

CASE NO.

7555

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
26 May 1982

EXAMINER HEARING

IN THE MATTER OF:

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

CASE
7554

7555

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:

1
2 MR. NUTTER: Call Cases Numbers 7554 and
3 7555.

4 MR. PEARCE: Those are cases for applica-
5 tion of Morris R. Antweil for compulsory pooling, Lea County,
6 New Mexico.

7 MR. NUTTER: Case Numbers 7554 and 7555
8 have been previously heard; however, the designated target
9 formation was amended somewhat and the cases readvertised.

10 Are there any appearances at the present
11 time in Case 7554? Is there an appearance in Case Number 7555?

12 We'll take both cases under advisement.

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14 (Hearing concluded.)
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C E R T I F I C A T E

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

Sally W. Boyd CSR

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B

Santa Fe, New Mexico 87301

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. 754-7555 heard by me on 5/26 19 82
[Signature] Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
14 April 1982

EXAMINER HEARING

IN THE MATTER OF:

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

CASE
7554

and

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

CASE
7555

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:

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

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I N D E X .

R. M. WILLIAMS

Direct Examination by Mr. Carr

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E X H I B I T S.

Applicant Exhibit One, Plat

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Applicant Exhibit Two, Tabulation

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Applicant Exhibit Three, AFE

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Applicant Exhibit Four, Letter

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Applicant Exhibit Five, Letters

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2 MR. STAMETS: We'll proceed next to Case
3 7554.

4 MR. PEARCE: That is the application of
5 Morris R. Antweil for a compulsory pooling, Lea County, New
6 Mexico.

7 MR. CARR: May it please the Examiner,
8 my name is William F. Carr, with the law firm Campbell, Byrd,
9 and Black, P. A., Santa Fe, appearing on behalf of the appli-
10 cant.

11 At this time I would request that this
12 case be consolidated with the next case on the docket, which
13 is a compulsory pooling application filed on behalf of Mr.
14 Antweil. They involve adjoining tracts. The ownership is
15 identical under both of the tracts. The testimony will be
16 virtually identical and it will facilitate an unnecessary
17 hearing if the cases are consolidated.

18 MR. STAMETS: Without objection we'll call
19 Case 7555.

20 MR. PEARCE: That is the application of
21 Morris R. Antweil for compulsory pooling, Lea County, New
22 Mexico.

23 MR. CARR: We would call R. M. Williams
24 and ask that he be sworn.

25 (Witness sworn.)

R. M. WILLIAMS.

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

DIRECT EXAMINATION

BY MR. CARR:

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

A R. M. Williams, Hobbs, New Mexico.

Q By whom are you employed and in what
capacity?

A By Morris R. Antweil as an engineer.

Q Have you previously testified before this
Commission or one of its Examiners and had your credentials
as a petroleum engineer accepted and made a matter of record?

A Yes, I have.

Q Are you familiar with the applications
filed in each of the consolidated cases on behalf of Mr. Ant-
weil?

A Yes, I am.

Q Are you familiar with the subject area
and Mr. Antweil's plans for development of this area?

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2 A Yes, I am.

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

5 MR. STAMETS: They are.

6 Q Mr. Williams, will you briefly state what
7 Morris Antweil seeks with this application -- with each of
8 these applications?

9 A Yes. We are requesting a force -- compul-
10 sory pooling of two individual 40-acre tracts, being the
11 southwest quarter of the northwest quarter and the northwest
12 quarter of the southwest quarter of Section 5, Township 20
13 South, Range 38 East, Lea County, New Mexico.

14 We seek to pool all interests from the
15 surface to the base of the Drinkard formation on these 40-acre
16 tracts; to designate Morris R. Antweil as the operator; to
17 set the overhead charges and impose a risk penalty for force
18 pooled interests.

19 Q Have you prepared certain exhibits for
20 introduction in this case?

21 A Yes, I have.

22 Q Will you please refer to what has been
23 marked for identification as Antweil Exhibit Number One and
24 review this for Mr. Stamets?

25 MR. STAMETS: Excuse me a second. Mr.

Williams, you said that you wished to pool to the base of the Drinkard and I see that the application in the docket says to the top of the Drinkard.

Is the docket erroneous?

A. Apparently, if that's what it says.

MR. CARR: It's an error in the application, as well. The application, Mr. Stamets, also refers to the top of the Drinkard, so I assume that there is an error that carries through, as well as the docket, also the legal application.

MR. STAMETS: Okay, in that event it will be necessary to readvertise these two cases.

MR. CARR: With your permission we would like to proceed with the hearing today and then have this readvertised for the earliest possible hearing that we can get this matter correctly advertised.

MR. STAMETS: I assume you will speak to Ms. Davidson after the hearing and get that taken care of.

MR. CARR: We will.

Q. Mr. Williams, will you now refer to Exhibit Number One and review this for Mr. Stamets?

A. Exhibit Number One is a land map in the area of the requested compulsory pooling. The two 40-acre tracts on which pooling is sought are designated in yellow

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2 and outlined in red. The other wells in the vicinity of
3 these 40-acre tracts have been designated on the map. The
4 other wells in the eastern portion of Section 5 are Blinebry
5 and Drinkard completions. The well immediately east of the
6 40-acre tract designated to the Huey No. 2 Well is currently
7 drilling, approximately 5200 feet.

8 Q Do both of the proposed -- are both of
9 the proposed wells to be drilled at orthodox locations?

10 A Yes, they will.

11 Q Would you now refer to what has been marked
12 for identification as Antweil Exhibit Number Two and review
13 this for Mr. Stamets?

14 A Exhibit Number Two tabulates the unleased
15 mineral interests in each of these 40-acre tracts and shows
16 the amount of acreage that each of these mineral owners holds.
17 There are five mineral owners. The addresses are given except
18 for Donald Woods, whose address is unknown.

19 I might point out that these same parties
20 have previously been force pooled in conjunction with four
21 other 40-acre tracts for other wells: The Dewey No. 1 Well,
22 the Dewey No. 2 Well, the Huey No. 1 Well, and the Huey No.
23 2 Well, shown on the Exhibit One.

24 In the case of the last well a forced
25 pooling order was entered for the Huey No. 2 Well and when the

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2 notice of that forced pooling and the AFE was forwarded to
3 Maggie Belle Smith Rule she indicated at that time that she
4 would join with her 6/100ths of an acre, and so she apparently
5 will be a working interest owner in that well and she will,
6 of course, have that opportunity in the wells that we are
7 seeking to force pool today.

