

CASE 7384: MORRIS R. ANTWEIL FOR COM-  
PULSORY POOLING, LEA COUNTY, NEW MEXICO

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but no addresses

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10/23/81

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Case No.

7384

Application  
Transcripts.

Small Exhibits

ETC

Morris R. Antweil  
OIL OPERATOR  
P. O. Box 2010  
HOBBS, New Mexico 88240

December 9, 1981  
CERTIFIED MAIL

UNLEASED MINERAL INTEREST OWNERS

RE: Compulsory Pooling  
NE/4 SW/4 Section 5-T20S-R38E  
Lea County, New Mexico

Enclosed is a copy of New Mexico Oil Conservation Division Order No. R-6837 which compulsory pools the captioned 40-acre tract for the drilling of a Drinkard well.

Morris R. Antweil proposes to drill the No. 1 Huey, on the captioned lands, as a 7100-foot Blinebry-Drinkard test. Enclosed is a copy of our AFE Cost Estimate for the proposed well.

You own an unleased mineral interest in the lands involved. Richard F. Pollard has contacted you on several occasions to lease your mineral interest in our behalf. We again invite you to consider leasing your interest instead of submitting to the provisions of the compulsory pooling order.

Yours Very Truly,

MORRIS R. ANTWEIL



R. M. Williams

RECEIVED  
DEC 16 1981  
OIL CONSERVATION DIVISION  
SANTA FE  
RMW:pb

Enclosures

cc: New Mexico Oil Conservation Division  
Santa Fe, New Mexico

MAILING LIST

Harry Eldon Smith  
Route 1, Box 10-E  
Winnabow, NC 28358

Eva W. Graham  
Route 1, Box 307  
Ash, NC 28420

Mary M. Smith  
117 Moreland Avenue  
Laurens, SC 29360

Mabel Smith Rule  
2422 Holloway Terrace  
Raleigh, NC 27608

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 7284  
Order No. E-6837

APPLICATION OF MORRIS R. ANTWEIL  
FOR COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 4, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 30th day of November, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Morris R. Antweil, originally requested an order pooling all mineral interests from the surface to the base of the Abo formation underlying the NE/4 SW/4 of Section 5, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico.

(3) That at the hearing, the application was amended so that applicant is now requesting an order pooling all mineral interests from the surface to the base of the Drinkard formation underlying the aforesaid lands.

(4) That the applicant has the right to drill and proposes to drill a well at a standard location thereon.

(5) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.

(6) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the oil and gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(7) That the applicant should be designated the operator of the subject well and unit.

(8) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(9) That any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(10) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(11) That following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(12) That \$2,500.00 per month while drilling and \$250.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(13) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(14) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before March 1, 1982, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, from the surface to the base of the Drinkard formation underlying the NE/4 SW/4 of Section 5, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico, are hereby pooled to form a standard 40-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the first day of March, 1982, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Drinkard formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the first day of March, 1982, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That Morris R. Antweil is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.



(5) That the operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) That the operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(8) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) That \$2,500.00 per month while drilling and \$250.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

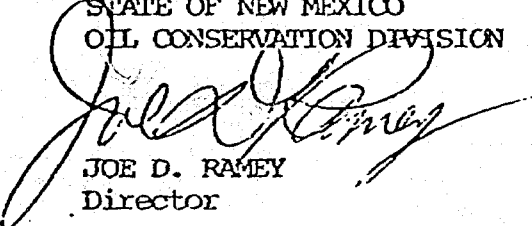
(11) That any well costs or charges which are to be paid out of the production shall be withheld only from the working interest's share of production and no costs or charges shall be withheld from production attributable to royalty interest.

(12) That all proceeds from production from the well or wells which are not disbursed for any reason shall immediately be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(13) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY  
Director

SEAL

AFE COST ESTIMATE  
NO. 1 HUEY  
NE/4 SW/4 Sec. 5-T20S-R38E

ITEM	Tangible	Intangible	Total
<u>Cost to Drill 7150-Foot Test</u>			
Roads, Location & Damages	\$	\$ 18,000	\$ 18,000
Move in & Rig up Rig		30,000	30,000
Daywork Drilling			
16 days @ \$7650/day		122,400	122,400
Rits		14,600	14,600
Daywork Operations			
2 days @ \$7650/day		15,300	15,300
Mud & Water		25,000	25,000
Intermediate Casing			
1500' 8 5/8" @ \$13.75/ft.	20,700		20,700
Cement & Service			
3 5/8" Casing		8,000	8,000
Logging Service		19,000	19,000
Rental Tools & Equipment		12,000	12,000
Wellhead & Connections	3,000		3,000
Supervision & Expenses		5,000	5,000
Transportation & Misc. Labor		5,000	5,000
Contingencies		14,000	14,000
COST TO CASING POINT	\$ 23,700	\$288,300	\$312,000
<u>COMPLETION COST</u>			
Production Casing			
7150' 5 1/2" @ \$8.00/ft.	\$ 57,200	\$	\$ 57,200
Cement & Service			
5 1/2" Casing		7,500	7,500
Well Service Unit			
10 days @ \$1000/day		10,000	10,000
Perforating Service		6,000	6,000
Tubing			
7150' 2 3/8" @ \$3.70/ft.	26,500		26,500
Rental Tools & Equipment		6,000	6,000
Acid Treatment		6,000	6,000
Fracture Treatment		17,000	17,000
Wellhead & Connections	6,000		6,000
Pumping Unit	45,000		45,000
Rods & Pumping Equipment	15,000		15,000
Battery Facilities	20,000		20,000
Supervision & Expenses		5,000	5,000
Transportation & Misc. Labor		10,000	10,000
Contingencies		10,800	10,800
COST OF COMPLETION	\$169,700	\$ 78,300	\$248,000
TOTAL AFE COST	\$193,400	\$366,600	\$560,000

APPROVAL: \_\_\_\_\_

by: \_\_\_\_\_

date: \_\_\_\_\_

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
4 November 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of HOWARD R. ANTWELL  
for compulsory pooling, Lea County,  
New Mexico.

CASE  
7384

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

W. Perry Pearce, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

William F. Carr, Esq.  
CAMPBELL, BYRD, & BLACK P.A.  
Jefferson Place  
Santa Fe, New Mexico 87501

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I N D E X

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JERRY HILLARD

Direct Examination by Mr. Carr

3

Cross Examination by Mr. Nutter

11

E X H I B I T S

Applicant Exhibit One, Plat

5

Applicant Exhibit Two, List

6

Applicant Exhibit Three, AFE

6

Applicant Exhibit Four, Correspondence

7

Applicant Exhibit Five, Letters

8

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

We'll call next Case Number 7384.

MR. PEARCE: Application of Morris R. Antweil for compulsory pooling, Lea County, New Mexico.

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

We have one witness.

(Witness sworn.)

JERRY HILLARD

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 name and place of residence?

A. My name is Jerry Hillard and I reside in Lovington, New Mexico.

Q Mr. Hillard, by whom are you employed

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1  
2 and in what capacity?

3 A. Employed by Morris R. Antweil as an  
4 engineer.

5 Q. Have you previously testified before this  
6 Commission or one of its examiners and had your credentials  
7 accepted and made a matter of record?

8 A. No, I have not.

9 Q. Will you briefly summarize for Mr. Nutter  
10 your educational background and your work experience?

11 A. I finished a Bachelor of Science in  
12 agricultural engineering at New Mexico State University in  
13 December of '75; was employed thereafter by Halliburton Ser-  
14 vices at Artesia; was there about three years; spent two  
15 years in Duncan, Oklahoma, in well test analysis; and then  
16 have been employed by Morris Antweil for approximately two  
17 months.

18 Q. Are you familiar with the application  
19 that was filed on behalf of Mr. Antweil in this case?

20 A. Yes.

21 Q. Are you familiar with the subject area?

22 A. Yes.

23 MR. CARR: Are the witness' qualifications  
24 acceptable?

25 MR. NUTTER: Yes, they are.

1  
2 Q Mr. Hillard, will you briefly state what  
3 Morris R. Antweil seeks in this case?

4 A The compulsory pooling of the mineral  
5 interest underlying the northeast quarter the southwest quar-  
6 ter of Section 5, Township 20 South, Range 38 East, of Lea  
7 County.

8 Our application stated that we were  
9 seeking forced pooling, or compulsory pooling, from the sur-  
10 face to the base of the Abo, but we have decided since then  
11 to test only to the Drinkard.

12 So we're now requesting pooling from the  
13 surface to the base of the Drinkard formation. We also seek  
14 that Morris R. Antweil be designated as operator, and a risk  
15 penalty be assigned.

16 Q Have you prepared certain exhibits for  
17 introduction in this case?

18 A Yes.

19 Q Will you please refer to what has been  
20 marked for identification as Antweil Exhibit Number One and  
21 review this for Mr. Nutter?

22 A Exhibit One is a land map of the area  
23 around the well in question. The yellow area on the map  
24 corresponds to the proration unit to be assigned to the well.  
25 The red circle, the location of the well; the black dots and



1  
2 the -- just the circled areas, correspond to other wells that  
3 are being drilled in the area, completed at this time, and  
4 also the completed wells that are producing.

