

request combined fixed rates of
2500/ano daly
250/ano paid
request 200%

DOCKET MAILED

Date 8/6/82 (Per railroad
poolers)

CASE NO.

7640

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date AUGUST 18, 1982 Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
Wm. P. Aycock	Doyle Hartman	Midland
Robert Strand	"	Roswell
William F. Egan	Campbell, Egan & Black P.A.	Santa Fe
Tom Elacher	"	"
JM WOLIVER	TEXACO INC.	MIDLAND
Edward A. Horvath	TEXACO, INC	MIDLAND
Glyn King	Texaco Inc.	Midland
A. H. CAMPBELL	1111 S	Arbuckle
Bob Haler	Bryan	Santa Fe
Ernest L. Padilla	Stevens Oil Company	Santa Fe
Bruce Lehman	Stevens Oil Co.	Santa Fe
John G. Mc	Kimble Law Firm	Santa Fe
David Bearpawer	The Superior Oil Company	Houston, Tex.
Paul Edwards	The Superior Oil Company	Midland, Texas
Robert Wenin	The Superior Oil Co.	Midland, Tx
Mark Adams	Rodney Law Firm	Albuquerque
Dennis Morgan	So Un Exploration	Dallas
Susan Reno	"	"
Charles Wilson	"	"

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

PHOTOCOPY

Hearing Date AUGUST 18, 1982 Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
Mark Shador	Reading & Bates	Tulsa
Mary Powell	Reading & Bates	Tulsa
Bruce Lindberg	Reading & Bates	TULSA
Hugh Ingram	Conoco	Hobbs
R.M. Williams	Antwell	Hobbs
Scott Robertson	Antwell	Hobbs
H.L. Reedrich	El Paso Natural Gas	El Paso
W. Kellahan	Kellahan & Kellahan	Santa Fe
Gary V. Fong	Conoco	Hobbs
CLAYTON L. ROTH	TENECO OIL	SAN ANTONIO, TX
George Reddy	Rault Petroleum	Roswell
Robert McManis	McManis & McManis	El Paso

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

EXAMINER HEARING

IN THE MATTER OF:

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

CASE
7640

BEFORE: Daniel S. Nutter

*Hearing
Register
in this
transcript*

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

2

I N D E X

R. M. WILLIAMS

Direct Examination by Mr. Carr 3

Cross Examination by Mr. Nutter 11

E X H I B I T S

Applicant Exhibit One, Land Plat 5

Applicant Exhibit Two, Tabulation 5

Applicant Exhibit Three, Correspondence 8

Applicant Exhibit Four, AFE 9

1
2 MR. NUTTER: We'll resume with Case Number
3 7640.

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

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

9 I have one witness who needs to be sworn.

10
11 (Witness sworn.)

12
13 R. M. WILLIAMS
14 being called as a witness and being duly sworn upon his oath,
15 testified as follows, to-wit:

16
17 DIRECT EXAMINATION

18 BY MR. CARR:

19 Q Will you state your name and place of
20 residence?

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

22 Q By whom are you employed and in what
23 capacity?

24 A Employed by Morris R. Antweil as a petro-
25 leum engineer.

1
2 Q Have you previously testified before this
3 Commission or one of its examiners and had your credentials
4 accepted and made a matter of record?

5 A Yes, I have.

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

8 A Yes, I am.

9 Q Are you familiar with the area which is
10 the subject of this case?

11 A Yes, I am.

12 MR. CARR: Are the witness' qualifications
13 acceptable?

14 A Yes, they are.

15 Q Mr. Williams, will you briefly state what
16 Morris R. Antweil seeks with this application?

17 A We seek a compulsory pooling order covering
18 all mineral interests in all formations from the surface down
19 to and including the Abo, underlying the northeast quarter of
20 the northeast quarter of Section 12, Township 20 South, Range
21 37 East, Lea County, New Mexico.

22 This proration unit would be dedicated to
23 a well drilled at a standard location; that Morris Antweil be
24 designated as the operator of the well and that the charge
25 for risk involved in drilling such well be set.

1

2

Q

3

4

5

Mr. Williams, will you please refer to what has been marked for identification as Antweil Exhibit Number One, identify this, and review for Mr. Nutter what it shows?

6

A

7

8

9

10

11

Exhibit One is a land plat of the area in the vicinity of the proposed proration unit that we are seeking to pool. The 40-acre unit is colored in yellow. The proposed well is a red dot, and the other wells that are producing from the Drinkard-Abo interval in the immediate vicinity have been marked with a green circle.

12

13

14

There's a group of wells lying southwest of our proposed location and one gas well, actually a Drinkard gas well, located to the east of the proposed location.

15

Q

16

Is Mr. Antweil proposing to drill this well at a standard location?

17

A

18

19

20

Yes, it will be drilled at a legal location. It won't be 660 by 660 because there's a pipeline that goes right through the center of that. It will have to be moved on one side or the other of the line.

21

Q

22

And you're pooling a standard spacing unit for a Drinkard-Abo well?