8 Q And all other interests other than those
9 set out on Exhibit Two have voluntarily been committed to the
10 well.

11 A That is correct.

12 Q Would you now refer to Exhibit Number
13 Three, identify this and review the information contained
14 thereon?

15 A Exhibit Number Three is our AFE cost esti-
16 mate for the proposed drilling of a 7150 foot Blinebry-Drinkard
17 test. The total cost of a completed well is currently esti-
18 mated at \$510,000. I might mention, this is approximately
19 \$50,000 less than our AFE's on the previous forced poolings.
20 The cost of drilling is coming down some.

21 Q And these costs are in line with what
22 other operators in the area are charging for similar wells?

23 A That's correct.

24 Q Will you now refer to what has been marked
25 Antweil Exhibit Number Four, and using this exhibit review

1
2 for Mr. Stamets the efforts you've made to obtain voluntary
3 joinder in the well.

4 A Yes. Exhibit Four is our letter, certi-
5 fied mail letter, of March 19th to the unleased mineral interest
6 owners, notifying them of the -- our application for a hearing
7 on this date. We in this letter again invited them to consi-
8 der leasing their mineral interest, pointing out that they
9 would have the opportunity to join in the well as a working
10 interest owner. This, as I pointed out, has been the fifth
11 time that they've been notified in this manner and then noti-
12 fied of the forced pooling order in the four previous cases
13 and for approximately a year prior to that through an inde-
14 pendent landman, Dick Dollard, we sought to lease these inter-
15 ests, and it's mainly a situation of no response, to any ef-
16 fort to contact them.

17 The reply from Ms. Rule on this last well
18 was really the first reply of any kind we've had from them.

19 Q Will you now identify Exhibit Number Five
20 for the Examiner?

21 A Exhibit Number Five is a set of letters
22 of April 6th, '82, from our attorney to each of the unleased
23 mineral interest owners, furnishing them a copy of the docket
24 of this hearing. So they have been notified.

25 Q Mr. Williams, are you prepared to make a

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2 recommendation to the Examiner as to the risk penalty that
3 should be assessed against the nonconsenting mineral interest
4 owners?

5 A Yes. We would request a risk penalty of
6 200 percent be imposed. This is the risk penalty that's been
7 imposed under previous compulsory pooling hearings and we are
8 continuing to move towards the edge of this -- of this field.
9 The risk is at least as great.

10 Q Do you believe there is a chance that
11 you might get a Drinkard well that would not be commercial
12 at the proposed location?

13 A The test of the Drinkard in the No. 1 Huey
14 Well resulted in high water cuts and that well was completed
15 in the Blinebry successfully, but the Drinkard, because of the
16 amount of water production, was -- was not economical.

17 Q Is it fair to say that the quality of the
18 Drinkard throughout this area varies substantially from well
19 to well?

20 A The Drinkard production characteristics
21 vary considerably from well to well, changing from a commer-
22 cial oil well to very high gas/oil ratio oil well, to water
23 production.

24 The Blinebry production is -- has been
25 fairly consistent in this area.

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2 Q It is your opinion that the 200 percent
3 risk penalty is justified by the characteristics of the form-
4 ation?

5 A Yes, it is.

6 Q Have you made an estimate of the overhead
7 and administrative costs that should be charged while drilling
8 this well and also while producing the well if it is a suc-
9 cessful well?

10 A Yes. We've reviewed the -- our current
11 charges for overhead on operating agreements and would request
12 setting the overhead at \$3000 for a drilling well and \$300
13 for a producing well, per month.

14 Q Do you request that these figures be in-
15 corporated into any order which results from this hearing?

16 A Yes, I do.

17 Q And these figures are in line with what
18 other operators are charging?

19 A Yes, they are.

20 Q Does Morris R. Antweil request to be de-
21 signated operator of the subject wells?

22 A Yes, he does.

23 Q In your opinion, will granting this appli-
24 cation be in the best interest of conservation, the prevention
25 of waste, and the protection of correlative rights?

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A Yes, it will. .

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Q

Were Exhibits One through Five prepared by you or compiled under your direction and supervision?

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A

They were.

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MR. CARR: At this time, Mr. Stamets, we would offer into evidence Antweil Exhibits One through Five.

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MR. STAMETS: These exhibits will be admitted.

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MR. CARR: I have nothing further on direct.

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MR. STAMETS: Are there questions of the witness? He may be excused, and these cases will be readvertised.

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(Hearing concluded.)

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C E R T I F I C A T E

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

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. _____ heard by me on _____ 19____.

_____, Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Rt. 1 Box 191-B

Sanita Fe, New Mexico 87501

Phone (505) 455-7409

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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. 7555
Order No. R-6997

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 May 26, 1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 11th day of June, 1982, 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, seeks an order pooling all mineral interests from the surface to the base of the Drinkard formation underlying the SW/4 NW/4 of Section 5, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico.
- (3) That the applicant has the right to drill and proposes to drill a well at a standard location thereon.
- (4) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.
- (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 oil and gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

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Case No. 7555
Order No. R-6997

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

(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.

(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.

(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.

(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.

(11) That \$3000.00 per month while drilling and \$300.00 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 September 1, 1982, the order pooling said unit should become null and void and of no effect whatsoever.

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Case No. 7555
Order No. R-6997

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 SW/4 NW/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 1st day of September, 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 1st day of September, 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

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Case No. 7555

Order No. R-6997

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 \$3000.00 per month while drilling and \$300.00 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

-5-

Case No. 7555

Order No. R-6997

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 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.