5 Q Is the proposed proration unit a standard  
6 unit for a Drinkard well?

7 A Yes, it is.

8 Q Will you now refer to Antweil Exhibit  
9 Number Two and review this for the Examiner?

10 A This is just a list of the unleased  
11 mineral interests that correspond to the proration unit and  
12 the respective interests held by each one of the interest  
13 holders, and the summation with the total approximately .3  
14 acres that are unleased at this time.

15 Q And everything else is voluntarily com-  
16 mitted to this well?

17 A Yes, it is.

18 Q Will you now refer to Exhibit Number  
19 Three and review this?

20 A An AFE cost estimate for the well to be  
21 drilled, listing the drilling cost and also the completion  
22 costs, total of approximately \$560,000.

23 Q That's for the total cost for a com-  
24 pleted well?

25 A That is correct.

1  
2 Q Are these costs in line with what is  
3 being charged by other operators in the area for similar wells?

4 A Yes, they are. It's very close to an  
5 AFE that we received from Tamarack, the other operator in the  
6 area.

7 Q Mr. Hillard, will you review for Mr.  
8 Nutter the efforts made by Antweil to obtain voluntary joinder  
9 of all working and mineral interest owners in the proposed  
10 spacing unit?

11 A Okay. Exhibit Four is -- are just some  
12 sample copies of letters that were sent out to the interest  
13 holders trying to secure the interests that are complete lists,  
14 that is to say, the list was very lengthy and these are  
15 sample copies of the type that were sent to them.

16 One of the interest holders, Donald  
17 Woods, we did not have an address for and we've attempted  
18 through contacting other heirs to obtain an address and were  
19 unable to.

20 Q Have you made a good faith effort to  
21 locate all of these individuals and to obtain their voluntary  
22 joinder in the well?

23 A Yes.

24 Q Has Antweil drilled another Drinkard  
25 test in the immediate area?

1

2

A. Yes.

3

Q. Recently?

4

A. Yes.

5

Q. And in that case were you also dealing with the same nonconsenting mineral interest owners?

7

A. Yes, that is right, and there were some other interest owners at that time that have since leased, and these are the remaining ones that have not leased.

8

9

10

Q. So you're pooling here today the same mineral interest owners that were previously pooled for your Dewey well?

11

12

13

A. That is correct.

14

Q. Would you refer to Exhibit Number Five now and identify this for Mr. Nutter?

15

16

A. These are letters that were prepared at our request and our direction and sent to the mineral holders who we're attempting to pool at this time, notifying them of the attempt to pool and the hearing at this date.

17

18

19

20

Q. Are you prepared to make a recommendation to the Examiner as to the risk penalty that should be assessed against the nonconsenting working interest owners or mineral owners?

21

22

23

24

A. Yes, we are.

25

Q. And what would that recommendation be?

1

2

A. It would be a 200 percent penalty factor.

3

Q. And upon what are you basing this recom-

4

mendation?

5

A. With both the prospective zones, the Blinebry and the Drinkard in the area, most of the wells are commercial but several of the wells are not productive, or not commercial in the Drinkard zone, and the overall quality of the wells vary greatly from around 10 barrel a day producers to top allowable.

10

11

Q. Do you believe there is a chance that you could drill a well that would not be a commercial success?

12

13

A. Yes.

14

Q. And does the quality of the Drinkard

15

reservoir vary greatly throughout the subject area?

16

A. Yes, it does vary greatly.

17

Q. Have you made an estimate of the overhead

18

and administrative costs while drilling this well and also

19

while producing if it is a successful well?

20

A. Yes.

21

Q. And what are those figures?

22

A. Overhead cost for a drilling well, ap-

23

proximately \$2500 a month and for a producing well, \$250 a

24

month.

25

Q. Are these in line with what is being

1 charged by other operators in this area?

2 A. Yes, they are.

3 Q. And do you recommend that these figures  
4 be incorporated into any order that results from this hearing?

5 A. Yes.

6 Q. Does Morris R. Antweil ask to be design-  
7 nated operator of the proposed well?

8 A. Yes.

9 Q. In your opinion will granting this appli-  
10 cation be in the best interest of conservation, the prevention  
11 of waste, and the protection of correlative rights?

12 A. Yes.

13 Q. Were Exhibits One through Five either  
14 prepared by you or compiled under your direction?

15 A. Yes, they were.

16 MR. CARR: At this time, Mr. Nutter, we  
17 would offer Antweil Exhibits One through Five.

18 MR. NUTTER: Exhibits One through Five  
19 will be admitted.

20 MR. CARR: I have nothing further on  
21 direct.

## CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Hillard, you stated that Exhibit Four contained a sample of the correspondence that was sent out to various persons attempting to lease or obtain voluntary pooling.

Do you have any of the correspondence that was sent to the actual parties that are poolees here today?

A I do not have any with me. Let me check. I think one of those was -- yes, one of the letters there to Mary M. Smith is one of those that we're attempting to pool at this time, the last letter that we have there.

Q Well, I notice you've had a change of address for her since then. Maybe this didn't go to the right address, do you know?

Did you ever get any copy -- any correspondence back from her?

A I'm not aware that we have.

Q Well, are you aware of whether these other people were corresponded with or not?

A To my knowledge they were.

Q Well, this is no answer, just to your knowledge. Did you make an effort to contact these other

parties or did you just come in here with a forced pooling?  
I see you sent them a copy of the docket on October 28th;  
that's just a week ago and you may be pooling someone here  
that hasn't had sufficient opportunity to join in the drilling  
of this well.

A. But all of these persons that we're  
trying to pool at this time were attempted to contact, or  
contacted, on the other, the offset well, the No. 1 Dewey,  
and there was also several other people that were pooled that  
time who have joined since then.

Q. Well, of course, we're not talking about  
the Dewey No. 1 right now. We're talking about the Huey No.  
1, or whatever it is.

A. Well, the Huey, but they have not leased  
and they were contacted then and have not leased.

Q. Well, when you get home can you dig up  
your correspondence and find the correspondence that was  
made with the parties who are the poolees here? Now I realize  
you can't correspond with Donald Woods --

A. Yeah.

Q. -- because you don't know where he is,  
but can you dig up the correspondence that you've attempted  
to have with Harry L., Eldon Smith, Eva Graham, Mary N. Smith,  
and Mabel Smith Ruehl?

1

2

A. Okay.

3

4

Q And furnish us with that? Whatever efforts were made on those parties that you have.

5

A. Yes.

6

7

8

Q Okay. Now this cost estimate on Exhibit Number Three, is this the cost estimate to drill the Huey No. 1 to the Abo or just to the Drinkard?

9

A. To the Drinkard.

10

Q Just to the Drinkard.

11

12

MR. NUTTER: Are there any other questions of the witness? He may be excused.

13

Anything further, Mr. Carr?

14

MR. CARR: Nothing further, Mr. Nutter.

15

16

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 7384?

17

We'll take the case under advisement.

18

19

(Hearing concluded.)

20

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## CERTIFICATE

I, SALLY W. BOYD, C.S.R., do hereby certify that the foregoing transcript of Hearing before the Oil Conservation Division as 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*

SALLY W. BOYD, C.S.R.

Kt. 1 Box 193-B

Santa Fe, New Mexico 87501

Phone (505) 455-7409

I do hereby certify that the foregoing is a true and correct copy of the transcript as heard by me on 11/4 7384 81

*[Signature]*  
Oil Conservation Division

Examiner



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

BRUCE KING  
GOVERNOR  
LARRY KEHOE  
SECRETARY

December 1st, 1981

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-2434

Mr. William F. Carr  
Campbell, Boyd & Black  
Attorneys at Law  
Post Office Box 2200  
Santa Fe, New Mexico

Re: CASE NO. 7384  
ORDER NO. R-6837

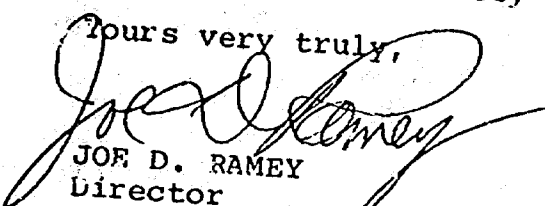
Applicant:

Morris R. Antweil

Dear Sir:

Enclosed herewith are two copies of the above-referenced  
Division order recently entered in the subject case.

Yours very truly,

  
JOE D. RAMEY  
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD X  
Artesia OCD X  
Aztec OCD X

Other \_\_\_\_\_  
\_\_\_\_\_

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 7384  
Order No. R-6837

APPLICATION OF MORRIS R. ANIWEIL,  
FOR COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

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NOW, on this 30th day of November, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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- (3) That at the hearing, the application was amended so that applicant is now requesting an order pooling all mineral interests from the surface to the base of the Drinkard formation underlying the aforesaid lands.

-2-

CASE NO. 7384  
Order No. R-6837

(4) That the applicant has the right to drill and proposes to drill a well at a standard location thereon.

(5) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.

(6) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the oil and gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(7) That the applicant should be designated the operator of the subject well and unit.

