a dispute  
8 as to -- at any time, that requires that these funds be  
9 placed in suspense until that adjudication can be deter-  
10 mined, then he'd be willing to do that.

11           But he cannot, he cannot wait to drill  
12 the well and allow additional drainage to take place and the  
13 possibility of maybe not losing the lease but having a less  
14 than desired result, result from the drilling of the well  
15 while he attempts to work out the problems as to the dis-  
16 agreement about whether this pre-existing operating agree-  
17 ment controls or not, and it is our opinion that, after our  
18 discussions with Mr. Carr, that that is something, whether  
19 or not this operating agreement, pre-existing operating  
20 agreement controls, is outside the call of this hearing and  
21 is not something that we should properly consider here.

22           Q           Has he given notice, or anything in writ-  
23 ing to the other parties in this matter?

24           A           It's my understanding that he has.

25           Q           That he considers that it's no longer

1 valid?

2 MR. CARR: I may go out of step  
3 here with Mark's permission, and just tell you what our un-  
4 derstanding of it is.

5 This is basically my closing  
6 statement.

7 MR. ADAMS: Okay.

8 MR. CARR: It's Mr. Hartman's  
9 position that the 1951 operating agreement has been termin-  
10 ated by him.

11 If you look at the agreement,  
12 the language plus the modification provides procedure for  
13 termination. It also contains language as to whether or not  
14 the terms of this agreement would then control, even after a  
15 termination and a subsequent person taking over operations  
16 of the well.

17 The question fo whether or not  
18 this agreement is effective, we submit, is not really before  
19 you, and we're arguing that with Mr. Adams, but we believe  
20 that it has been, and if it is terminated, then we need a  
21 pooling order.

22 If it has not been terminated,  
23 then of course this agreement would control, but we remain  
24 convinced that we've got to go forward and we've got to pro-  
25 ceed with development and to do so we feel that there is a

1 risk in proceeding, having gone under these -- followed, we  
2 believe, these termination procedures, and we think that we  
3 would be assuming an unreasonable risk going forward without  
4 the pooling order in place at that time.

5 And that's why we're here. I'm  
6 certain Mr. Adams disagrees with whether or not we've ter-  
7 minated the operating agreement.

8 MR. TAYLOR: Assuming that you  
9 have not terminated the operating agreement, you still have  
10 a right under it to have a forced pooling. The only differ-  
11 ence would be --

12 A Whether we get 300 percent or 200 per-  
13 cent. That's correct.

14 Q Okay.

15 MR. QUINTANA: And, of course,  
16 the drilling costs and --

17 A Right.

18 MR. QUINTANA: -- the comple-  
19 tion costs.

20 Which leads me to some ques-  
21 tions I have for you.

22

23 CROSS EXAMINATION

24 BY MR. QUINTANA:

25 Q You said you asked for \$5000 while drill-

1 ling and \$500 while producing.

2 A Correct.

3 Q You said those are in line with costs in  
4 the area.

5 Could you provide some additional docu-  
6 ments --

7 A Yes, we'd be --

8 Q -- showing that; to back that up?

9 A -- delighted to. Mr. Carr, we'll pro-  
10 vide to Mr. Carr, who can bring them to you, copies of other  
11 agreements that show that this is what Mr. Hartman, who ope-  
12 rates approximately 100 wells in this area, what his prac-  
13 tice is.

14 Q Of course, you've asked for 200 percent,  
15 which is the basis of whether you're going to drill that  
16 well or not.

17 Yet you testified previously that, you  
18 said there's a 1/3 chance that it will be a dry hole or 1/3  
19 chance it will be a marginal well, and a 1/3 chance it will  
20 be an attractive prospect.

21 To me that's, you know, not a full risk;  
22 that's 66 percent of the total risk.

23 How do you come to the conclusion that  
24 you can state 1/3, 1/3, and 1/3, and then ask for the maxi-  
25 mum 200 percent?