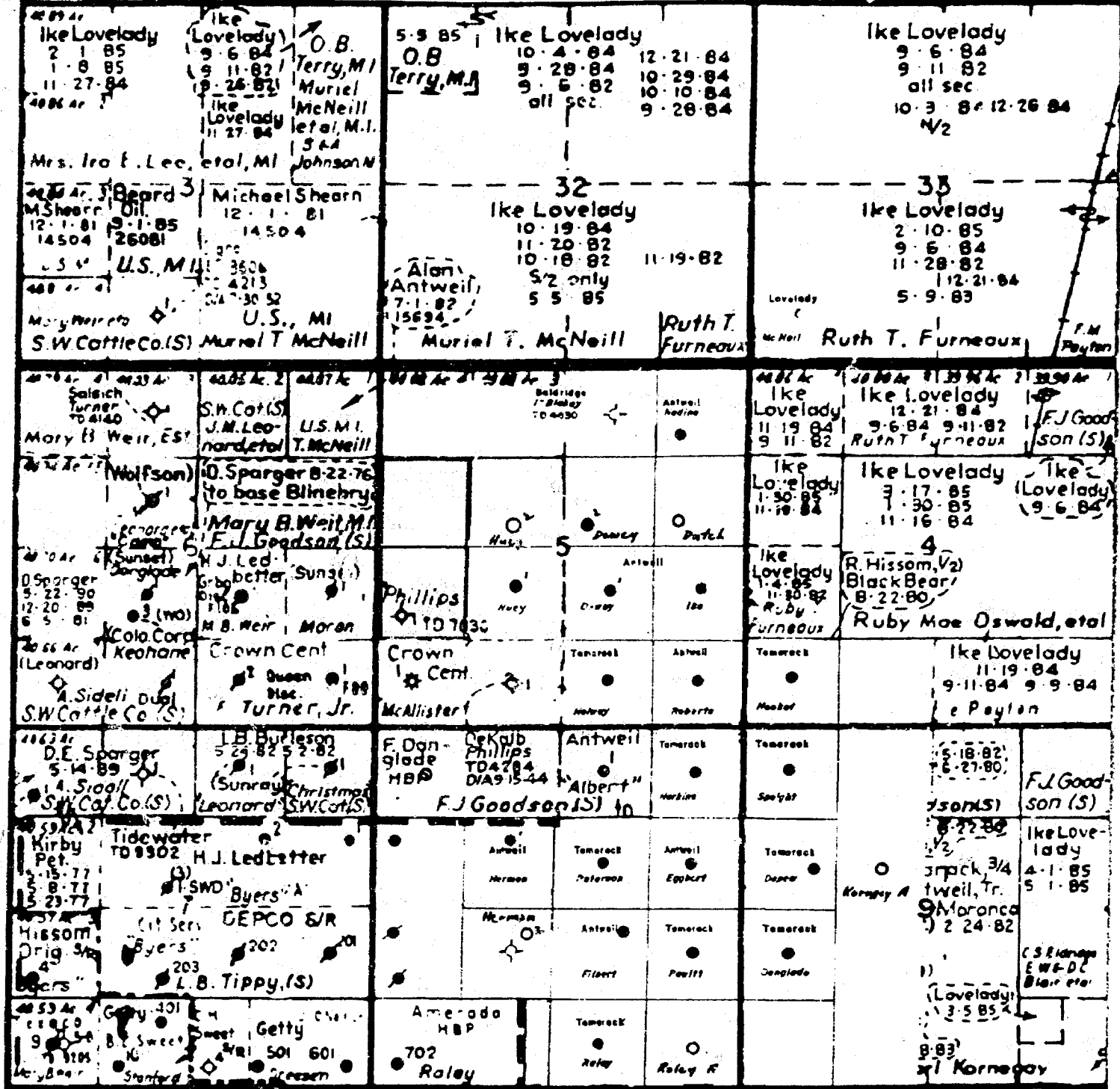
(13) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY,
Director

S



BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

~~ANDRELL~~ EXHIBIT NO. 1

CASE NO. 7554-7555

Submitted by WILLIAMS

Hearing Date 1/14/82

UNLEASED MINERAL INTEREST
Section 5-T20S-R38E

	<u>SW/4 NW/4</u>	<u>NW/4 SW/4</u>
Harry Eldon Smith Rt. 1 - Box 10E Winnabow, NC 28358	0.004127 ac.	0.004127 ac.
Eva W. Graham Rt. 1 - Box 307 Ash, NC 28420	0.066127 ac.	0.066127 ac.
Mary M. Smith 117 Moreland Avenue Laurens, SC 29360	0.066127 ac.	0.066127 ac.
Magabel Smith Rule 2422 Holloway Terrace Raleigh, NC 27608	0.066127 ac.	0.066127 ac.
Donald Woods Address unknown	0.086418 ac.	0.086418 ac.
	<hr/>	<hr/>
	0.288926 ac.	0.288926 ac.

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

Antwa EXHIBIT NO. 2

CASE NO. 7554 & 7555

Submitted by Williams

Hearing Date 14 Apr 82

AFE COST ESTIMATE

ITEM	Tangible	Intangible	Total
<u>Cost to Drill 7150-Foot Test</u>			
Roads, Location & Damages	\$	\$ 16,000	\$ 16,000
Footage Drilling			
7150' @ \$16.50/ft.		118,000	118,000
Daywork Operations			
2 days @ \$6,500/day		13,000	13,000
Mud & Water		30,000	30,000
Intermediate Casing			
1500' 8 5/8" @ \$13.75/ft.	20,700		20,700
Cement & Service			
8 5/8" casing		8,000	8,000
Logging Service		19,000	19,000
Rental Tools & Equipment		6,000	6,000
Wellhead & Connections	3,000		3,000
Supervision & Expenses		5,000	5,000
Transportation & Misc. Labor		5,000	5,000
Contingencies		16,300	16,300
COST TO CASING POINT	\$ 23,700	\$236,300	\$260,000
<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 @ \$1,000/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		19,000	19,000
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	\$ 80,300	\$250,000
TOTAL AFE COST	\$193,400	\$308,600	\$510,000

APPROVAL: _____
 by: _____
 date: _____

W.N.M.C.F. MICROGRAPHICS

BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION
Amended EXHIBIT NO. 3
CASE NO. 7554 - 7555
Submitted by WILLIAMS
Hearing Date 4/14/82

Handwritten: 10000

Morris R. Antweil

OIL OPERATOR

P. O. Box 2010

HOBBS, New Mexico 88240

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

Antweil EXHIBIT NO. 4

CASE NO. 7554 & 7555

Submitted by Williams

Hearing Date 14 Apr 82

March 19, 1982

CERTIFIED MAIL

UNLEASED MINERAL INTEREST OWNERS

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

Enclosed are copies of our Applications which have been filed with the New Mexico Oil Conservation Division requesting orders compulsory pooling the mineral interests under the NW/4 SW/4 and the SW/4 NW/4 of Section 5-T20S-R38E, Lea County, New Mexico, for our continuing development drilling of these lands. Our applications have been set for hearing before the Division's examiner at the Division's offices in the Land Commission Building in Santa Fe, New Mexico, on 14 April 1982 at 9:00 AM.

You own an unleased mineral interest in the 240 acres, being the S/2 NW/4, N/2 SW/4, SW/4 NE/4, and NW/4 SE/4 of Section 5-T20S-R38E, which includes the captioned lands. Your unleased mineral interest under the NW/4 SE/4, NE/4 SW/4, SW/4 NE/4 and SE/4 NW/4 has been compulsory pooled for the drilling of our No. 1 Dewey, No. 1 Huey, No. 2 Dewey and No. 2 Huey wells. 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. We can offer you a \$20 bonus to sign a 3-year paid-up lease with the provision for a 3/16 royalty. These are the same terms and conditions which were offered and accepted by other members of your family.