(8) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(9) That any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(10) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(11) That following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(12) That \$2,500.00 per month while drilling and \$250.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(13) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(14) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before March 1, 1982, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, from the surface to the base of the Drinkard formation underlying the NE/4 SW/4 of Section 5, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico, are hereby pooled to form a standard 40-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the first day of March, 1982, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Drinkard formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the first day of March, 1982, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That Morris R. Antweil is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

-4-

CASE NO. 7384

Order No. R-6837

(5) That the operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) That the operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(8) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) That \$2,500.00 per month while drilling and \$250.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

-5-

CASE NO. 7384

Order No. R-6837

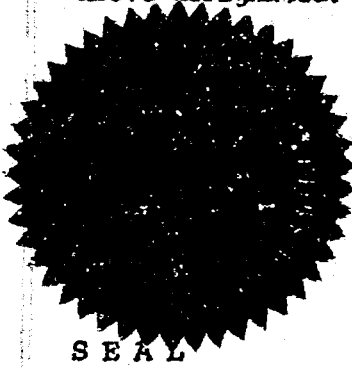
(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) That any well costs or charges which are to be paid out of the production shall be withheld only from the working interest's share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(13) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

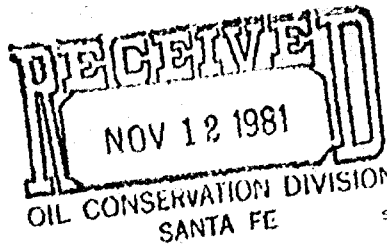


STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Joe D. Ramey*  
JOE D. RAMEY  
Director

CAMPBELL, BYRD & BLACK, P.A.  
LAWYERS

JACK M. CAMPBELL  
DAVID L. BYRD  
ROBERT L. BLACK  
MICHAEL R. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERRY  
WILLIAM G. WARD



JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87501  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

November 9, 1981

Mr. Daniel S. Nutter  
Chief Engineer  
New Mexico Oil Conservation  
Division  
Post Office Box 2088  
Santa Fe, New Mexico 87501

Re: Case 7384: Application of Morris R. Antweil  
for Compulsory Pooling, Lea County, New Mexico

Dear Mr. Nutter:

Pursuant to your request at the time of hearing, we are enclosing on behalf of Mr. Antweil copies of all correspondence with the non-consenting mineral interest owners in and under the NE/4 SW/4 of Section 5, Township 20 South, Range 38 East, Lea County, New Mexico.

If you need additional data concerning this application, please advise.

Very truly yours,

William F. Carr

WFC:lr

Enclosures

cc: Mr. Jerry Hillard



RICHARD F. POLLARD  
P.O. Box 330  
FORT SUMNER, NEW MEXICO 88110

RECEIVED  
NOV 12 1981  
CONSERVATION DIVISION  
SANTA FE

5 November 1981

Mr. Alan J. Antweil  
P O Box 2010  
Hobbs, New Mexico 88240

Re: Section 5, 20S-38E  
Lea County, NM  
Harry Eldon Smith et al

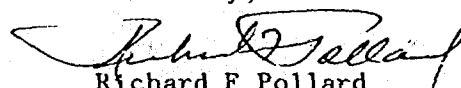
Dear Mr. Antweil:

In connection with buying leases in the above referenced land from the R. C. Allen Trust beneficiaries and others, I enclose copies of the letters to the parties from whom we did not receive leases.

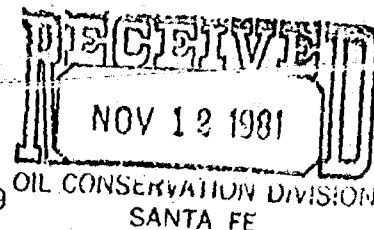
The initial letter to Mary M. Smith was returned and remailed a few days later after I had obtained her current address from Mr. Edmond Smith. None of the letters to the others nor any subsequent letter to Ms. Mary M. Smith were returned. I have had no response of any kind from:

- Harry Eldon Smith
- Eva W. Graham
- Mary M. Smith
- Mabel Smith Rule

Cordially,

  
Richard F Pollard

RICHARD F. POLLARD  
P.O. Box 330  
FORT SUMNER, NEW MEXICO 88119  
505-355-2655



January 28, 1981

Mr. Harry Eldon Smith  
Rt. 1, Box 10-E  
Winnabow, North Carolina 28358

Dear Mr. Smith:

Again we urge you to consider executing the oil and gas lease previously mailed to you. We now hold leases on approximately 95% of the interests.

If you do not wish to sign the lease, please be advised that in the event drilling operations are begun on the lands described in the lease, a pooling order will be requested from the Oil Conservation Commission of New Mexico, and if granted, your interest will be pooled and assessed its pro rata share of the drilling and operating costs to be recovered from any production attributable to the interest.

Thank you for your consideration.

Sincerely,

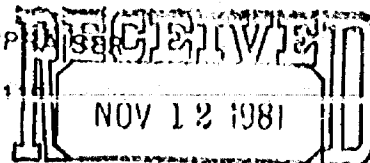
Richard F. Pollard

*Richard F. Pollard*

REAL ESTATE COUNSELOR & APPRAISER

FORT SUMNER, NEW MEXICO 88119

505 - 355-2655



OIL CONSERVATION DIVISION  
SANTA FE

November 22, 1980

Mr. Harry Eldon Smith  
Rt. 1, Box 10-E  
Winnabow, North Carolina 28479

BEST AVAILABLE COPY

Dear Mr. Smith:

Earlier this year we submitted to you an offer for an oil and gas lease on your interest in NW $\frac{1}{4}$ SE $\frac{1}{4}$ , SW $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{4}$ NW $\frac{1}{4}$ , N $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$  and NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 5, Township 20 South, Range 38 East, N.M.P.M., Lea County, New Mexico.

We ask that you carefully consider this offer and ask that you execute the lease and send it and the draft to Fort Sumner Agency Citizens Bank of Clovis Fort Sumner, NM 88119 for payment. After receipt of the executed lease and the draft, they will forward you a cashier's check.

We hold leases on more than 90% of the interests in the above lands and wish to advise that when we commence drilling operations, we will ask the New Mexico Oil Conservation Commission for a pooling order, which, when granted, means that you will receive a 1/8th royalty instead of the 3/16th royalty offered in the lease form, attributable to your interest.

Yours truly,

Richard F. Pollard



Harry Eldon Smith

Kelly, NC 28448

002/21910

Dear Mr. Smith:

BEST AVAILABLE COPY

A check of the Lea County, New Mexico, records indicates that you own the following mineral interest derived from the R. C. Allen and Lillian Allen Trusts which were distributed by the Wachovia Bank and Trust Company:

An undivided  $\frac{1}{336}$  of  $\frac{1}{2}$  of  $\frac{40}{576}$ ths in SW $\frac{1}{4}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ , N $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 5, Township 20 South, Range 38 East, N.M.P.M.

which interest amounts to .0221 net mineral acres.

I am prepared to pay \$25.00 per net acre for a 3 year oil and gas lease on this interest. If this meets with your approval please sign the lease and endorse the draft which ~~xxxxx~~ are enclosed.

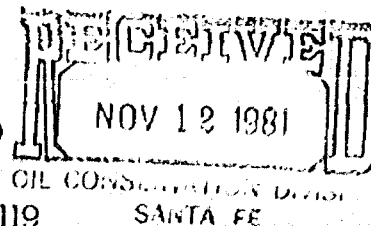
If you prefer to sell this interest, I am prepared to pay \$100.00 per net acre. If you had rather sell this interest, please sign the mineral deed and endorse the draft attached to it which I have also enclosed.

Instructions for the signing of the document is attached to it.

Please call me collect at 505-355-2431 if you have any questions.

Cordially,

RICHARD F. POLLARD  
P. O. Box 330  
FORT SUMNER, NEW MEXICO 88119  
505-355-2655



January 28, 1981

Ms. Eva W. Graham  
Rt. 1, Box 307  
Ash, North Carolina 28420

Dear Ms. Graham:

Again we urge you to consider executing the oil and gas lease previously mailed to you. We now hold leases on approximately 95% of the interests.

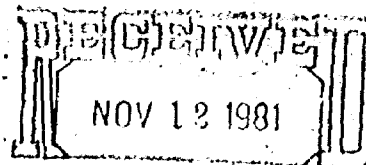
If you do not wish to sign the lease, please be advised that in the event drilling operations are begun on the lands described in the lease, a pooling order will be requested from the Oil Conservation Commission of New Mexico, and if granted, your interest will be pooled and assessed its pro rata share of the drilling and operating costs to be recovered from any production attributable to the interest.

Thank you for your consideration.

Sincerely,

Richard F. Pollard

*Richard F. Pollard*



FORT SUMNER, NEW MEXICO 88119

OIL CONSERVATION DIVISION  
SANTA FE

November 22, 1980

Ms. Eva W. Graham  
Rt. 1, Box 307  
Ash, North Carolina 28420

BEST AVAILABLE COPY

Dear Ms. Graham:

Earlier this year we submitted to you an offer for an oil and gas lease on your interest in NW $\frac{1}{4}$ SE $\frac{1}{4}$ , SW $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{4}$ NW $\frac{1}{4}$ , N $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$  and NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 5, Township 20 South, Range 38 East, N.M.P.M., Lea County, New Mexico.