23

A

24

Q

25

Will you now refer to Exhibit Number Two and explain this?

1
2 A Exhibit Two is a tabulation of the unleased
3 mineral interests that are involved, or were in question at
4 the time we made the application. I'd like to comment on
5 several of those.

6 These are the unleased minerals in the
7 northeast quarter northeast quarter of Section 12, 20 South,
8 37 East.

9 The interest of Tenneco Oil Company, they
10 have a 3/32nds mineral interest, or 9.375 percent. We have
11 a verbal agreement by phone with Tenneco at this time that
12 they will lease that interest to us. We have not -- have no-
13 thing written on that but we are satisfied that Tenneco's in-
14 terest will be under lease prior to our spudding the well.

15 The Roy G. Barton interest, 19/320ths
16 mineral interest, we received yesterday Mr. Barton's joinder
17 in our well. He will join for his interest as a working in-
18 terest participant in the well.

19 Millie B. Jones has 1/320th mineral in-
20 terest. Her whereabouts are unknown and we've checked back
21 to people that made the assignment to her and we have no lead
22 whatsoever as to her whereabouts or where she can be contacted.

23 The next group, the Christmas Minors, is
24 a group of four people. We call them the Christmas minors
25 because that's where the difficulty in the title arose. Their

1
2 interest was originally leased by a guardian in their behalf.
3 At one point in the chain of title it was necessary to have
4 that lease ratified. The operator at that time got a ratifi-
5 cation from the guardian, but the minors at that date were of
6 age, so our attorneys do not think that ratification is valid,
7 have insisted that we go back and treat these as unleased.

8 We are in contact with the lawyer that
9 represents the four Christmas heirs, or minors, and the lease
10 form is acceptable and he has assured us that he is -- is
11 getting their signatures on a -- on a lease at this time, so
12 that tenth of a percent held by four people we feel will be
13 under lease.

14 The Weir interest, 20/1932 fraction, is
15 mineral interest. The original lease from James E. Weir in-
16 correctly describes this 40 acres. It includes this 40 acres
17 and some other acreage. When they attempted to describe this
18 40 acres they put it in the wrong township, so his lease, in
19 effect, is not valid as to this 40-acres.

20 We are in contact with the heirs, two --
21 two daughters and a son, at this point trying to get a correction
22 or a new lease or whatever form that will take. We think that
23 this will be secured before the well is spudded, but it is
24 not at this point.

25 We have taken other leases from Mrs. Camp

1
2 and Mrs. Tanner, but we haven't taken a lease at this point
3 from Mr Weir, and -- but I think we'll be able to secure this
4 or at least most of it.

5 So, really, at this point, if our land
6 work concludes as we see it, the Millie Jones interest, pos-
7 sibly, will be the only one that will end up actually force
8 pooled.

9 Q Will you briefly summarize for Mr. Nutter
10 the efforts you've made to obtain the voluntary joinder, or
11 have you already concluded that as you've reviewed the title?

12 A I think our -- our basic effort has been --
13 has been to seek the leases of these mineral interests, and
14 of course, if we can obtain a lease it will be joined to the
15 well.

16 Mr. Barton, of course, he chose to join
17 rather than lease. Tenneco considered that option; they de-
18 cided to lease to us.

19 The Christmas group and the Weir heirs
20 wouldn't be expected to want to participate as working interest
21 participants in the well.

22 Q Will you now refer to Exhibit Three and
23 identify this for Mr. Nutter?

24 A Exhibit Three is the group of letters,
25 the notification to the people involved that were mailed from

1
2 Mr. Carr's office on the 9th of August to -- to all the parties
3 involved in the forced -- compulsory pooling hearing, notice
4 of hearing.

5 Q Will you now refer to Exhibit Number Four
6 and identify this, please?

7 A Exhibit Four is our AFE cost estimate for
8 the proposed well. We're proposing to drill a 7500-foot test
9 to test the Abo section and it would be really an Abo-Drinkard,
10 Drinkard-Abo test.

11 The estimated costs are \$270,000 to the
12 casing point, and the cost of a completed well, the total cost
13 would be \$527,000. These costs are in line with our recent
14 drilling approximately a mile or a mile and a half to the
15 east of this location.

16 Q Have you made an estimate of overhead
17 and administrative costs while drilling and producing this
18 well, if it is a producer?

19 A Yes. Our current operating agreements
20 in the area, providing for overhead costs while drilling, of
21 \$2500 per month, and an overhead cost for a producing well
22 of \$250.

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

25 A Yes, they are.

1
2 Q Are you prepared to make a recommendation
3 to Mr. Nutter as to the risk factor that should be assessed
4 against each of those working interest owners who do not
5 participate in the drilling of this well?

6 A We would request a risk penalty be set
7 at 200 percent. This is a, definitely a step-out from the
8 existing production, and we consider it a very risky location.