You, of course, have the option to join in the drilling of the proposed wells as a working interest par-

Unleased Mineral Interest Owners
March 19, 1982
Page 2 of 2

participant paying your proportional share of the actual costs incurred to drill and complete the proposed wells. The estimated cost to drill and complete the proposed wells is \$560,000 per well. Your proportional working interest share would be that fractional interest your acreage represents in the 40-acre unit dedicated to each well.

Yours Very Truly,

MORRIS R. ANTWEIL

R. M. Williams

RMW/pb

Enclosures

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

UNLEASED MINERAL INTERESTS
MAILING LIST

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

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

Mary M. Smith
117 Moreland Avenue
Laurens, SC 29360

Mabel Smith Rule
2422 Holloway Terrace
Raleigh, NC 27608

Donald Woods
address unknown

SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
☒ Show to whom and date delivered.....
☐ Show to whom, date and address of delivery.....
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.....
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery \$.....

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Harry Eldon Smith
 Rt 1 - Box 10E
 Winnabow, NC 28358

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 938331

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☒ Addressee ☐ Authorized agent

4. DATE OF DELIVERY
 3-27-82

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS
 JH

★GPO : 1979-300-444

SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
☒ Show to whom and date delivered.....
☐ Show to whom, date and address of delivery.....
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.....
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery \$.....

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Mary M. Smith
 1174 Moreland Ave
 Laurens, SC 29360

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 938329

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☒ Addressee ☐ Authorized agent

4. DATE OF DELIVERY
 3/23/82

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

★GPO : 1979-300-444

SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
☒ Show to whom and date delivered.....
☐ Show to whom, date and address of delivery.....
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.....
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery \$.....

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Mabel Smith Rule
 2422 Walloway Terrace
 Raleigh, NC 27608

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 938330

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☒ Addressee ☐ Authorized agent

4. DATE OF DELIVERY
 3-27-82

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

★GPO : 1979-300-444

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Add your address in the "RETURN TO" space on reverse.

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☒ Show to whom and date delivered.....
☐ Show to whom, date and address of delivery.....
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.....
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery \$.....

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Eva W. Graham
 Rt 1 - Box 307
 Ashe, NC 28420

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 938328

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☒ Addressee ☐ Authorized agent

4. DATE OF DELIVERY
 3/24/82

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

★GPO : 1979-300-444

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL S. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE
KEMP W. GORTHEY

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

April 6, 1982

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

Re: New Mexico Oil Conservation Division Cases 7554 and 7555

Gentlemen:

Enclosed is a copy of the docket for the April 14, 1982
Oil Conservation Division Examiner Hearing.

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

Very truly yours,

William F. Carr

WFC:jh
w/enc.

CERTIFIED MAIL
RETURN RECEIPT REQUEST

PS Form 3811, Oct. 1980

● SENDER: Complete items 1, 2, 3, and 4. Add your address in the "RETURN TO" space on reverse.	
(CONSULT POSTMASTER FOR FEES)	
1. The following service is requested (check one). <input checked="" type="checkbox"/> Show to whom and date delivered <input type="checkbox"/> Show to whom, date, and address of delivery 2. <input type="checkbox"/> RESTRICTED DELIVERY (The restricted delivery fee is charged in addition to the return receipt fee.)	
3. ARTICLE ADDRESSED TO: Ms. Eva W. Graham Rt. 1 - Box 307 Ash, NC 28420	
4. TYPE OF SERVICE: <input checked="" type="checkbox"/> REGISTERED <input checked="" type="checkbox"/> CERTIFIED <input type="checkbox"/> EXPRESS MAIL ARTICLE NUMBER P 327 407 483	5. DATE OF DELIVERY: 4/6/82
6. ADDRESSEE'S ADDRESS (Only if requested)	
7. UNABLE TO DELIVER BECAUSE:	
7a. EMPLOYEE'S INITIALS	
I have received the article described above. SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized Agent	

BEFORE EXAMINER STAMET'S
OIL CONSERVATION DIVISION
EXHIBIT NO. 5
CASE NO. 7554-7555
Submitted by WILLIAMS
Hearing Date 4/14/82

USPO
APR 8 1982
AS H.

CAMPBELL, BYRD & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
HAROLD BYRD
BRUCE D. BLACK
MICHAEL E. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE
KEMP W. GORTNEY

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 968-4421
TELECOPIER: (505) 963-6043

April 6, 1982

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

Re: New Mexico Oil Conservation Division Cases 7554 and 7555
Gentlemen:

Enclosed is a copy of the docket for the April 14, 1982
Oil Conservation Division Examiner Hearing.

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

Very truly yours,

William F. Carr

WFC:jh
w/enc.

CERTIFIED MAIL
RETURN RECEIPT REQUEST

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 5

CASE NO. 7554-7555

Submitted by William F. Carr

Hearing Date 4/14/82

PS Form 3811, Oct. 1980

● **SENDER:** Complete items 1, 2, 3, and 4.
Add your address in the "RETURN TO" space on reverse.

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
☒ Show to whom and date delivered
☐ Show to whom, date, and address of delivery ..
 2. ☐ **RESTRICTED DELIVERY**
 (The restricted delivery fee is charged in addition to the return receipt fee.)
TOTAL 1

3. **ARTICLE ADDRESSED TO:**
 Ms. Eva W. Graham
 Rt. 1 - Box 307
 Ash, NC 28420

4. **TYPE OF SERVICE:**
☐ REGISTERED ☐ INSURED
☒ CERTIFIED ☐ COD
☐ EXPRESS MAIL
ARTICLE NUMBER
 P 327 407 483

(Always obtain signature of addressee or agent)
 I have received the article described above.
SIGNATURE ☒ Addressee ☐ Authorized agent

5. **DATE OF DELIVERY**
 4/6/82

6. **ADDRESSER'S ADDRESS (Only if requested)**

7. **UNABLE TO DELIVER BECAUSE:**

7a. **EMPLOYEE'S INITIALS**
 [Signature]

ASH
POSTMASTER
1982
USPO

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. SERGE
WILLIAM G. WARDLE
KEMP W. GORTHEY

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

April 6, 1982

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

Re: New Mexico Oil Conservation Division Cases 7554 and 7555

Gentlemen:

Enclosed is a copy of the docket for the April 14, 1982
Oil Conservation Division Examiner Hearing.

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

Very truly yours,

William F. Carr

WFC:jh
w/enc.