1           A           The fact that we have multiple risks. If  
2 we had only one risk and that was either a dry hole or a  
3 very attractive well, then -- then I would agree, but the  
4 fact that we have multiple risk factors means that when you  
5 compound all of those risks you could be looking at a -- at  
6 a -- I'm telling you what my opinion is based on overall ex-  
7 perience in the pool, but I'm also trying to impress upon  
8 you the fact that at this location we have multiple risks  
9 that are involved and based upon experience in the pool, the  
10 probability is that some kind of completion will be  
11 achieved; however, in an old pool like this with low reser-  
12 voir pressures and a lot of old wells, who were drilled back  
13 before the Commission required the procedures as to the ce-  
14 menting and the amount of casing that's set, and that sort  
15 of thing, there's no telling what you're going to find at  
16 any given location in this pool.

17                    You could ostensibly find enough water  
18 that you could not ever make an attractive or even a commer-  
19 cial completion any time in this pool at any place.

20                    Probably that will not be the (not under-  
21 stood). It is my opinion that the more likely risk is that  
22 you'll either have insufficient permeability to produce at  
23 attractive rates or insufficient permeability so that the  
24 natural water saturation will be high enough that the rela-  
25 tive permeability to gas will be low enough that you'll not

1 have commercial rates.

2 But nevertheless, you do have multiple  
3 risk factors when -- when you drill this particular loca-  
4 tion.

5 Q All right, thank you.

6 Would you please again explain to me, you  
7 made a comment on Exhibit Number Eleven and you went into a  
8 great deal then to define the unitized interval for the  
9 Meyers Langlie Mattix Unit, and you stated that there were  
10 some misunderstanding between Mr. Hartman and the opposing  
11 party in this case, and would you explain to me what that  
12 misunderstanding might be?

13 A The misunderstanding, as I understand it,  
14 revolves around the fact that the Tarlton interests, and I  
15 don't know which particular individual is involved in it,  
16 but one or more of the people that are involved have inter-  
17 preted the Meyers Langlie Mattix unit agreement in a literal  
18 fashion and that regardless of structural position, the  
19 fees, the depths that are contained herein are absolute  
20 depths that are contained within the Langlie Mattix Pool and  
21 therefore if you complete at some other depth, that -- in  
22 the Jalmat Pool that would overlap with this, that you would  
23 not -- you would not be completing a Jalmat well, rather  
24 than the definition that the Commission has, which is that  
25 the Langlie Mattix is, what, the bottom 200 feet of the

1 Seven Rivers and all of the Queen formation, and the Jalmat  
2 Pool is everything that lies above that to the top of the  
3 Yates formation.

4 Q Understood; clarified.

5 MR. TAYLOR: Mr. Carr, could we  
6 have a copy --

7 MR. CARR: Yes.

8 MR. TAYLOR: -- of the oper-  
9 ating agreement and could we also have a copy of any letters  
10 Mr. Hartman may have sent purporting to terminate it --

11 MR. CARR: Yes.

12 MR. TAYLOR: -- at least as far  
13 as notice is concerned.

14 MR. CARR: Yes.

15 MR. ADAMS: There is a 1954  
16 amendment to the operating agreement, which probably should  
17 be --

18 MR. CARR: Yes, and there is an  
19 express paragraph in the '54 amendment that modifies that  
20 termination and it's a question of reading all that to-  
21 gether. We will supply that also.

22 MR. ADAMS: Will that be an ex-  
23 hibit before the Division?

24 MR. CARR: I'll be glad to mark  
25 that as such and that would be Hartman Exhibit Thirteen and

1 we will pull that together and would like to offer it now,  
2 thought, so it's in the record.