9 Q And does Mr. Antweil request to be design-
10 nated operator of this well?

11 A Yes, we do.

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

15 A Yes, it would.

16 Q Were Exhibits One through Four either
17 prepared by you or prepared under your direction and super-
18 vision?

19 A They were.

20 MR. CARR: At this time, Mr. Nutter, we
21 would offer into evidence Antweil Exhibits One through Four.

22 MR. NUTTER: Exhibits One through Four
23 will be admitted in evidence.

24 MR. CARR: Nothing further on direct.
25

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Williams, you stated that you had contacted the parties that had assigned the interest to Millie Jones.

A Yes, that interest was assigned to her by Roy Barton and we thought, since he had made the assignment, that he could possibly give us some lead as to her whereabouts, and so forth, but he had no idea.

Q She's not a relative of his or anything?

A No.

Q When did he assign this to her, do you know?

A In 1947 --

MR. CARR: '37.

A '37.

Q I see.

A Been awhile.

Q I see, and so everyone has lost trace of where she might be now?

A We can find no clues to her whereabouts; no other interest that she has in that general area that might give us a lead to her whereabouts; and we --

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Q So in all liklihood, her interest would go
into escrow.

A Yes, sir.

MR. NUTTER: Are there any questions of
Mr. Williams? He may be -- do you have anything further, Mr.
Carr?

MR. CARR: Nothing further, Mr. Nutter.

MR. NUTTER: Does anyone have anything
they wish to offer in Case Number 7640?

We'll take the case under advisement.

(Hearing concluded.)

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

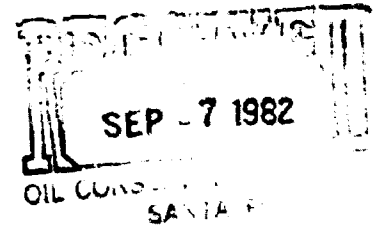
I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7640 heard by me on 8/18 1982.

[Signature] Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Box 192-B
Santa Fe, New Mexico 87501
Phone (505) 435-7429

Morris R. Antweil
OIL OPERATOR
P. O. Box 2010
HOBBS, NEW MEXICO 88240



BEST AVAILABLE

September 3, 1982

*File
Case 7640
Jou*

UNLEASED MINERAL INTEREST OWNERS

RE: Compulsory Pooling
NE/4 NE/4 Section 12-T20S-R37E
Lea County, New Mexico

Enclosed is a copy of the Order No. R-7061 of the New Mexico Oil Conservation Division concerning the compulsory pooling of the unleased mineral interests under the above captioned acreage. Also enclosed is an AFE Cost Estimate of the drilling and completion costs expected to be incurred in the well to be drilled in the above unit. We are making preparation to begin drilling this well in the very near future.

We are requesting that you promptly execute the lease documents that have been sent to you previously. If this is done, the provisions of the compulsory pooling order will not affect your interest.

Very Truly Yours,

MORRIS R. ANTWEIL

Jerry Hillard

JH:pb

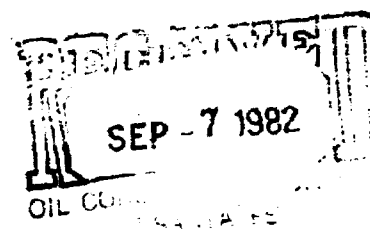
Enclosure

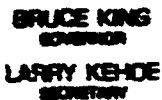
✓ cc: New Mexico Oil Conservation Division
Santa Fe, New Mexico

AFE Cost Estimate
 No. 1 SHAMU
NE/4 NE/4 Section 12-T20S-R37E

ITEM	Tangible	Intangible	Total
<u>Cost to Drill 7500-Foot Test</u>			
Roads, Location & Damages	\$	\$ 16,000	\$ 16,000
Footage Drilling 7500' @ \$16.75/ft.		125,600	125,600
Daywork Operations 2 Days @ \$6500/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		20,000	20,000
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		17,700	17,700
<hr/>			
COST TO CASING POINT	\$ 23,700	\$246,300	\$270,000
 <u>Completion Cost</u>			
Production Casing 7500' 5 1/2" @ \$8.00/ft.	\$ 60,000	\$	\$ 60,000
Cement & Service 5 1/2" Casing		8,000	8,000
Well Service Unit 10 days @ \$1200/day		12,000	12,000
Perforating Service		6,000	6,000
Tubing 7450' 2 3/8" @ \$3.70/ft.	27,600		27,600
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		11,400	11,400
<hr/>			
COST OF COMPLETION	\$173,600	\$ 83,400	\$257,000
<hr/>			
TOTAL AFE COST	\$197,300	\$329,700	\$527,000

APPROVAL: _____
 by: _____
 date: _____





STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

POST OFFICE BOX 8088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-3034

August 30, 1962

Mr. William F. Carr
Campbell, Syrd & Black
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico

Re: CASE NO. 7640
ORDER NO. R-7061

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/Ed

Copy of order also sent to:

Hobbs OGD	<u>x</u>
Artesia OGD	<u>x</u>
Aztec OGD	

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. 7640
Order No. R-7061

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 August 18, 1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 30th day of August, 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 in all formations from the surface down through and including the Abo formation in and under the NE/4 NE/4 of Section 12, Township 20 South, Range 37 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 underlying the proposed spacing and proration unit, 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 \$2500.00 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.