CERTIFIED MAIL
RETURN RECEIPT REQUEST

PS Form 3811, Oct. 1980

● SENDER: Complete items 1, 2, 3, and 4. Add your address in the "RETURN TO" space on reverse.	
(CONSULT POSTMASTER FOR FEES)	
1. The following service is requested (check one). <input checked="" type="checkbox"/> Show to whom and date delivered <input type="checkbox"/> Show to whom, date, and address of delivery	
2. <input type="checkbox"/> RESTRICTED DELIVERY (The restricted delivery fee is charged in addition to the return receipt fee.)	
TOTAL \$ _____	
3. ARTICLE ADDRESSED TO: Ms. Mabel Smith Rule 2422 Holloway Terrace Raleigh, NC 27608	
4. TYPE OF SERVICE: <input type="checkbox"/> REGISTERED <input type="checkbox"/> INSURED <input checked="" type="checkbox"/> CERTIFIED <input type="checkbox"/> COD <input type="checkbox"/> EXPRESS MAIL	ARTICLE NUMBER P 327 407 485
I have received the article described above. SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent	
5. DATE OF DELIVERY Mabel S. Rule	
6. ADDRESSEE'S ADDRESS (Only if required)	
7. UNABLE TO DELIVER BECAUSE:	7A. EMPLOYEE'S INITIALS

RALEIGH, NC
APR 9 1982
U.S. POSTAL SERVICE

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. SERGE
WILLIAM G. WARDLE
KEMP W. GORTHEY

JEFFERSON PLACE
SUITE 1110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 968-4421
TELECOPIER: (505) 963-6043

April 6, 1982

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

Re: New Mexico Oil Conservation Division Cases 7554 and 7555
Gentlemen:

Enclosed is a copy of the docket for the April 14, 1982
Oil Conservation Division Examiner Hearing.

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

Very truly yours,

William F. Carr

WFC:jh
w/enc.

CERTIFIED MAIL
RETURN RECEIPT REQUEST

PS Form 3811, Dec. 1980

● SENDER: Complete items 1, 2, 3, and 4.
Add your address in the "RETURN TO" space
on reverse.

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
☒ Show to whom and date delivered
☐ Show to whom, date, and address of delivery..

2. ☐ RESTRICTED DELIVERY
(The restricted delivery fee is charged in addition to
the return receipt fee.)

TOTAL \$

3. ARTICLE ADDRESSED TO:
Ms. Mabel Smith Rule
2422 Holloway Terrace
Raleigh, NC 27608

4. TYPE OF SERVICE:
☐ REGISTERED ☐ INSURED
☒ CERTIFIED ☐ COO
☐ EXPRESS MAIL

ARTICLE NUMBER
P 327 407 485

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

5. DATE OF DELIVERY
Mabel S. Rule

6. ADDRESSEE'S ADDRESS (Only if requested)

7. UNABLE TO DELIVER BECAUSE:

7a. EMPLOYEE'S INITIALS

RALEIGH, NC 27608
APR 9 1982
USPO

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL S. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGL
WILLIAM G. WARDLE
KEMP W. GORTHEY

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

April 6, 1982

Ms. Mary M. Smith
117 Moreland Avenue
Laurens, SC 29360

Re: New Mexico Oil Conservation Division Cases 7554 and 7555

Gentlemen:

Enclosed is a copy of the docket for the April 14, 1982
Oil Conservation Division Examiner Hearing.

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

Very truly yours,

William F. Carr

WFC:jh
w/enc.

CERTIFIED MAIL
RETURN RECEIPT REQUEST

PS Form 3811, Dec. 1980

1. ARTICLE ADDRESSED TO: Ms. Mary M. Smith 117 Moreland Avenue Laurens, SC 29360		2. TYPE OF SERVICE: <input checked="" type="checkbox"/> REGISTERED <input type="checkbox"/> INSURED <input checked="" type="checkbox"/> CERTIFIED <input type="checkbox"/> COD <input type="checkbox"/> EXPRESS MAIL		ARTICLE NUMBER 327 407 484	
3. SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent/ (Always obtain signature of addressee or agent) <i>Mary M. Smith</i>					
4. DATE OF DELIVERY 4/8/82					
5. ADDRESSEE'S ADDRESS (Only if requested)					
6. UNABLE TO DELIVER BECAUSE:					
7. EMPLOYEES' INITIALS					

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

1. The following service is requested (check one)
☒ Show to whom and date delivered
☐ Show to whom, date, and address of delivery
2. RESTRICTED DELIVERY
(The restricted delivery fee is charged in addition to the return receipt fee)

3. SENDER: Complete items 1, 2, 3, and 4.
Add your address in the "RETURN TO" space on reverse.

(CONSULT POSTMASTER FOR FEES)

TOTAL \$

CAMPBELL, BYRD & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
 MARL D. BYRD
 BRUCE D. BLACK
 MICHAEL B. CAMPBELL
 WILLIAM F. CARR
 BRADFORD C. BERGE
 WILLIAM G. WARD, JR.
 KEMP W. GORTHEY

JEFFERSON PLACE
 SUITE 1 - 110 NORTH GUADALUPE
 POST OFFICE BOX 2208
 SANTA FE, NEW MEXICO 87501
 TELEPHONE: (505) 982-4421
 TELECOPIER: (505) 983-6043

April 6, 1982

Ms. Mary M. Smith
 117 Moreland Avenue
 Laurens, SC 29360

Re: New Mexico Oil Conservation Division Cases 7554 and 7555

Gentlemen:

Enclosed is a copy of the docket for the April 14, 1982
 Oil Conservation Division Examiner Hearing.

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

Very truly yours,

William F. Carr

WFC:jh
 w/enc.

CERTIFIED MAIL
 RETURN RECEIPT REQUESTED

PS Form 3811, Dec. 1980

● SENDER: Complete items 1, 2, 3, and 4.
 Add your address in the "RETURN TO" space on reverse.

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
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☐ Show to whom, date, and address of delivery

2. ☐ RESTRICTED DELIVERY
 (The restricted delivery fee is charged in addition to the return receipt fee.)

TOTAL \$

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 Ms. Mary M. Smith
 117 Moreland Avenue
 Laurens, SC 29360

4. TYPE OF SERVICE:
☐ REGISTERED ☐ INSURED
☒ CERTIFIED ☐ COD
☐ EXPRESS MAIL

ARTICLE NUMBER
 327 407 484

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☐ Addressee ☐ Authorized agent
 Mary M. Smith 1982

5. DATE OF DELIVERY
 4/8/82

6. ADDRESSEE'S ADDRESS (Only if requested)

7. UNABLE TO DELIVER BECAUSE:

7a. EMPLOYEE'S INITIALS

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. PERGE
WILLIAM G. WARDLE
KENE W. GORTHEY

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

April 6, 1982

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

Re: New Mexico Oil Conservation Division Cases 7554 and 7555

Gentlemen:

Enclosed is a copy of the docket for the April 14, 1982
Oil Conservation Division Examiner Hearing.

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

Very truly yours,

William F. Carr

WFC:jh
w/enc.