We ask that you carefully consider this offer and ask that you execute the lease and send it and the draft to Fort Sumner Agency  
Citizens Bank of Clovis  
Fort Sumner, NM 88119  
for payment. After receipt of the executed lease and the draft, they will forward you a cashier's check.

We hold leases on more than 90% of the interests in the above lands and wish to advise that when we commence drilling operations, we will ask the New Mexico Oil Conservation Commission for a pooling order, which, when granted, means that you will receive a 1/8th royalty instead of the 3/16th royalty offered in the lease form, attributable to your interest.

Yours truly,

Richard F. Pollard



0412 1980  
10112-1000  
Dear Mrs. ~~W. C. Allen~~ : ~~Act No. 2842-2~~ BEST AVAILABLE COPY

A check of the Lea County, New Mexico, records indicates that you own the following mineral interest derived from the R. C. Allen and Lillian Allen Trusts which were distributed by the Wachovia Bank and Trust Company:

An undivided  $\frac{16}{336}$  of  $\frac{1}{2}$  of  $\frac{40}{576}$ ths in SW $\frac{1}{4}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ , N $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 5, Township 20 South, Range 38 East, N.M.P.M.

which interest amounts to .3637 net mineral acres.

I am prepared to pay \$25.00 per net acre for a 3 year oil and gas lease on this interest. If this meets with your approval please sign the lease and endorse the draft which ~~xxxxxx~~ are enclosed. 9.10

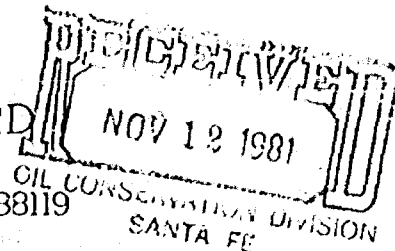
If you prefer to sell this interest, I am prepared to pay \$100.00 per net acre. If you had rather sell this interest, please sign the mineral deed and endorse the draft attached to it which I have also enclosed. 36.37

Instructions for the signing of the document is attached to it.

Please call me collect at 505-355-2431 if you have any questions.

Cordially,

RICHARD F. POLLARD  
P.O. Box 330  
FORT SUMNER, NEW MEXICO 88119  
505-355-2655



January 28, 1981

Ms. Mary M. Smith  
117 Moreland Ave.  
Laurens, South Carolina 29360

Dear Ms. Smith:

Again we urge you to consider executing the oil and gas lease previously mailed to you. We now hold leases on approximately 95% of the interests.

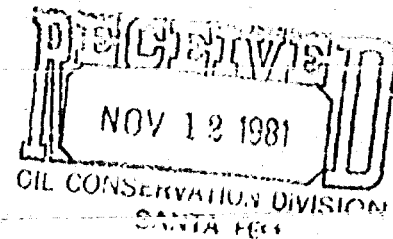
If you do not wish to sign the lease, please be advised that in the event drilling operations are begun on the lands described in the lease, a pooling order will be requested from the Oil Conservation Commission of New Mexico, and if granted, your interest will be pooled and assessed its pro rata share of the drilling and operating costs to be recovered from any production attributable to the interest.

Thank you for your consideration.

Sincerely,

Richard F. Pollard





November 22, 1980

Ms. Mary M. Smith  
117 McCreland Ave.  
Laurens, South Carolina 29360

BEST AVAILABLE COPY

Dear Ms. Smith:

Earlier this year we submitted to you an offer for an oil and gas lease on your interest in NW $\frac{1}{4}$ SE $\frac{1}{4}$ , SW $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{4}$ NW $\frac{1}{4}$ , NW $\frac{1}{4}$ SW $\frac{1}{4}$  and NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 5, Township 20 South, Range 38 East, N.M.P.M., Lea County, New Mexico.

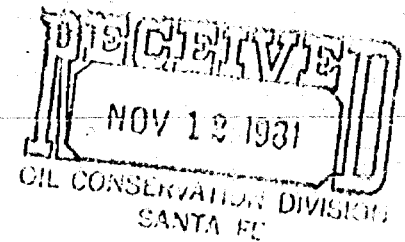
We ask that you carefully consider this offer and ask that you execute the lease and send it and the draft to Fort Sumner Agency  
Citizens Bank of Clovis  
Fort Sumner, NM 88119  
for payment. After receipt of the executed lease and the draft, they will forward you a cashier's check.

We hold leases on more than 90% of the interests in the above lands and wish to advise that when we commence drilling operations, we will ask the New Mexico Oil Conservation Commission for a pooling order, which, when granted, means that you will receive a 1/8th royalty instead of the 3/16th royalty offered in the lease form, attributable to your interest.

Yours truly,

Richard F. Pollard

RICHARD F. POLLARD  
P. O. Box 330  
FORT SUMNER, NEW MEXICO 88119  
505-355-2655



January 28, 1981

BEST AVAILABLE COPY

Ms. Habel Smith Rule  
2422 Holloway Terrace  
Raleigh, NC 27608

Dear Ms. Rule:

Again we urge you to consider executing the oil and gas lease previously mailed to you. We now hold leases on approximately 95% of the interests.

If you do not wish to sign the lease, please be advised that in the event drilling operations are begun on the lands described in the lease, a pooling order will be requested from the Oil Conservation Commission of New Mexico, and if granted, your interest will be pooled and assessed its pro rata share of the drilling and operating costs to be recovered from any production attributable to the interest.

Thank you for your consideration.

Sincerely,

Richard F. Pollard

Mabel

Margaret Smith Rule  
J. H. Shelton Apts.  
Raleigh, N.C. 27603

July 2, 1980

Dear Margaret:

BEST AVAILABLE COPY

A check of the Lea County, New Mexico, records indicates that you own the following mineral interest derived from the R. C. Allen and Lillian Allen Trusts which were distributed by the Wachovia Bank and Trust Company:

An undivided  $\frac{16}{336}$  of  $\frac{1}{2}$  of  $\frac{40}{576}$ ths in  $SW\frac{1}{4}NE\frac{1}{4}$ ,  $NW\frac{1}{4}SE\frac{1}{4}$ ,  $S\frac{1}{2}NW\frac{1}{4}$ ,  $NE\frac{1}{4}SW\frac{1}{4}$ ,  $N\frac{1}{2}NW\frac{1}{4}SW\frac{1}{4}$  of Section 5, Township 20 South, Range 38 East, N.M.P.M.

which interest amounts to 36.37 net mineral acres.

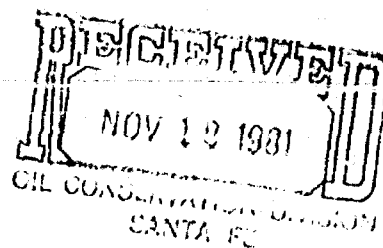
I am prepared to pay \$25.00 per net acre for a 3-year oil and gas lease on this interest. If this meets with your approval please sign the lease and endorse the draft which ~~xxx~~ are enclosed. 9.10

If you prefer to sell this interest, I am prepared to pay \$100.00 per net acre. If you had rather sell this interest, please sign the mineral deed and endorse the draft attached to it which I have also enclosed. 36.37

Instructions for the signing of the document is attached to it.

Please call me collect at 505-355-2431 if you have any questions.

Cordially,



November 22, 1980

BEST AVAILABLE COPY

Mrs. Mabel Smith Rule  
2422 Holloway Terrace  
Country Club Homes  
Raleigh, North Carolina 27608

Dear Mrs. Rule:

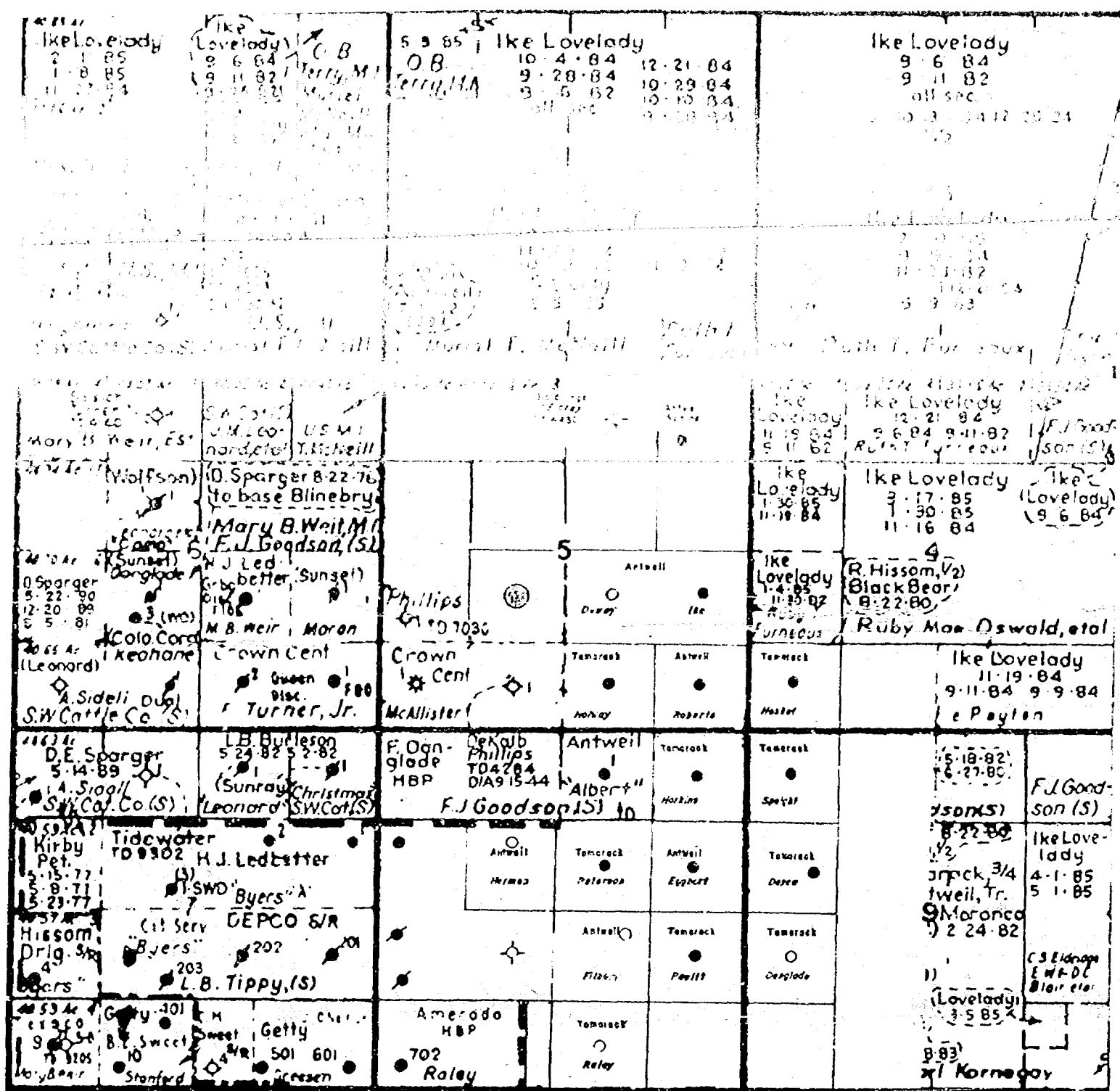
Earlier this year we submitted to you an offer for an oil and gas lease on your interest in NW $\frac{1}{4}$ SE $\frac{1}{4}$ , SW $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ , N $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$  and NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 5, Township 20 South, Range 38 East, N.M.P.M., Lea County, New Mexico.

We ask that you carefully consider this offer and ask that you execute the lease and send it and the draft to Fort Sumner Agency  
Citizens Bank of Clovis  
Fort Sumner, NM 88119  
for payment. After receipt of the executed lease and the draft, they will forward you a cashier's check.

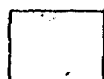
We hold leases on more than 90% of the interests in the above lands and wish to advise that when we commence drilling operations, we will ask the New Mexico Oil Conservation Commission for a pooling order, which when granted, means that you will receive a 1/8th royalty instead of the 3/16th royalty offered in the lease form, attributable to your interest.

Yours truly,

Richard F. Pollard



# LEGEND



PRORATION UNIT



PROPOSED LOCATION



COMPLETED WELLS



DRILLING WELLS

BEST AVAILABLE COPY

MORRIS R. ANTWEIL  
HOBBS, NEW MEXICO

NADINE AREA  
(BLINEBRY-DRINKARD PROSPECT)  
LEA COUNTY, NEW MEXICO

SCALE: 1" = 2000'

UNLEASED MINERAL INTERESTS  
NE/4 SW/4 Section 5-T20S-R38E

Harry Eldon Smith  
Rt. 1 - Box 10-E  
Winnabow, NC 28358

0.004127 acres

Eva W. Graham  
Rt. 1 - Box 307  
Ash, NC 28420

0.066127 acres

Mary M. Smith  
117 Moreland Avenue  
Laurens, SC 29360

0.066127 acres

Mabel Smith Rule  
2422 Holloway Terrace  
Raleigh, NC 27608

0.066127 acres

Donald Woods  
Address Unknown

0.086418 acres

TOTAL

0.288926 acres

BEFORE EXAMINER NUTTER OIL CONSERVATION DIVISION ANTWEIL EXHIBIT NO. <u>2</u> CASE NO. <u>7384</u>
---

AFE COST ESTIMATE  
NO. 1 HUEY  
NE/4 SW/4 Sec. 5-T20S-R38E

ITEM	Tangible	Intangible	Total
<u>Cost to Drill 7150-Foot Test</u>			
Roads, Location & Damages	\$	\$ 18,000	\$ 18,000
Move in & Rig up Rig		30,000	30,000
Daywork Drilling 16 days @ \$7650/day		122,400	122,400
Bits		14,600	14,600
Daywork Operations 2 days @ \$7650/day		15,300	15,300
Mud & Water		25,000	25,000
Intermediate Casing 1500' 6 5/8" @ \$13.73/ft.	20,700		20,700
Cement & Service 8 5/8" Casing		8,000	8,000
Logging Service		19,000	19,000
Rental Tools & Equipment		12,000	12,000
Wellhead & Connections	3,000		3,000
Supervision & Expenses		5,000	5,000
Transportation & Misc. Labor		5,000	5,000
Contingencies		14,000	14,000
<b>COST TO CASING POINT</b>	<b>\$ 23,700</b>	<b>\$288,300</b>	<b>\$312,000</b>
<u>COMPLETION COST</u>			
Production Casing 7150' 5 1/2" @ \$8.00/ft.	\$ 57,200	\$	\$ 57,200
Cement & Service 5 1/2" Casing		7,500	7,500
Well Service Unit 10 days @ \$1000/day		10,000	10,000
Perforating Service		6,000	6,000
Tubing 7150' 2 3/8" @ \$3.70/ft.	26,500		26,500
Rental Tools & Equipment		6,000	6,000
Acid Treatment		6,000	6,000
Fracture Treatment		17,000	17,000
Wellhead & Connections	6,000		6,000
Pumping Unit	45,000		45,000
Rods & Pumping Equipment	15,000		15,000
Battery Facilities	20,000		20,000
Supervision & Expenses		5,000	5,000
Transportation & Misc. Labor		10,000	10,000
Contingencies		10,800	10,800
<b>COST OF COMPLETION</b>	<b>\$169,700</b>	<b>\$ 78,300</b>	<b>\$248,000</b>
<b>TOTAL AFE COST</b>	<b>\$193,400</b>	<b>\$366,600</b>	<b>\$560,000</b>

APPROVAL: \_\_\_\_\_  
by: \_\_\_\_\_  
date: \_\_\_\_\_

BEFORE EXAMINER NUTTER OIL CONSERVATION DIVISION ANTWELL EXHIBIT NO. 3 CASE NO. 7384
---

*Richard F. Pollard*

REAL ESTATE COUNSELOR & APPRAISER

FORT SUMNER, NEW MEXICO 88119

505 - 355-2655

May 20, 1981

Mr. Alan J. Antweil  
P O Box 2010  
Hobbs, New Mexico 88240

Re: 1W<sup>1</sup>/<sub>4</sub>SE<sup>1</sup>/<sub>4</sub> Section 5 20S-38E  
Lea County, NM

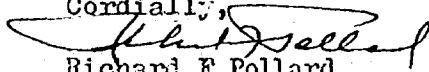
Dear Mr. Antweil:

In connection with buying leases on above referenced land, and others, in Section 5 from the R. C. Allen Trust beneficiaries, the Underwood heirs and the Odella N. Spears heirs, the first letters together with leases and drafts were sent out on July 7, 8 and 31, 1980. Follow-up letters were sent on September 10, 1980, November 22, 1980, and January 28, 1981. Telephone contact attempts were also made to some of the parties that could be reached.

The ancillary probate proceedings filed in Lea County Probate Court cause No. 4221 on the Estate of Odella N. Spears, dec., list Donald Woods with "address not known". Attempts were made to secure his address from some of the other heirs without success.

Sample copies of the letters, etc, are attached for your information. The first mailing consisted of some 63 letters and leases.

Cordially,

  
Richard F Pollard

BEFORE EXAMINER NUTTER	
OIL CONSERVATION DIVISION	
Antweil	EXHIBIT NO. 4
CASE NO. 7384	





RICHARD F. POLLARD  
P.O. Box 330  
FORT SUMNER, NEW MEXICO 88119  
505-355-2655

January 28, 1981

BEST AVAILABLE COPY

Mr. Phillip Julian Erickson  
803 Northern Blvd.  
Saint James, New York 11780

Dear Mr. Erickson:

Again we urge you to consider exdcuting the oil and gas lease previously mailed to you. We now hold leases on approximately 95% of the interests.

If you do not wish to sign the lease, please be advised that in the event drilling operations are begun on the lands described in the lease, a pooling order will be requested from the Oil Conservation Commission of New Mexico, and if granted, your interest will be pooled and assessed its pro rata share of the drilling and operating costs to be recovered from any production attributable to the interest.

Thank you for your consideration.