(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 December 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, in all formations from the surface down through and including the Abo formation in and under the NE/4 NE/4 of Section 12, Township 20 South, Range 37 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 December, 1982, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Abo formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the first day of December, 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, 20 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.

-5-

Case No. 7640

Order No. R-7061

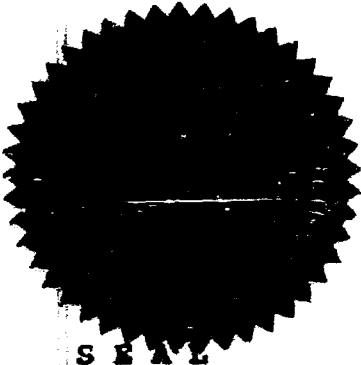
(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(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
JOE D. RAMEY
Director

fd/

R 38 E

[illegible]

----- Propagation Unit



----- Proposed Well Location for the
Antwell Shams #1



----- Drinkard-Ado Producing Oil or Gas Well

ANTWEIL OIL COMPANY
HOBBS, NEW MEXICO

LAND PLAT

SKAGGS DRINKARD-ABO PROSPECT
LEA COUNTY, NEW MEXICO

AUG 1982

SCALE: 1" = 2000'

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

~~Asphalt~~ EXHIBIT NO. 1

CASE NO. 7640

UNLEASED MINERAL INTERESTS

NE/4 NE/4 Section 12-T20S-R37E
Lea County

Tenneco Oil Co. <i>Verbal agreement over phone</i>	3/32	9.375%
Roy G. Barton <i>received pointer 2/12/32</i>	19/320	5.9375%
Millie B. Jones <i>unknown interests</i> <i>Assigned to Roy Barton</i>	1/320	<u>0.3125%</u>
Christmas Minors		
Mary Theresa Holladay		0.03255%
Candy Christmas Alewine		0.03255%
Helen Jane Christmas Barby		0.03255%
Bradford Ace Christmas		<u>0.03255%</u>
		0.1302%
Heirs of James E. Weir, Sr.	20/1932	1.03285%
Bert Ellen Camp		
Clarabel Tanner		
Bert Weir, Jr.		
<hr/>		
TOTAL		16.78805%

will probably be the only interest

BEFORE EXAMINER NUTTER OIL CONSERVATION DIVISION ANNUAL EXHIBIT NO. <u>2</u> CASE NO. <u>7640</u>

CAMPBELL, BYRD & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
HARL O. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WAROLE
KEMP W. GORTHEY
THOMAS F. BLUEHER

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

BEST AVAILABLE COPY

August 9, 1982

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

~~ARTICLE~~ EXHIBIT NO. 3
CASE NO. 7640

Mr. Roy G. Barton
Post Office Box 978
Hobbs, New Mexico 88240

Re: New Mexico Oil Conservation Division Case 7640

Dear Mr. Barton:

Enclosed is a copy of the docket for the August 18, 1982 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
William F. Carr

WFC:jh
w/enc.

CERTIFIED MAIL
RETURN RECEIPT

<p>SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.</p>		<p>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. <input type="checkbox"/> RESTRICTED DELIVERY <input type="checkbox"/> RESTRICTED DELIVERY <input type="checkbox"/> RESTRICTED DELIVERY Show to whom and date delivered. Show to whom, date, and address of delivery. </p>	
<p>(CONSULT POSTMASTER FOR FEES)</p>		<p>2. ARTICLE ADDRESSED TO: Roy G. Barton P.O. Box 978 Hobbs, NM 88240 </p>	
<p>3. ARTICLE DESCRIPTION: REGISTERED NO. <u>331 613 026</u> INSURED NO. <u>331 613 026</u> </p>		<p>(Always obtain signature of addressee or agent) I have received this article described above. SIGNATURE <u>[Signature]</u> DATE OF DELIVERY <u>12 AUG 1982</u> </p>	
<p>4. ADDRESS (Complete only if necessary)</p>		<p>5. POSTMARK 3861 12 AUG 1982 </p>	
<p>6. UNABLE TO DELIVER BECAUSE:</p>		<p>7. CLERK'S INITIALS</p>	

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. WAROLE
KEMP W. GORTHEY
THOMAS F. BLUEMER

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

August 9, 1982

Tenneco Oil Company
6800 Park Ten Boulevard
Suite 200 - North
San Antonio, Texas 78213
Attention: Rex Bourland

Re: New Mexico Oil Conservation Division Case 7640

Gentlemen:

Enclosed is a copy of the docket for the August 18, 1982 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
William F. Carr

WFC:jh
w/enc.