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

P 327 407 482

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL

(See Reverse)

SENT TO <i>Harry Eldon Smith</i> THREEFIVE Rt. 1 Box 10E Winnabow, NC 28358 POSTAGE	POSTAGE CERTIFIED FEE INSURANCE COVERAGE REGISTERED MAIL FEE POSTAGE AND FEE OPTIONAL SERVICES CONSULT POSTMASTER FOR DETAILS	RECEIVED BY DATE TIME PLACE BY OFFICIAL SERVICE RETURN TO SENDER POSTAGE AND FEE OPTIONAL SERVICES CONSULT POSTMASTER FOR DETAILS	TOTAL POSTAGE AND FEES POSTMARK OR DATE
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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
KEVIN W. GORTNEY

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 665-4421
TELEGRAPH: (505) 983-6043

April 6, 1982

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

Re: New Mexico Oil Conservation Division Cases 7554 and 7555
Gentlemen:

Enclosed is a copy of the docket for the April 14, 1982
Oil Conservation Division Examiner Hearing.

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

Very truly yours,

William F. Carr

WFC:jh
w/enc.

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

P. 327 407 482

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO	
Harry Eldon Smith	
STREET AND NO.	
Box 10E	
P.O., STATE AND ZIP CODE	
Winabow, NC 28358	
POSTAGE	
CERTIFIED FEE	
SPECIAL DELIVERY	
REGISTERED DELIVERY	
OPTIONAL SERVICES	
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM AND DATE DELIVERED WITH REGISTERED DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH REGISTERED DELIVERY	
TOTAL POSTAGE AND FEES	
POSTMARK OR DATE	

*Dockets Nos. 16-82 and 17-82 are tentatively set for June 9 and June 23, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 26, 1982

9 A.M. - MORGAN HALL, 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 7588: Application of Caulkins Oil Company for a non-standard gas proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit for Blanco Mesaverde production, comprising the NW/4, N/2 NE/4, and N/2 SW/4 of Section 16, Township 26 North, Range 6 West.

CASE 7589: Application of BTA Oil Producers for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 80-acre non-standard oil proration unit, Northeast Lovington Penn Pool, comprising the SE/4 NE/4 and the NE/4 SE/4 of Section 11, Township 16 South, Range 36 East, to be dedicated to a well to be drilled at a standard location thereon.

CASES 7554 and 7555: (Continued and Readvertised)

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 Drinkard formation underlying the lands specified in each case to form a standard 40-acre oil proration unit, 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 wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells:

CASE 7554: NW/4 SW/4 Section 5, Township 20 South, Range 38 East

CASE 7555: SW/4 NW/4 Section 5, Township 20 South, Range 38 East

CASE 7590: Application of Consolidated Oil & Gas, Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin Dakota and Flora Vista-Gallup production in the wellbore of its Payne 1-F, located in Unit P, Section 35, Township 31 North, Range 13 West.

CASE 7519: (Continued from April 28, 1982, Examiner Hearing)

Application of S & J Oil Company for special pool rules, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Seven Lakes-Menafee Oil Pool to provide for well to be located not nearer than 25 feet to the quarter-quarter section line nor nearer than 165 feet to lands owned by an offset operator.

CASE 7573: (Continued from May 12, 1982, Examiner Hearing)

Application of Anadarko Production Company for a waterflood expansion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its West Square Lake Waterflood Project by the conversion to water injection of five wells located in Units J and N of Section 9, D and H of Section 10, and J of Section 3, all in Township 17 South, Range 30 East.

CASE 7591: Application of Texaco, Inc. for a tertiary oil recovery project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to convert its Vacuum Grayburg-San Andres Pressure Maintenance Project to a polymer-augmented waterflood and, pursuant to Section 212.78 of the U. S. Dept. of Energy Regulations and Section 4993 of the Internal Revenue Code, seeks certification of said project as a qualified tertiary oil recovery project.

CASE 7592: Application of OXOCO for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Mesa Verde formation underlying the E/2 of Section 20, Township 32 North, Range 8 West, 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 7593: Application of Western Reserves Oil Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface through the Abo formation underlying the NW/4 of Section 30, Township 6 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.

CASE 7562: (Continued from April 28, 1982, Examiner Hearing)

Application of Northwest Exploration Company for pool creation and special pool rules, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Gallup-Dakota oil pool for its Gavilan Well No. 1 located in Unit A of Section 26, Township 25 North, Range 2 West, with special rules therefor, including provisions for 160-acre spacing.

CASE 7564: (Continued from April 28, 1982, Examiner Hearing)

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 from the surface down through the Abo formation underlying the NW/4 of Section 30, Township 6 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.

CASE 7582 thru 7585: (Continued from May 12, 1982, Examiner Hearing)

Application of Jack J. Grynberg for compulsory pooling, Chaves County, New Mexico. Applicant, in each of the following cases, seeks an order pooling all mineral interests down through the Abo formation underlying the lands specified in each case, each to form a standard 160-acre gas spacing and proration unit 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 wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells:

CASE 7582: NW/4 Section 13, Township 6 South, Range 24 East

CASE 7583: NE/4 Section 13, Township 6 South, Range 24 East

CASE 7584: SW/4 Section 13, Township 6 South, Range 24 East

CASE 7585: NW/4 Section 24, Township 6 South, Range 24 East

CASE 7594: Application of Harvey E. Yates Company for statutory unitization, Lea 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 that portion of the Bone Spring formation described as the Carbonate unit between the first and second Bone Spring Sands underlying the Young Deep Unit, encompassing 560 acres, more or less, of Federal lands underlying portions of Sections 3, 4, 9 and 10, Township 18 South, Range 32 East.

CASE 7595: Application of Harvey E. Yates Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot waterflood project in the North Young-Bone Spring Pool by the injection of water into the perforated interval from 8444 feet to 8488 feet in its Young Deep Unit Well No. 2, located in Unit C of Section 10, Township 18 South, Range 32 East.

CASE 7445: (Continued from April 28, 1982, Examiner Hearing)

Application of Harvey E. Yates Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the San Andres formation for its Fulton Collier Well No. 1 in Unit G of Section 1, Township 18 South, Range 28 East.

CASE 7596: Application of Yates Drilling 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 interval described below underlying the Loco Hills (Grayburg) Unit, encompassing 1060 acres, more or less, of Federal lands underlying portions of Sections 19, 20, 29 and 30, Township 18 South, Range 29 East.

The unitized interval would be from the top of the Grayburg formation to a point 30 feet below the base of the Loco Hills Sand formation, being the interval from 2,272 feet to 2,429 feet in the Yates Alscott Federal Well No. 1 located in Unit A of said Section 30.