Sincerely,

  
Richard F. Pollard

*Richard F. Pollard*

REAL ESTATE COUNSELOR & APPRAISER

FORT SUMNER, NEW MEXICO 88119

505 - 355-2655

September 10, 1980

BEST AVAILABLE COPY

Dear Beneficiary of the R. C. Allen Trust:

Last July I wrote you regarding an oil and gas lease or mineral deed on certain interest you own in Section 5, T20S-R38E, Lea County, NM, and enclosed the documents and drafts for your consideration.

So far I have had no response from you. I would appreciate your signing one or both of the documents and sending them in to the bank for payment.

If you have any questions on this matter, let me hear from you.

Sincerely,

*Richard F. Pollard*  
Richard F. Pollard



RICHARD F. POLLARD  
P. O. Box 330  
FORT SUMNER, NEW MEXICO 88119

BEST AVAILABLE COPY

July 2, 1980

Ms. Mary M. Smith  
P. O. Box -6874  
North Augusta, SC -29841

*Copy  
7/17/80 from Mr. Richard F. Pollard  
117 : 1 : 100  
R205-10 SC 29841*

Dear Ms. Smith:

A check of the Lea County, New Mexico records indicates that you own the following mineral interest derived from the R. C. Allen and Lillian Allen Trusts, which were distributed by the Wachovia Bank and Trust Company:

An undivided 16/336 of 1/2 of 40/576ths in SW $\frac{1}{4}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ , N $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 5, Township 20 South, Range 38 East, N.M.P.M.;

which interest amounts to .3637 net acres.

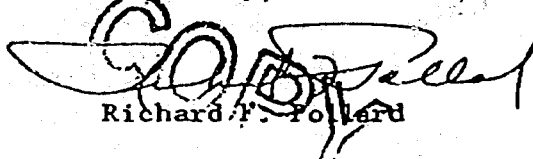
I am prepared to pay \$25.00 per net acre for a 3 year oil and gas lease on this interest. If this meets with your approval, please sign the lease and endorse the draft which are enclosed.

If you prefer to sell this interest, I am prepared to pay \$100.00 per net acre. If you had rather sell this interest, please sign the mineral deed and endorse the draft attached to it which I have also enclosed.

Instructions for the signing of the document are attached to it.

Please call me collect at 505-355-2431 if you have any questions.

Cordially,

  
Richard F. Pollard

CAMPBELL, BYRD & BLACK, P.A.  
LAWYERS

JACK M. CAMPBELL  
HARL D. BYRD  
BRUCE D. BLACK  
MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
WILLIAM G. WARDLE

JEFFERSON PLACE  
SUITE 1-110 NORTH GUADALUPE  
POST OFFICE BOX 2200  
SANTA FE, NEW MEXICO 87501  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 988-0043

October 28, 1981

Harry Eldon Smith  
Rt. 1, Box 10-E  
Winnabow, NC 28358

BEST AVAILABLE COPY

Re: New Mexico Oil Conservation Division Case 7384

Gentlemen:

Enclosed is a copy of the docket for the November 4, 1981 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.

Very truly yours,

William F. Carr

WFC:kb

Enclosure

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

OIL CONSERVATION DIVISION	
ANTWELL	5
CASE NO. 7384	

BEST AVAILABLE COPY

P 243 075 624

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—  
NOT FOR INTERNATIONAL MAIL

(See Reverse)

SENT TO STREET ADDRESS PO STATE AND ZIP CODE	POSTAGE CERTIFIED FEE SPECIAL DELIVERY POSTAGE AND FEES	TOTAL POSTAGE AND FEES POSTAGE PAID
--	--	--

10/28/81

JACK M. CAMPBELL  
HARL D. BYRD  
BRUCE D. BLACK  
MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
WILLIAM G. WARDE

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87501  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

Ms. Mabel Smith Rule  
2422 Holloway Terrace  
Raleigh, NC 27608

REF AVAILABLE COPY

Re: New Mexico Oil Conservation Division Case 7384

Gentlemen:

Enclosed is a copy of the docket for the November 4, 1981 Oil Conservation Division Examiner Hearing.

... be affected by the above-

Enclosed is a copy of the report of the  
Conservation Division Examiner regarding  
the above-referenced case.

You may have an interest that will be affected by the above-  
referenced case.

Very truly yours,

Very truly yours,

William F. Carr

WFC: kb

Enclosure

**CERTIFIED MAIL  
RETURN RECEIPT REQUESTED**

P 243 075 625

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED --  
NOT FOR INTERNATIONAL MAIL

(See Reverse)

<p>UNITED STATES POSTAL SERVICE</p> <p>POSTAGE</p> <p>PERMIT NO. 1000 NEW YORK, N.Y.</p> <p>POSTMASTER: RETURN TO POSTAL SERVICE</p>	<p>POSTAGE</p> <p>PERMIT NO. 1000 NEW YORK, N.Y.</p> <p>POSTMASTER: RETURN TO POSTAL SERVICE</p>	<p>UNITED STATES POSTAL SERVICE</p> <p>POSTAGE</p> <p>PERMIT NO. 1000 NEW YORK, N.Y.</p> <p>POSTMASTER: RETURN TO POSTAL SERVICE</p>
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CAMPRELL, BYRD & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL  
HARL D. BYRD  
BRUCE D. BLACK  
MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
WILLIAM O. WARDLE

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87501  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983 6043

October 28, 1981

Ms. Eva W. Graham  
Rt., Box 307  
Ash, NC 28420

BEST AVAILABLE COPY

Re: New Mexico Oil Conservation Division Case 7384

Gentlemen:

Enclosed is a copy of the docket for the November 4, 1981 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.

Very truly yours,

William F. Carr

WFC:kb

Enclosure

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

BEST AVAILABLE COPY

P 243 075 626

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED --  
NOT FOR INTERNATIONAL MAIL

(See Reverse)

SENT TO <i>Eva W. Graham</i> STREET AND NO.	P.O. STATE AND ZIP CODE
POSTAGE	
CERTIFIED MAIL	
SPECIAL DELIVERY	
REGISTERED MAIL	
INSURANCE	
POSTAGE AND FEES	
TOTAL POSTAGE AND FEES	
POSTAGE DATE	
10/28/81	

LAWYERS

JEFFERSON PLACE  
SUITE 1 • 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87501  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

BEST AVAILABLE COPY

Re: New Mexico Oil Conservation Division Case 7384

You may have an interest that will be affected by the above-referenced case.

William F. Carr

**CERTIFIED MAIL  
RETURN RECEIPT REQUESTED**

BEST AVAILABLE COPY

P 243 075 627

RECEIPT FOR CERTIFIED MAIL

**NO INSURANCE COVERAGE PROVIDED—  
NOT FOR INTERNATIONAL MAIL**

(See Reverse)

CONSULT POSTMASTER FOR FEES		POSTAGE	
PRIME MAIL SERVICE		CERTIFIED FEE	
RESTRICTED DELIVERY		SPECIAL DELIVERY	
REGISTERED MAIL		REGISTERED MAIL	
INSURANCE		INSURANCE	
TOTAL POSTAGE AND FEES		TOTAL POSTAGE AND FEES	
10/28/81		10/28/81	

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
21 October 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Morris R. Antweil  
for compulsory pooling, Lea County,  
New Mexico.

CASE  
7384

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

W. Perry Pearce, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:



MR. STAMETS: We'll call next Case 7384.

MR. PEARCE: Application of Morris R.  
Antweil for compulsory pooling, Lea County, New Mexico.

MR. STAMETS: At the request of the  
applicant, this case will be continued to the November 4th  
Examiner Hearing.

(Hearing concluded.)

BEST AVAILABLE COPY

## C E R T I F I C A T E

BEST AVAILABLE COPY

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

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B

Santa Fe, New Mexico 87501

Phone (505) 455-7409

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner Hearing of Case No. 7384 heard by me on 10-21 1981.

Richard J. Plummer, Examiner  
Oil Conservation Division

Dockets Nos. 36-81 and 37-81 are tentatively set for November 19 and December 4, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 4, 1981

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner or Richard L. Stamets, Alternate Examiner:

- CASE 7396: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Sentry Oil Exploration Company and Lawyers Surety Corporation to appear and show cause why Farr Well No. 1, located in Unit G of Section 6, Township 31 North, Range 34 East, Union County, New Mexico, should not be ordered plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7380: (Continued and Readvertised)  
Application of Bird Oil Corporation for an unorthodox location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Entrada location of a well to be drilled 2110 feet from the North line and 1120 feet from the East line of Section 10, Township 22 South, Range 9 West, the SE/4 NE/4 of said Section 10 to be dedicated to the well.
- CASE 7397: Application of Belco Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Atoka and Strawn production in the wellbore of its Kimbley Well No. 1, located in Unit G of Section 21, Township 23 South, Range 28 East.
- CASE 7398: Application of El Paso Natural Gas Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Wolfcamp-Penn well, to be drilled 660 feet from the South and West lines of Section 23, Township 26 South, Range 30 East, Ross Draw Area, the S/2 of said Section 23 to be dedicated to the well.
- CASE 7399: Application of Texaco, Inc. for a Unit Agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Vacuum Abo West Unit Area, comprising 2000 acres, more or less, of state lands in Township 17 South, Range 34 East.
- CASE 7400: Application of Texaco, Inc. for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project in its North Vacuum Abo West Unit Area by the injection of water into the Abo formation through 13 wells located in Sections 15, 21, 22, 27, 28 and 34, Township 17 South, Range 34 East, North Vacuum - Abo Pool.
- CASE 7401: Application of Morris R. Antweil for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 2410 feet from the North line and 330 feet from the West line of Section 21, Township 18 South, Range 38 East, Hobbs Grayburg-San Andres Pool, the SW/4 NW/4 of said Section 21 to be dedicated to the well.
- CASE 7384: (Continued from October 21, 1981, Examiner Hearing)  
Application of Morris R. Antweil for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the NE/4 SW/4 of Section 5, Township 20 South, Range 38 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7402: Application of MGF Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Strawn formation underlying the NW/4 NW/4 of Section 5, Township 20 South, Range 39 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7403: Application of Arco Oil and Gas Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Jalmat and Langlie Mattix production in the wellbore of its E. L. Steeler WN Well No. 5, located in Unit J of Section 19, Township 23 South, Range 37 East.