CERTIFIED MAIL
RETURN RECEIPT

1. SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.		2. ARTICLE ADDRESSED TO: Tenneco Oil Co. - 6800 Park Ten Suite 200-North Boulevard San Antonio, Texas 78213 ATTENTION: Rex Bourland		3. ARTICLE DESCRIPTION: REGISTERED NO. 6331 613 027 CERTIFIED NO. INSURED NO.		4. DATE OF DELIVERY POSTMARK		5. ADDRESS (Complete only if requested)		6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS	
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..... <input type="checkbox"/> RESTRICTED DELIVERY Show to whom and date delivered..... <input type="checkbox"/> RESTRICTED DELIVERY Show to whom, date, and address of delivery.....		(CONSULT POSTMASTER FOR FEES)									

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. WARDE
KEMP W. GORTNEY
THOMAS F. BLUEHER

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

August 9, 1982

Ms. Mary Theresa Holladay
Post Office Box 3444
Houston, Texas 77001

Re: New Mexico Oil Conservation Division Case 7640

Dear Ms. Holladay:

Enclosed is a copy of the docket for the August 18, 1982 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
William F. Carr

WFC:jh
w/enc.

BEST AVAILABLE COPY

**CERTIFIED MAIL
RETURN RECEIPT RE**

1. The following service is requested (check one): <input checked="" type="checkbox"/> Show to whom and date delivered. <input type="checkbox"/> RESTRICTED DELIVERY Show to whom and date delivered. <input type="checkbox"/> RESTRICTED DELIVERY. Show to whom, date, and address of delivery.		2. ARTICLE ADDRESSED TO: Mary Theresa Holladay P.O. Box 3444 Houston, Texas 77001		3. ARTICLE DESCRIPTION: REGISTERED NO. CERTIFIED NO. INSURED NO. P 331 613 018		4. DATE OF DELIVERY 11 11 1982	
5. ADDRESS (Complete only if requested)		6. SIGNATURE (Always obtain signature of addressee or agent) I have received the article described above. SIGNATURE Address Authorized agent <i>Mary Theresa Holladay</i>		7. UNABLE TO DELIVER BECAUSE:		8. POSTAGE PAID 11 11 1982	

Form 3811, Jan. 1979

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆ GPO : 1979-300-459

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. WAROLE
KEMP W. GORTHEY
THOMAS F. BLUCHER

JEFFERSON PLACE
SUITE 1 - NO NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

August 9, 1982

Ms. Candy Christmas Alewine
Post Office Box 64278
Lubbock, Texas 79464

Re: New Mexico Oil Conservation Division Case 7640

Dear Ms. Alewine:

Enclosed is a copy of the docket for the August 18, 1982 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
William F. Carr

WFC:jh
w/enc.

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

P 331 613 029

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED -
NOT FOR INTERNATIONAL MAIL

(See Reverse)

SENT TO
Candy Christmas Alewine
STREET AND NO.
PO Box 64278
P.O., STATE AND ZIP CODE
Lubbock, Texas 79464
POSTAGE

CONSULT POSTMASTER FOR FEES	
OPTIONAL SERVICES	RETURN RECEIPT SERVICE
CERTIFIED FEE	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	SHOW TO WHOM AND DATE DELIVERED
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY
TOTAL POSTAGE AND FEES \$	
POSTMARK OR DATE	

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

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

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

August 9, 1982

Ms. Helen Jane Christmas Barby
Post Office Box 1885
Woodward, Oklahoma 73802

Re: New Mexico Oil Conservation Division Case 7640

Dear Ms. Barby:

Enclosed is a copy of the docket for the August 18, 1982 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
William F. Carr

WFC:jh
w/enc.

CERTIFIED MAIL
RETURN RECEIPT R

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. <input type="checkbox"/> RESTRICTED DELIVERY <input type="checkbox"/> Show to whom and date delivered. <input type="checkbox"/> RESTRICTED DELIVERY. <input type="checkbox"/> Show to whom, date, and address of delivery.		2. ARTICLE ADDRESSED TO: Helen Jane Christmas Barby P.O. Box 1885 Woodward, Oklahoma 73802	
3. ARTICLE DESCRIPTION: REGISTERED NO. 613 080 CERTIFIED NO. 613 080 INSURED NO.		4. SIGNATURE OF AUTHORIZED AGENT: <i>Helen Jane Christmas Barby</i> DATE OF DELIVERY: 8-11-82	
5. ADDRESS (Complete only if registered mail): SANTA FE, NEW MEXICO 87501		6. UNABLE TO DELIVER BECAUSE:	

PS Form 3811, Jan. 1977

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. BERGE
WILLIAM G. WARDLE
KEMP W. GORTNEY
THOMAS F. BLUEHER

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

August 9, 1982

Mr. Bradford Ace Christmas
Post Office Box 173
Wagon Mound, New Mexico 87752

Re: New Mexico Oil Conservation Division Case 7640

Dear Mr. Christmas:

Enclosed is a copy of the docket for the August 18, 1982 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
William F. Carr

WFC:jh
w/enc.