3 MR. QUINTANA: Exhibit Thirteen  
4 will be entered as evidence.

5 Let the record show that it  
6 will be the 1951 and supplemental 1954 operating agreement  
7 for the subject lease.

8 MR. TAYLOR: And the letter can  
9 be, if there are any letters, can be the same, part of the  
10 same exhibit.

11 MR. CARR: We'll attach those  
12 to it.

13 MR. ADAMS: May I make a brief  
14 statement, Mr. Examiner?

15 MR. QUINTANA: You may make any  
16 statements you desire.

17 MR. ADAMS: I think that it's  
18 clear by now that the position of Mrs. Tarlton is that the  
19 January 16, 1951 operating agreement covering the entire in-  
20 terest in the northwest quarter of Section 8, Township 24  
21 South, Range 37 East, as modified by the 1954 amendment,  
22 covers the relationships with respect to that land between  
23 Mr. Hartman, who is the successor to the owners of 2/3rds of  
24 the interest in the property, and Mrs. Tarlton, who owns, as  
25 trustee, approximately 20 percent. I think Miss Sutton's

1 testimony indicated the precise ownership hasn't yet been  
2 determined, but we will agree that it's in the range of 20  
3 percent divided working interest.

4                   That agreement, which was re-  
5 ferred to in Mrs. Tarlton's April 26th, 1985, and May 29,  
6 1985, letters to Mr. Hartman, which forms part of Hartman's  
7 Exhibit Number Four, provides, as Mr. Aycock testified, a  
8 penalty that amounts in effect to 100 percent of the usual  
9 and necessary costs of developing, equipping, operating, and  
10 marketing production from a well.

11                   You recover the costs and ex-  
12 penses plus 100 percent.

13                   Paragraph 14 of that 1951 operating ag-  
14 reement, which has been referred to, permits the termination  
15 of the agreement by the operator under some circumstances by  
16 following certain procedures, but I think the last part of  
17 paragraph 14 is significant. That provides that even if the  
18 operator effectively terminates the operating agreement, he  
19 can take over operations of said lease on the same terms and  
20 conditions as are imposed on the operator hereunder.

21                   So we submit that even if Mr. Hartman has  
22 effectively terminated the operating agreement and that de-  
23 pends on whether he's followed the procedures prescribed in  
24 the operating agreement as amended, that the terms and con-  
25 ditions imposed by the operating agreement upon the operator

1 will continue.

2           Those terms and conditions include the  
3 provision in Paragraph 5, which permits the recovery of 200  
4 percent of costs and expenses and the provision of the modi-  
5 fication adopted in 1954 to the operating agreement, which  
6 permits, in effect, the recovery of \$100 per month as oper-  
7 ating expenses.

8           So we would agree with Mr. Carr that the  
9 Division really doesn't have authority and jurisdiction to  
10 determine whether or not the operating agreement is in ef-  
11 fect and what its provisions are.

12           We submit that the parties are bound by  
13 the operating agreement and that is the basis on which Mrs.  
14 Tarlton has proceeded and will continue to proceed.

15                           Thank you.

16                           MR. QUINTANA: Excuse me, I  
17 forgot your name, sir.

18                           MR. ADAMS: Adams.

19                           MR. QUINTANA: Mr. Adams, if  
20 you would submit a proposed order, if you would like to, I  
21 would appreciate that, to get a good -- on paper, a good  
22 point of view from both of you, points of view, including  
23 any wording that you may want to in holding funds in some  
24 type of suspense mode if you feel that you want to settle  
25 this in a District Court, you can put that wording in there,

1 Mr. Adams, or whatever, I'd like to see a proposed order.

2 MR. ADAMS: All right. Thank  
3 you.

4 MR. QUINTANA: Are there other  
5 --

6 MR. AYCOCK: I haven't been ex-  
7 cused yet.

8 MR. QUINTANA: Oh, yes. Are  
9 there further questions of the witness?

10 If not, you may be excused.

11 Is there anything further in  
12 Case 8606?

13 MR. CARR: I'd only like to  
14 close by stating that if we have been successful at termin-  
15 ating the operating agreement, before we can go forward with  
16 any further development we would have to have a pooling or-  
17 der to bring the acreage together.

18 Then, as we read these things,  
19 and fight with Mr. Adams, if we're right and the old terms  
20 no longer control, we would need a pooling order to spell  
21 out those terms and so that's why we're before you today.

22 MR. QUINTANA: If not -- if  
23 there is nothing further, the case will be taken under ad-  
24 visement.

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(Hearing concluded.)

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 8606 heard by me on July 2 1985.

Gilbert P. Quintana, Examiner  
Oil Conservation Division