CASE 7359: (Continued from October 7, 1981, Examiner Hearing)

Application of Energy Reserves Group for creation of a new gas pool and an unorthodox location, Roosevelt County, New Mexico.

Applicant, in the above-styled cause, seeks creation of a new Cisco gas pool for its Miller Com Well No. 1, located in Unit M of Section 12, Township 6 South, Range 33 East.

Applicant further seeks approval for an unorthodox location for its Miller "A" Well No. 1-Y, to be drilled 1800 feet from the South line and 1700 feet from the East line of Section 11 of the same township. The S/2 of said Section 11 to be dedicated to the well.

CASE 7383: (Continued from October 21, 1981, Examiner Hearing)

Application of Amoco Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the upper Pennsylvanian formation underlying the NW/4 of Section 12, Township 19 South, Range 26 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7404: Application of TXO Production Corporation for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of an infill well to be drilled 2000 feet from the North line and 660 feet from the East line of Section 18, Township 21 South, Range 26 East, Catclaw Draw-Morrow gas pool.

CASE 7405: Application of Carl Schellinger for dual completion and an unorthodox location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of his Campbell Station Unit Well No. 1, to produce gas from the Abo and Pennsylvanian formations. Applicant further seeks approval of the unorthodox Pennsylvanian location of said well 660 feet from the South and West lines of Section 34, Township 8 South, Range 27 East, the S/2 of said Section 34 to be dedicated to the Pennsylvanian and the SW/4 to the Abo.

CASE 7406: Application of Depco, Inc. for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through the Abo formation underlying the SE/4 of Section 23, Township 5 South, Range 24 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

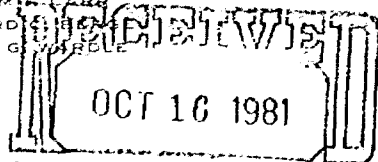
CASE 7407: Application of Mesa Petroleum Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Abo formation underlying the NE/4 of Section 23, Township 5 South, Range 24 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7408: Application of Doyle Hartman for directional drilling, a non-standard proration unit, an unorthodox well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill his Justis Well No. 10, the surface location of which is 1940 feet from the North line and 120 feet from the West line of Section 20, Township 25 South, Range 37 East, in such a manner as to bottom said well in the Jalmat Gas Pool at an unorthodox location 1980 feet from the North line and 330 feet from the East line of Section 19, Township 25 South, Range 37 East. Applicant further proposes to simultaneously dedicate said well and the Bettis, Boyle and Stovall Justis Well No. 1 to an 80-acre non-standard proration unit comprising the E/2 NE/4 of said Section 19.

CAMPBELL, BYRD & BLACK, P.A.  
LAWYERS

JACK M. CAMPBELL  
HARL D. BYRD  
BRUCE D. BLACK  
MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD J. BENNETT  
WILLIAM G. WARDLE

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87501  
TELEPHONE: (505) 986-4421  
TELECOPIER: (505) 983-6043



OIL CONSERVATION DIVISION  
SANTA FE

October 15, 1981

Mr. Joe D. Ramey  
Director  
Oil Conservation Division  
New Mexico Department of  
Energy & Minerals  
Post Office Box 2088  
Santa Fe, New Mexico 87501

*Bill*

Re: Case 7384: Application of Morris R. Antweil  
for Compulsory Pooling, Lea County, New Mexico

Dear Mr. Ramey:

Morris R. Antweil requests that the above-referenced case scheduled for hearing on Wednesday, October 21, 1981 be continued to the examiner hearing scheduled for Wednesday, November 4, 1981.

Your attention to this request is appreciated.

Very truly yours

*William F. Carr*

William F. Carr

WFC:lr

cc: Mr. R. M. Williams

Docket Nos. 34-81 and 35-81 are tentatively set for October 21 and November 4, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - OCTOBER 14, 1981

9 A.M. - OIL CONSERVATION COMMISSION - ROOM 205  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

DEAD AVAILABLE COPY

(The following cases are continued from the October 14, 1981, Commission hearing to October 16, 1981.)  
CASE 7345: (Continued and Readvertised)

Application of Bass Enterprises Production Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres, Bone Springs and Pennsylvanian formations, Lovington Field, underlying the N/2 NE/4 of Section 13, Township 16 South, Range 36 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7323: (DE NOVO)

Application of Clements Energy, Inc., for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the E/2 of Section 32, Township 15 South, Range 27 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

Upon application of Southland Royalty Company, this case will be heard DE NOVO pursuant to the provisions of Rule 1220.

\*\*\*\*\*

Docket No. 34-81

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 21, 1981

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

ALLOWABLE: (1) Consideration of the allowable production of gas for November, 1981, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for November, 1981, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 7373: Application of J. C. Williamson for Amendment of Division Order No. R-6738, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the Amendment of Division Order No. R-6738, which approved an unorthodox location for a well 1560 feet from the North line and 1030 feet from the West line of Section 10, Township 23 South, Range 34 East. Applicant seeks the Amendment of said order to reflect the corrected location of said well at a point 1580 feet from the North line and 2614 feet from the West line of said Section 10.

CASE 7374: Application of Dugan Production Corporation for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Farmington formation well located 330 feet from the South line and 990 feet from the East line of Section 9, Township 28 North, Range 11 West, the E/2 of said Section 9 to be dedicated to the well.

- CASE 7375:** Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Angel Peak Gallup-Basin Dakota production in the wellbore of its McAdams Well No. 2 located in Unit P of Section 34, Township 27 North, Range 10 West.
- CASE 7376:** Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin-Dakota and Bisti-Lower Gallup production in the wellbore of its Big B Well No. 1-E, located in Unit O of Section 8, Township 24 North, Range 9 West.
- CASE 7377:** Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of undesignated Gallup and Basin-Dakota production in the wellbore of its July Jubilee Well No. 1 located in Unit G of Section 30, Township 24 North, Range 9 West.
- CASE 7378:** Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Wildhorse-Gallup and Basin-Dakota production in the wellbore of his Apache E Well No. 1, located in Unit A of Section 18, Township 26 North, Range 3 West.
- CASE 7356:** (Continued from September 22, 1981, Examiner Hearing)  
Application of the Oil Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the W/2 SW/4 of Section 12, Township 29 North, Range 15 West, Cha Cha-Gallup Oil Pool, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7379:** Application of JEM Resources, Inc., for vertical pool extension and special GOR limit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the vertical extension of the Cave-Grayburg Pool to include the San Andres formation, and the establishment of a special gas-oil ratio limit for said pool to 6000 to one or, in the alternative, the abolishment of the gas-oil ratio limit in said pool, all to be effective October 1, 1981.
- CASE 7380:** Application of Bird Oil Corporation for an unorthodox location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Entrada location of a well to be drilled 2310 feet from the North line and 1325 feet from the East line of Section 10, Township 22 North, Range 9 West, the SW/4 NE/4 of said Section 10 to be dedicated to the well.
- CASE 7381:** Application of H. L. Brown, Jr., for an unorthodox gas well location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 330 feet from the South line and 2310 feet from the East line of Section 34, Township 7 South, Range 37 East, Bluff-Wolfcamp Gas Pool, the E/2 of said Section 34 to be dedicated to the well.
- CASE 7382:** Application of TXO Production Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow well to be drilled 660 feet from the South and West lines of Section 20, Township 17 South, Range 28 East, the W/2 of said Section 20 to be dedicated to the well.
- CASE 7383:** Application of Amoco Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Upper Pennsylvanian formation underlying the NW/4 of Section 19, Township 19 South, Range 25 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