CASE 7597: Application of Yates Drilling Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a secondary recovery project on its South Loco Hills (Grayburg) Unit Area by the injection of water into the Grayburg formation through eight wells located in Sections 19, 20, 29, and 30, Township 18 South, Range 29 East.

CASE 7571: (Continued from May 12, 1982, Examiner Hearing)

Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface through the Abo formation underlying the SE/4 of Section 9, the SW/4 of Section 10, the NW/4 of Section 15, all in Township 6 South, Range 26 East, each to form a standard 160-acre spacing and proration unit 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 wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.

CASE 7598: Application of AMR Production Company and Yates Petroleum Corporation for designation of a tight formation in San Miguel, Torrance, Guadalupe, De Baca, Lincoln and Chaves Counties, New Mexico.

Pursuant to Section 107 of the Natural Gas Policy Act of 1978 and 18 CFR Section 271. 701-705, applicants, in the above-styled cause, seek the designation as a tight formation of the Abo formation underlying the following described lands in the above-named counties.

All of:

Townships 1 thru 4 North, Ranges 14 thru 27 East;

Townships 5 thru 11 North, Ranges 14 thru 26 East;

Township 1 South, Ranges 14 thru 27 East;

Townships 2 thru 5 South, Ranges 14 thru 21 East;

Townships 6 thru 11 South, Ranges 15 thru 21 East;

Township 12 South, Ranges 17 thru 21 1/2 East; and

Townships 13 and 14 South, Ranges 17 thru 21 East;

containing 5,168,563 acres, more or less, but excluding the not yet defined Capitan Wilderness Area.

Dockets No. 11-82 and 12-82 are tentatively set for April 28 and May 12, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 14, 1982

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 May, 1982, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for May, 1982, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

- CASE 7536:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit A. H. Bernstein and all other interested parties to appear and show cause why the Allan Well No. 1 located in Unit F, Section 23, Township 29 North, Range 13 West, San Juan County, should not be re-entered and plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7537:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit F. B. Umbarger, Trustee and all other interested parties to appear and show cause why the Davis Pooled Unit Well No. 1, located in Unit I, Section 27, Township 29 North, Range 11 West, San Juan County, should not be re-entered and plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7538:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Francis L. Harvey and all other interested parties to appear and show cause why the Pinkstaff Estate Well No. 1, located in Unit A, Section 29, Township 29 North, Range 10 West, San Juan County, should not be re-entered and plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7539:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit B.M.N.S. Company, American Employers Insurance and all other interested parties to appear and show cause why the following wells: Waggoner No. 1, Brown No. 2, Wyper No. 2, located in Units K, M, and O, respectively, of Section 29, Township 30 North, Range 12 West, San Juan County, should not be plugged and abandoned in accordance with Division-approved plugging programs.
- CASE 7540:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Pauly-Anderson-Pritchard and all other interested parties to appear and show cause why the Maloy Well No. 1, located in Unit P, Section 16, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7541:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit E. J. Miley and all other interested parties to appear and show cause why the Hare (Ransom) Well No. 1, located in Unit N, Section 14, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7542:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Benson-Montin-Greer Drilling Corporation, Hartford Accident and Indemnity Company, and all other interested parties to appear and show cause why the following wells: Dustin No. 1, located in Unit K, Section 6, and the Callegos Canyon Unit No. 2, located in Unit K, Section 35, both in Township 29 North, Range 12 West, and the Segal No. 1, located in Unit K, Section 10, and the Price No. 1, located in Unit N, Section 15, both in Township 31 North, Range 13 West, San Juan County, should not be plugged and abandoned in accordance with Division-approved plugging programs.
- CASE 7543:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Calvin Petroleum Corporation, United States Fidelity and Guaranty Co., and all other interested parties to appear and show cause why the Kaempf SWD Well No. 1, located in Unit N, Section 19, Township 30 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

- CASE 7544: Application of Dinero Operating 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 well to be drilled 660 feet from the North and East lines of Section 20, Township 22 South, Range 28 East, Morrow formation, the N/2 of said Section 20, to be dedicated to the well.
- CASE 7545: Application of Baker Engineering for a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 258.16-acre non-standard gas proration unit for the Morrow formation comprising all of partial Section 37, Township 26 South, Range 30 East.
- CASE 7546: Application of Sonny's Oil Field Services, Inc. for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at its salt water disposal site in the NW/4 NE/4 of Section 29, Township 18 South, Range 38 East.
- CASE 7547: Application of Anadarko Production Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 2550 feet from the North line and 1350 feet from the West line of Section 15, Township 22 South, Range 37 East, Penrose Skelly Pool, the SE/4 NW/4 of said Section 15 to be dedicated to the well.
- CASE 7517: (Continued from March 31, 1982, Examiner Hearing)
- Application of Anadarko Production Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 1450 feet from the South line and 1400 feet from the West line of Section 15, Township 22 South, Range 37 East, Penrose Skelly Pool, the NE/4 SW/4 of said Section 15 to be dedicated to the well.
- CASE 7548: Application of Tahoe Oil & Cattle Co. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from 4932 feet to 4992 feet in its Schwalbe Well No. 1, located in Unit P of Section 21, Township 9 South, Range 37 East, West Sawyer-San Andres Pool.
- CASE 7549: Application of H. L. Brown for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox Pennsylvanian gas well location 609 feet from the South line and 1665 feet from the East line of Section 32, Township 15 South, Range 32 East, the S/2 of said Section 32 to be dedicated to the well, an existing well which is to be deepened.
- CASE 7550: Application of Harvey E. Yates Company for the Rescission of Order No. R-6918, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the rescission of Order No. R-6918, which compulsorily pooled the Atoka-Morrow formation underlying the N/2 of Section 19, Township 8 South, Range 30 East, Chaves County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Applicant now seeks the rededication of the E/2 of said Section 19 to the aforesaid well without compulsory pooling.
- CASE 7551: 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 Wolfcamp through Mississippian formations underlying the E/2 of Section 21, Township 11 South, Range 31 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 7552: Application of Merrion Oil & Gas Company for compulsory pooling, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through and including the Gallup formation underlying the S/2 SE/4 of Section 20, Township 23 North, Range 5 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 7553: Application of Fred Pool Drilling Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Abo formation, underlying the SW/4 of Section 17, Township 6 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.