CERTIFIED MAIL
RETURN RECEIPT R

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. <input type="checkbox"/> RESTRICTED DELIVERY <input type="checkbox"/> RESTRICTED DELIVERY <input type="checkbox"/> Show to whom, date, and address of delivery.		2. ARTICLE ADDRESSED TO: Bradford Ace Christmas P.O. Box 173 Wagon Mound, NM 87752	
3. ARTICLE DESCRIPTION: REGISTERED NO. 613 031 CERTIFIED NO. 613 031 INSURED NO.		4. SIGNATURE: <i>William F. Carr</i> DATE OF DELIVERY: 08/16/82 ADDRESS (Complete only if requested): Wagon Mound, NM 87752	
5. UNABLE TO DELIVER BECAUSE:		6. 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. BERGE
WILLIAM G. WARDLE
KEMP W. GORTHEY
THOMAS F. BLUEHER

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

August 9, 1982

Ms. Bert Ellen Camp
Post Office Box 584
Roswell, New Mexico 88201

Re: New Mexico Oil Conservation Division Case 7640

Dear Ms. Camp:

Enclosed is a copy of the docket for the August 18, 1982 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
William F. Carr

WFC:jh
w/enc.

BEST AVAILABLE COPY

CERTIFIED MAIL
RETURN RECEIPT RI

MAILER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.	
1. The following service is requested (check one.) <input checked="" type="checkbox"/> XX Show to whom and date delivered..... <input type="checkbox"/> Show to whom, date and address of delivery..... <input type="checkbox"/> RESTRICTED DELIVERY Show to whom and date delivered..... <input type="checkbox"/> RESTRICTED DELIVERY Show to whom, date, and address of delivery.....	
(CONSULT POSTMASTER FOR FEES)	
2. ARTICLE ADDRESSED TO: Ms. Bert Ellen Camp P.O. Box 584 Roswell, NM 88201	
3. ARTICLE DESCRIPTION: REGISTERED NO. CERTIFIED NO. INSURED NO.	P131 613 032
(Always obtain signature of addressee or agent)	
I have received the article described above. SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent	
DATE OF DELIVERY AUG 11 1982	
ADDRESS (Complete only if registered)	
UNABLE TO DELIVER BECAUSE:	

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. SERGE
WILLIAM G. WARDE
KEMP W. GORTNEY
THOMAS F. BLUENER

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

Mr. Bert Weir, Jr.
3303 Simms
Wheat Ridge, Colorado 80073

Dear Mr. Weir:

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

Very truly yours,

William F. Carr

WFC:jh
w/enc.

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

BEST AVAILABLE

P 331 613 034

RECEIPT FOR CERTIFIED MAIL

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

(See Reverse)

CONSULT POSTMASTER FOR FEES		TOTAL POSTAGE AND FEES		3
OPTIONAL SERVICES		POSTMARK OR DATE		
RETURN RECEIPT SERVICE				
SHOW TO WHOM DATE AND ADDRESS OF DELIVERY				
SHOW TO WHOM DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY				
RESTRICTED DELIVERY				
SPECIAL DELIVERY				
CERTIFIED FEE				
POSTAGE <i>3003 5mm</i> <i>ccat Hq, Colorado 8003</i>				
P.O. STATE AND ZIP CODE <i>3003 5mm</i>				
STREET AND NO. <i>West 21st</i>				
CITY AND STATE <i>West 21st</i>				

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
KEMP W. GORTNEY
THOMAS F. BLUEMER

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

August 9, 1982

Ms. Clarabel Tanner
1650 Palisades
Pacific Palisades, California 90272

Re: New Mexico Oil Conservation Division Case 7640

Dear Ms. Tanner:

Enclosed is a copy of the docket for the August 18, 1982 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

William F. Carr

WFC:jh
w/enc.

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

BEST AVAILABLE COPY

P 331 613 033
RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED -
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO <i>Clarabel Tanner</i> STREET ADDRESS <i>1650 Palisades</i> CITY, STATE AND ZIP CODE <i>Pacific Palisades, CA 90272</i>		POSTAGE	
CERTIFIED FEE		•	
SPECIAL DELIVERY		•	
RESTRICTED DELIVERY		•	
SHOW TO WHOM AND DATE DELIVERED		•	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY		•	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY		•	
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY		•	
RETURN RECEIPT SERVICE		•	
OPTIMAL SERVICES		•	
CONSULT POSTMASTER FOR FEES		•	
TOTAL POSTAGE AND FEES		\$	
POSTMARK OR DATE			

AFE Cost Estimate
 No. 1 SHAMU
NE/4 NE/4 Section 12-T20S-R37E

ITEM	Tangible	Intangible	Total
<u>Cost to Drill 7500-Foot Test</u>			
Roads, Location & Damages	\$	\$ 16,000	\$ 16,000
Footage Drilling 7500' @ \$16.75/ft.		125,600	125,600
Daywork Operations 2 Days @ \$6500/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		20,000	20,000
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		17,700	17,700
<hr/>			
COST TO CASING POINT	\$ 23,700	\$246,300	\$270,000
 <u>Completion Cost</u>			
Production Casing 7500' 5 1/2" @ \$8.00/ft.	\$ 60,000	\$	\$ 60,000
Cement & Service 5 1/2" Casing		8,000	8,000
Well Service Unit 10 days @ \$1200/day		12,000	12,000
Perforating Service		6,000	6,000
Tubing 7450' 2 3/8" @ \$3.70/ft.	27,600		27,600
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		11,400	11,400
<hr/>			
COST OF COMPLETION	\$173,600	\$ 83,400	\$257,000
<hr/>			
TOTAL AFE COST	\$197,300	\$329,700	\$527,000