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- CASE 7384:** Application of Morris R. Antweil for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the NE/4 SW/4 of Section 5, Township 20 South, Range 38 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7385:** Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blanco-Mesaverde and Basin-Dakota production in the wellbore of its San Juan 27-5 Unit Well No. 59, located in Unit A of Section 6, Township 27 North, Range 5 West.
- CASE 7386:** Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of South Blanco-Pictured Cliffs and Blanco-Mesaverde production in the wellbore of its San Juan 27-5 Unit Well No. 54, located in Unit L of Section 31, Township 27 North, Range 5 West.
- CASE 7387:** Application of Sun Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 500 feet from the north and east lines of Section 32, Township 9 South, Range 37 East, west of the San Andres Pool, the N/2 NE/4 of said Section 32 to be dedicated to the well.
- CASE 7388:** Application of Sun Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled in the Northeast Lusk Yates Pool, 2500 feet from the North line and 1880 feet from the East line of Section 15, Township 19 South, Range 32 East the SW/4 NE/4 of said Section 15 to be dedicated to the well.
- CASE 7369:** Application of Yates Petroleum Corporation for an Amendment to Division Order No. R-4365, Eddy County, New Mexico. Applicant, in the above-styled cause seeks the amendment of Division Order No. R-4365, which promulgated special rules and regulations for the Penasco Draw San Andres-Yeso Pool, by amending Rule 5 to permit the simultaneous dedication of gas wells and oil wells and amending Rule 9 to provide for annual gas-liquid ratio tests in lieu of semi-annual tests.
- CASE 7365:** (Continued from October 7, 1981, Examiner Hearing)
- Application of Yates Petroleum Corporation for the amendment of Order No. R-6406, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-6406, to permit recompletion of its State "JM" No. 2 Well, drilled at an unorthodox Morrow location 660 feet from the South line and 660 feet from the East line of said Section 25, Township 16 South, Range 24 East, in any and all Wolfcamp and Pennsylvanian pays in said well.
- CASE 7390:** Application of Harvey E. Yates Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mississippian formation underlying the W/2 of Section 18, Township 9 South, Range 27 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7391:** Application of Harvey E. Yates Company for statutory unitization, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purposes of a secondary recovery project, all mineral interests in the Travis Penn Unit encompassing 480 acres, more or less, underlying all or portions of Sections 12 and 13, Township 18 South, Range 28 East, Eddy County, New Mexico.

The unitized interval would be the Cisco-Canyon formation between the depths of 9815 feet and 9935 feet in Harvey E. Yates Company's Travis Deep Unit No. 2 Well. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in well and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.



- CASE 7392:** Application of Sam H. Snoddy, for an unorthodox gas well location in the Oil-Potash Area, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the location of a Pennsylvanian well to be drilled 660 feet from the North and East lines of Section 26, Township 20 South, Range 32 East, Oil-Potash Area, the N/2 of said Section 26 to be dedicated to the well.
- CASE 7393:** Application of Uriah Exploration Incorporated for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Cisco, Canyon and Morrow formations underlying the W/2 of Section 13, Township 22 South, Range 24 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7394:** Application of Supron Energy Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Pennsylvanian well to be drilled 467 feet from the North line and 1650 feet from the West line of Section 13, Township 22 South, Range 24 East, the N/2 of said Section 13 to be dedicated to the well.
- CASE 7395:** Application of Curtis J. Little for Designation of a Tight formation, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Pictured Cliffs formation underlying portions of Townships 25 and 26 North, Ranges 6 and 7 West containing a total of 14,400 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271. 701-705.
- CASE 7300:** (Reopened and Readvertised)
- Application of Dome Petroleum Corporation for designation of a tight formation, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Chacra formation underlying portions of Townships 21 and 22 North, Ranges 5, 6, and 7 West, containing 73,018 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271. 701-705.
- CASE 7352:** (Continued from September 23, 1981, Examiner Hearing)
- Application of Yates Petroleum Corporation for designation of a tight formation, Eddy County, New Mexico. Applicant, in the above-styled cause, pursuant to Section 107 of the Natural Gas Policy Act 18-CFR Section 271. 701-705, seeks the designation as a tight formation of the Permian formation underlying all of the following townships:
- Township 17 South, Ranges 24 thru 26 East;
  - 18 South, 24 and 25 East,
  - 19 South, 23 thru 25 East;
  - 20 South, 21 thru 24 East;
  - 20 1/2 South, 21 and 22 East;
  - 21 South, 21 and 22 East;
  - Also Sections 1 thru 12 in
  - 22 South, 21 and 22 East,

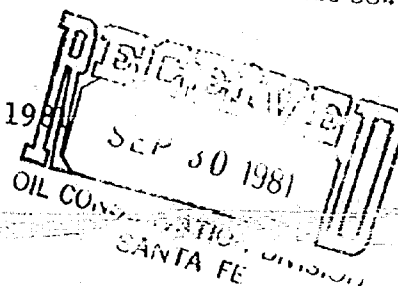
All of the above containing a total of 315,000 acres more or less.

CAMPBELL, BYRD & BLACK, P.A.  
LAWYERS

JACK M. CAMPBELL  
H. V. BYRD  
BRUCE D. BLACK  
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September 30, 1981



Case 7384

Mr. Joe D. Ramey  
Division Director  
Oil Conservation Division  
New Mexico Department of  
Energy and Minerals  
Post Office Box 2088  
Santa Fe, New Mexico 87501

Re: Application of Morris R. Antweil for  
Compulsory Pooling, Lea County, New Mexico

Dear Mr. Ramey:

Enclosed in triplicate is the application of Morris R.  
Antweil in the above-referenced matter.

The applicant requests that this matter be included on  
the docket for the examiner hearing scheduled to be held  
on October 21, 1981.

Very truly yours,

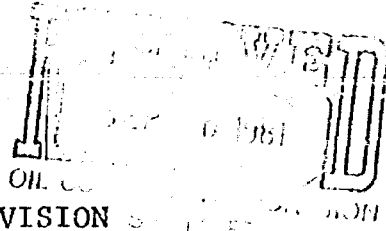
William F. Carr

WFC:lr

Enclosures

cc: Mr. R. M. Williams

BEFORE THE  
OIL CONSERVATION DIVISION



NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION  
OF MORRIS R. ANTWEIL FOR  
COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO.

CASE 7384

APPLICATION

Comes now MORRIS R. ANTWEIL, by and through his undersigned attorneys, and, as provided by Section 70-2-17, New Mexico Statutes Annotated, 1978 Compilation, hereby makes application for an order pooling all of the mineral interests from the surface to the base of the Abo formation in and under the NE/4 SW/4 of Section 5, Township 20 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and in support thereof would show the Division:

1. Applicant is the owner of 99% of the working interest in and under the NE/4 SW/4 of said Section 5, and applicant has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced pooled unit to a well to be drilled at an orthodox location in the NE/4 SW/4 of said Section 5.
3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other working interest owners in the NE/4 SW/4 of said Section 5 except the following owners of unleased mineral interests:

Harry Eldon Smith	0.004127 acres
Eva W. Graham	0.066127 acres

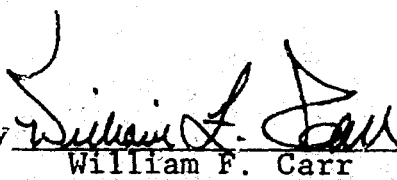
Mary M. Smith	0.066127 acres
Mabel Smith Rule	0.066127 acres
Donald Woods	0.086418 acres

4. Said pooling of interest and well completion will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interest should be pooled, and applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating the applicant as operator of the well, providing for applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling, and after completion, including overhead charges, and assessing a risk factor for the risk assumed by the applicant in drilling, completing and equipping the well, and making such other and further provisions as may be proper in the premises.

Respectfully submitted,  
CAMPBELL, BYRD & BLACK, P.A.

By   
William F. Carr  
Post Office Box 2208  
Santa Fe, New Mexico 87501  
Attorneys for Applicant

DRAFT

dr/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

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CASE NO. 7384

Order No. R- 6837

APPLICATION OF MORRIS B. ANTWEIL  
FOR COMPULSORY POOLING, LEA  
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 4  
19 81, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this \_\_\_\_\_ day of November, 19 81, the Division  
Director, having considered the testimony, the record, and the  
recommendations of the Examiner, and being fully advised in the  
premises,

FINDS:

(1) That due public notice having been given as required by  
law, the Division has jurisdiction of this cause and the subject  
matter thereof.

(2) That the applicant, Morris B. Antweil,  
*originally requested*  
~~seeks~~ an order pooling all mineral interests ~~in the~~ from the surface  
to the base of the Abo formation underlying the NE/4 SW/4  
of Section 5, Township 20 South, Range 38 East  
NMPM, \_\_\_\_\_, Lea County, New  
Mexico.

(3) That at the hearing, the application  
was amended so that applicant is now re-  
questing an ~~order~~ pooling all mineral  
interests from the surface ~~of~~ to the base of  
the Drunkard formation underlying the aforesaid  
lands.

(7)(3) That the applicant has the right to drill and proposes to drill a well at a standard location thereon.

(7)(4) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.

(7)(5) That to avoid the drilling of unnecessary wells, to protect ~~correlative~~ rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the <sup>oil and</sup> gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(7)(6) That the applicant should be designated the operator of the subject well and unit.

(8)(7) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(9)(8) That any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(10)(9) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(11)(10) That, following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that ~~paid~~ estimated well costs exceed reasonable well costs.

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(11) That \$ 7,500.00 per month while drilling and \$ 7,500.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(12) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before March 1, 1982, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, from the surface to the base of the Drunkard Abo formation underlying the NE/4 SW/4 of Section 5, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico, are hereby pooled to form a standard 40-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the first day of March, 1982, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Drunkard formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the first day of March, 1982, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That Morris R. Antweil is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs in advance as provided



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above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) That the operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(8) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) That \$ 2500.00 per month while drilling and \$ 250.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(13) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.