CASE 7520: (Continued and Readvertised)

Application of Lewis B. Burleson, Inc. for compulsory pooling and a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Pool underlying a 30-acre non-standard oil proration unit comprising the N/2 of the Easternmost 60 acres of the NW/4 of Section 15, Township 24 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 7554: Application of Morris R. Antwell 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 top of the Drinkard formation underlying the NW/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 7555: *(Continued and Readvertised.)*
Application of Morris R. Antwell for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface *base* to the top of the Drinkard formation underlying the SW/4 NW/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 7556: 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 from the surface down through the San Andres formation underlying the NE/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 7557: 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 from the surface down through the Seven Rivers formation underlying the SW/4 of Section 32, Township 19 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 7558: 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 from the surface down through the Seven Rivers formation underlying the SE/4 of Section 31, Township 19 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 7515: (Continued from March 31, 1982 Examiner Hearing)

Application of Four Corners Gas Producers Association for designation of a tight formation, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Dakota formation underlying all or portions of Townships 26 and 27 North, Range 12 and 13 West, Township 28 North, Range 13 West, Township 29 North, Ranges 13 through 15 West, and Township 30 North, Ranges 14 and 15 West, containing 164,120 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.

Page 4 of 5

Examiner Hearing - WEDNESDAY - APRIL 14, 1982

CASE 7559: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, abolishing, and extending certain pools in Lea and Roosevelt Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Mississippian production and designated as the Caudill-Mississippian Gas Pool. The discovery well is the Moran Exploration, Inc. Gann Well No. 1 located in Unit D of Section 9, Township 15 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 36 EAST, NMPM
Section 9: NW/4

(b) CREATE a new pool in Roosevelt County, New Mexico, classified as an oil pool for Pennsylvanian production and designated as the North Dora-Pennsylvanian Pool. The discovery well is the Enserch Exploration, Inc. Collier Well No. 1 located in Unit I of Section 29, Township 4 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 4 SOUTH, RANGE 33 EAST, NMPM
Section 29: E/2

(c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Johnson Ranch-Morrow Gas Pool. The discovery well is the Mesa Petroleum Company Jackson Unit Well No. 1 located in Unit G of Section 22, Township 24 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM
Section 22: E/2

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the East Triste Draw-Delaware Pool. The discovery well is the Getty Oil Company Getty 28 State Well No. 1 located in Unit J of Section 28, Township 24 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM
Section 28: SE/4

(e) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Triste Draw-Morrow Gas Pool. The discovery well is the Amoco Production Company State IG Com Well No. 1 located in Unit B of Section 32, Township 23 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM
Section 32: N/2

(f) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Vaca Draw-Wolfcamp Gas Pool. The discovery well is the HNG Oil Company Bell Lake 11 Federal Well #1 located in Unit B of Section 11, Township 25 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 33 EAST, NMPM
Section 11: N/2

(g) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the West Vacuum-Bone Spring Pool. The discovery well is the Amoco Production Company State HS Com Well No. 1 located in Unit X of Section 9, Township 18 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 9: SW/4

(h) CREATE a new pool in Roosevelt County, New Mexico, classified as a gas pool for Granite Wash production and designated as the South Tanneyhill-Granite Wash Gas Pool. The discovery well is the Threshold Development Company Harris 14 Well No. 1 located in Unit B of Section 14, Township 6 South, Range 33 East, NMPM, currently classified as producing from the Pennsylvanian formation and in the Tanneyhill-Pennsylvanian Gas Pool. The well has been re-evaluated and the producing interval is more correctly defined as Granite Wash. Said pool would comprise:

TOWNSHIP 6 SOUTH, RANGE 33 EAST, NMPM
Section 14: N/2

(i) ABOLISH the Tanneyhill-Pennsylvanian Gas Pool in Roosevelt County, New Mexico, as heretofore classified, defined, and described as:

TOWNSHIP 6 SOUTH, RANGE 33 EAST, NMPM
Section 14: All

(j) EXTEND the Baum-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM
Section 7: SE/4

(k) EXTEND the Bilbrey-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM
Section 4: N/2
Section 5: NE/4

(l) EXTEND the Blinebry Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 33: NW/4

(m) EXTEND the Bootleg Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 33 EAST, NMPM
Section 17: W/2

(n) EXTEND the Buffalo-Pennsylvanian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 9: N/2

(o) EXTEND the North Peterson-Pennsylvanian Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 4 SOUTH, RANGE 33 EAST, NMPM
Section 16: SE/4
Section 20: NE/4

(p) EXTEND the South Peterson-Pennsylvanian Associated Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 6 SOUTH, RANGE 33 EAST, NMPM
Section 14: All

(q) EXTEND the Sowell-Morrow Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM
Section 11: NW/4

(r) EXTEND the Wantz-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 9: NE/4

CAMPBELL, BYRD & BLACK, P.A.

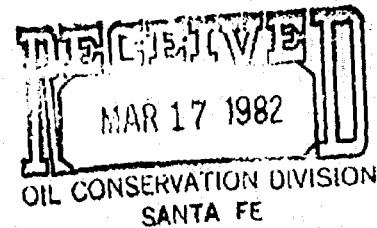
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March 17, 1982

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



Case 7555

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

Dear Mr. Ramey:

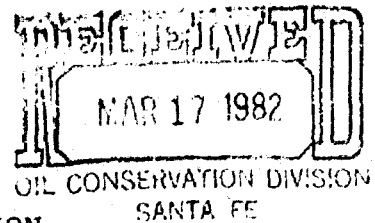
Enclosed in triplicate is the application of Morris R. Antweil in the above-referenced matter.

The applicant requests that this matter be included on the docket for the examiner hearing scheduled to be held on April 14, 1979.

Very truly yours,

William F. Carr

WFC:jh
w/encs.
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 7555

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 top of the Drinkard formation in and under the SW/4 NW/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 SW/4 NW/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 SW/4 NW/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 SW/4 NW/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.

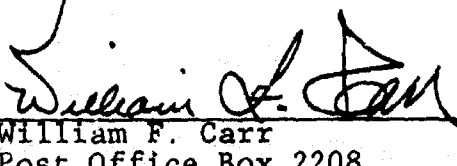
5. In order to permit the applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interest should be pooled, and applicant should be designated the operator of the well to be drilled.

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 completing the well, its costs of supervision while drilling, and after completion, including overhead costs, 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

CASES

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. 7555

Order No. R-6997

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 May 26, 1982,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of June, 1982, the Division
Director, having considered the testimony, the record, and the
recommendations of the Examiner, and being fully advised in the
premises,

FINDS:

MS.
RLL

(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, seeks an order pooling all mineral interests from the surface to the base of the Drinkard formation underlying the SW/4 NW/4 of Section 5, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico.

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

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

(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 ^{oil and} gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

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

(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.

(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.

(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.

(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.

(11) That \$ 3000⁰⁰ per month while drilling and \$ 300⁰⁰ 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 September 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 SW/4 NW/4 of Section 5, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico, are hereby pooled to form a standard 40 -acre ~~gas~~^{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 1st day of September, 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 1st day of September, 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 \$ 3000^e per month while drilling and \$ 300^e 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 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,
Director

S E A L