APPROVAL: _____
 by: _____
 date: _____

BEFORE EXAMINER NUTTER	
OIL CONSERVATION DIVISION	
Ante: 1	EXHIBIT NO. 4
CASE NO.	7640

Dockets Nos. 27-82 and 28-82 are tentatively set for September 1 and September 15, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 18, 1982

9 A.M. - OIL CONSERVATION DIVISION - 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:

ALLOWABLE: (1) Consideration of the allowable production of gas for September, 1982, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for September, 1982, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 7635: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit CO₂-in-Action, Travelers Indemnity and all other interested parties to appear and show cause why the Trigg Well No. 3 located in Unit J, Section 25, Township 15 North, Range 28 East, San Miguel County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7636: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit CO₂-in-Action, Travelers Indemnity and all other interested parties to appear and show cause why the Amistad No. 1 located in Unit E of Section 18, and the Amistad No. 2 located in Unit D of Section 7, both in Township 19 North, Range 36 East, Union County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7637: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit R.A.F. Enterprises, Fireman's Fund Insurance Company and all other interested parties to appear and show cause why the Shaw Well No. 1, located in Unit M, Section 18, Township 4 North, Range 8 East, Torrance County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7638: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Cibola Energy Corporation, Mid-Continent Casualty Company, and all other interested parties to appear and show cause why the Simms Ranch Well No. 1, located in Unit N, Section 9, the Clyde Berlier Well No. 1, located in Unit K and the Clyde Berlier Well No. 2, located in Unit F, both in Section 21, the Mora Ranch Well No. 3 located in Unit M and the Mora Ranch Well No. 4, located in Unit M, both in Section 5, all in Township 21 North, Range 21 East, Mora County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7639: Application of Acoma Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Wantz Abo, Drinkard and Blinbry Pool production in the wellbore of its S. J. Starkeys Lease Well No. 2, located in Unit B of Section 26, Township 21 South, Range 37 East.

CASE 7640: 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 in all formations from the surface down through and including the Abo formation in and under the NE/4 NE/4 of Section 12, Township 20 South, Range 37 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 7641: Application of Reading & Bates Petroleum Co. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in all formations from the surface down through the Devonian formation underlying the NW/4 SE/4 of Section 33, Township 14 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 7642: Application of Doyle Hartman for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface through the Jalmat Pool, underlying a previously approved 120-acre non-standard proration unit comprising the S/2 NE/4 and NE/4 NE/4 of Section 20, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a previously approved orthodox location. 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 7643:** Application of Texaco, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Drinkard and Strawn formations underlying the W/2 NE/4 of Section 33, Township 16 South, Range 37 East, Casey-West Knowles Area, 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 7650:** Application of Texaco Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Drinkard and Strawn formations underlying the E/2 NE/4 of Section 33, Township 16 South, Range 37 East, Casey-West Knowles Area, 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 7644:** Application of Rault Petroleum Corporation & McKay Petroleum Corporation for compulsory pooling, De Baca 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 SW/4 of Section 33, Township 3 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 7645:** Application of Stevens Operating Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down to the base of the Abo formation underlying the NE/4 of Section 29, Township 7 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 7652:** Application of Conoco Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Cisco formation underlying all of partial Sections 34 and 35, Township 20 1/2 South, Range 23 East, underlying a previously approved 688-acre non-standard proration unit, to be dedicated to a well at a previously approved unorthodox location which is to be re-entered. Also to be considered will be the cost of re-entering 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 re-entering said well.
- CASE 7646:** Application of Tenneco Oil Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Pennsylvanian gas well to be drilled 1855 feet from the North line and 660 feet from the East line of Section 25, Township 16 South, Range 33 East, the N/2 of said Section 25 to be dedicated to the well.
- CASE 7651:** Application of Mortex Gas & Oil Company for the amendment of Order No. R-6903, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-6903 to provide that non-consenting working interest owners shall have thirty days following final adjudication of title in which to pay their proportionate share of well costs.
- CASE 7647:** Application of Guest Energy Corporation 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 open hole interval from 4150 feet to 5600 feet in its State A Well No. 2, located in Unit L of Section 26, Township 14 South, Range 33 East.
- CASE 7653:** Application of Rio Pecos Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Chaverlea-North Federal Unit Area, comprising 1,920 acres, more or less, of Federal and Fee lands in Township 8 South, Range 31 East.
- CASE 7648:** Application of Rio Pecos Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp to the base of the Pennsylvanian formation, underlying the W/2 of Section 35, Township 18 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 7654: Application of Rault Petroleum Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location for an undesignated Pennsylvanian gas well to be drilled 600 feet from the South line and 660 feet from the West line of Section 13, Township 8 South, Range 27 East, the S/2 of said Section 13 to be dedicated to the well.

CASE 7306: (Reopened)

In the matter of Case 7306 being reopened pursuant to the provisions of Order No. R-6769 which promulgated temporary pool rules for Madera-Lower Penn Gas Pool in Lea County, including provision for 640-acre spacing units. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing.

CASE 7655: 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 down through the Abo formation underlying the NW/4 of Section 20, Township 7 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.

CASES 7528 and 7529: (Continued from July 7, 1982, Examiner Hearing)

Application of Jack J. Grynberg for compulsory pooling, Chaves County, New Mexico. Applicant, in each of the following two 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 in each case 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 7528: NW/4 Section 4, Township 5 South, Range 24 East

CASE 7529: NE/4 Section 4, Township 5 South, Range 24 East

CASE 7649: Application of Southern Union Exploration Company for retroactive exemption, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks the retroactive exemption from Section 5 of the New Mexico Natural Gas Pricing Act of the following Basin Dakota infill wells: Jicarilla A No. 13-E in Unit N of Section 13 and Jicarilla A No. 10-E in Unit G of Section 23, both in Township 26 North, Range 4 West, and Jicarilla K No. 15-E in Unit A of Section 1, Township 25 North, Range 5 West, all in Rio Arriba County, and the Hodges No. 15-E in Unit J of Section 27, Township 26 North, Range 8 West. Each of the aforesaid wells was subject to the New Mexico Natural Gas Pricing Act until exempted from same by the Division on July 23, 1982, and applicant seeks the retroactive exemption of each of said wells to date of first delivery into the pipeline which ranges from December 24, 1980 to January 11, 1982.

CASE 7594: (Continued from July 21, 1982, Examiner Hearing)

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.

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
KEMP W. GORTHEY
THOMAS F. BLUEHER

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

July 28, 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 7640

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.

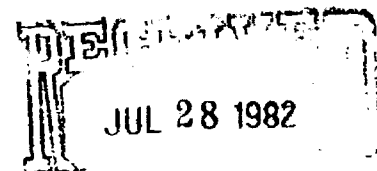
The applicant requests that this matter be included on the
docket for the examiner hearing scheduled to be held on
August 18, 1982.

Very truly yours,

William F. Carr

William F. Carr

WFC:jh
w/enc.
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 7640

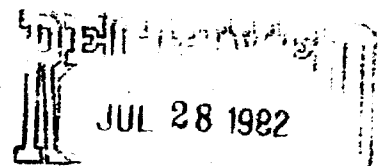
APPLICATION

Comes now, MORRIS R. ANTWEIL, by and through its 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 in all formations from the surface down through and including the Abo formation in and under the NE/4 NE/4 of Section 12, Township 20 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and in support thereof would show the Division:

1. Applicant owns 83.21% of the working interest in and under the NE/4 NE/4 of Section 12, 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 NE/4 of said Section 12.
3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other working interest owners in the NE/4 NE/4 of said Section 12 except the following:

Roy G. Barton
Post Office Box 978
Hobbs, New Mexico 88240

5.9375% MI



Tenneco Oil Company 6800 Park Ten Boulevard Suite 200 - North San Antonio, Texas 78213 Attention: Rex Bourland	9.375% MI
Millie B. Jones (address unknown)	.3125% MI
Mary Theresa Holladay Post Office Box 3444 Houston, Texas 77001	.03255% MI
Candy Christmas Alewine Post Office Box 64278 Lubbock, Texas 79464	.03255% MI
Helen Jane Christmas Barby Post Office Box 1885 Woodward, Oklahoma 73802	.03255% MI
Bradford Ace Christmas Post Office Box 173 Wagon Mound, New Mexico 87752	.03255% MI
Heirs of James E. Weir, Sr.	1.03285% MI
Bert Ellen Camp Post Office Box 584 Roswell, New Mexico 88201	
Clarabel Tanner 1650 Palisades Pacific Palisades, California 90272	
Bert Weir, Jr. 3303 Simms Wheat Ridge, Colorado 80073	

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, and its costs of supervision while drilling, and after completion, including overhead charges, and imposing 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

ORDERS

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:

JHR

CASE NO. 7640

Order No. R-7061

M.S.
PRV
APPLICATION OF MORRIS ^{*G.R.*} ANTWEIL
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

JHR
MM

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 18,
1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of August, 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 in all formations from the surface down through and including the Abo formation in and under the NE/4 NE/4 of Section 12, Township 20 South, Range 37 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 ~~underlying the proposed spacing and proration unit,~~ ^{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 \$ 2500⁰⁰ per month while drilling and \$ 2,5000 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 December 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, in all formations from the surface down through and including the Abo formation in and under the NE/4 NE/4 of Section 12, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, are hereby pooled to form a standard 40-acre ^{oil}~~gas~~ spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon.

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

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the first day of December, 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 \$ 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.

(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. *sk*

(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