

CASE 5215: Application of MORRIS
R. ANTWEIL FOR COMPULSORY POOL-
ING, EDDY COUNTY, NEW MEXICO.

CASE No.

5215

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 10, 1974

EXAMINER HEARING

IN THE MATTER OF:)
)
)

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

Case No.
5215

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Thomas Derryberry, Esq.
Legal Counsel for the
Commission
State Land Office Bldg.
Santa Fe, New Mexico

For the Applicant:

Donald G. Stevens, Esq.
214 Old Santa Fe Trail
Santa Fe, New Mexico

CASE 5215

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I N D E X

R.M. WILLIAMS

PAGE

Direct Examination by Mr. Stevens

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Cross Examination by Mr. Stamets

10

E X H I B I T S

Marked

Admitted

Applicant's Exhibits Nos. 1
through 5

9

9

MR. STAMETS: The meeting will come to order, please. We'll call the next case; Case 5215.

MR. DERRYBERRY: Case 5215. Application of Morris R. Antweil for compulsory pooling, Eddy County, New Mexico.

MR. STAMETS: Call for appearances in this case.

MR. KELLAHIN: Jason Kellahin, Kellahin and Fox, Attorneys for Cities Service Oil Company, we will have a statement at the end of the Case.

MR. STEVENS: Mr. Examiner, I'm Don Stevens, Attorney, Santa Fe, representing the Applicant in this Case. We have one witness to be sworn.

MR. STAMETS: Any other appearances? The Witness will stand and be sworn please.

R.M. WILLIAMS

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

DIRECT EXAMINATION

BY MR. STEVENS:

A Would you state your name, your address and your occupation?

A R.M. Williams from Hobbs, New Mexico. I'm an Engineer for Morris R. Antweil.

Q Have you previously testified before this

Commission and had your qualifications accepted?

A Yes, I have.

MR. STEVENS: Are the Witness' qualifications acceptable?

MR. STAMETS: They are.

BY MR. STEVENS:

Q Would you briefly state what the Applicant seeks in this Application today?

A It requests that the 320 acres, being the South half of Section 17, Township 22 South, Range 27 East, in Eddy County, New Mexico, be designated as a gas-pro-ration unit as to all depths and that Morris R. Antweil be named as the operator.

Q Do you also seek a charge for rent and charge for supervision in the event this Application is granted?

A Yes.

Q Referring to what has been marked Exhibit No. 1 would you explain it for the Commission?

A Exhibit No. 1 is three pages and consists of the C-101, the Application for a permit to drill, giving the required information on the proposed well to be drilled at Unit J in the South half of Section 17; a letter from the City of Carlsbad giving their "no objection" I guess

you would say, to the drilling of the well, and the C-102, which is the plat showing the location of the well and the proposed 320-acre gas proration and spacing units.

Q Referring to what has been marked as Exhibit No. 2, would you explain it please?

A Exhibit No. 2 shows the ownership in the South half of Section 17, Morris R. Antweil, et al. The operator has 204.4 acres or 63.87 percent of the proposed units; Cities Service has 110.2 or 34.44 percent; R. C. Bennett has 3.9 or 1.22 percent, and Michael P. Grace has 1.5 acres or .47 percent of the Units. Morris R. Antweil, Cities Service, and R. C. Bennett have agreed to the pooling of the acreage to be dedicated to the proposed well. We have had no reply from Mr. Grace.

Q There are no unleased minerals in this proposed Unit?

A No unleased minerals; the acreage listed here will have to be verified by final title opinion because this does include some town-lot acreage, but to our knowledge it is all leased.

Q Referring to what has been marked as Exhibit 3, would you explain that please?

A Exhibit 3 is a certified letter which was sent

to Michael P. Grace on the 12th of March, 1974, requesting his joining us in the drilling of the proposed well or offering alternate proposals that he farm out his leases to us, sell his leases to us, or agree to be voluntarily force pooled.

Q Based on your knowledge of what has been offered for acreage in the area and for overriding royalties for farm outs, are the terms you offered in this letter reasonable in your opinion?

A Yes, the purchase price we offered, \$325 an acre, is the price we have been paying in the area and successfully acquiring acreage. The farm out of an eighth overriding royalty I would think would be reasonable.

Q Referring to what has been marked as Exhibit No. 4, would you explain that, please?

A Exhibit No. 4 is our cost estimate on the proposed well, an 11,700 foot test to test both the Strawn and Morrow intervals; the completion costs are figured on the basis of successful completion as a dual Strawn-Morrow well.

Q Is this estimate of cost higher than estimates that have been made previously?

A Yes, it's higher than the last well that we've

drilled in the area because of the increasing drilling and tubular costs.

Q Is the generalization true that all costs in drilling and completing wells have gone up as of late?

A Yes, there have been drastic increases in price of tubular goods for wells.

Q Referring to what has been marked as Exhibit No. 5, would you go over it, please?

A Exhibit No. 5 is the well and acreage location plat. It shows the proposed 320-acre unit in the South half of 17, the location of the proposed well, and also the location of surrounding producing wells in the area of our proposed units. The Canyon producers in the area are marked with a yellow symbol, the Strawn producers marked with an orange symbol and the Morrow producers with a blue symbol.

Q Mr. Williams, does the Applicant desire to be named as operator of this well shown in red on your Exhibit 5?

A Yes, we do.

Q Have you a recommendation as the charge for supervision on this well if this Application is approved?

A Our normal operating agreements with other partners

at this time provide for \$1000 per month during the drilling operations for supervision overhead.

Q How about your monthly overhead charges subsequent to the completion?

A Monthly overhead charges are \$150 per month.

Q Do you have a recommendation to the Commission as a charge for the risk that should be all cable to this well?

A Yes, we will request a penalty of 200 percent in this instance for possibly two basic reasons. The inherent high risk that has been encountered in drilling Morrow wells in the South Carlsbad area. This risk I think is apparent in comparison of adjacent wells as the field has been developed. There have been some excellent wells completed and the adjacent well will be marginal gas completion from the Morrow interval. I think this is possibly best pointed out on Exhibit 5 in the Section 29 at the southern portion of the map; Union Oil drilled a dry hole in the Northwest quarter of Section 29, made an extended attempt to make a Morrow completion in this well and subsequent to their abandonment of the well Bronson and McKnight came in and made a successful Morrow completion in the Southwest quarter of that same Section. The "just

a well's a well" comparison of the Morrow has proved up the erratic nature of the reservoir development in the Morrow sands. In addition to that, the one working-interest owner in the proposed unit who has failed to respond to our correspondence or join us in the proposed well and has necessitated the hearing, apparently, by his lack of joining us, has evaluated that this is a high-risk well or he would have joined in the drilling.

Q Has that operator drilled many wells in the field?

A Yes, he has drilled six or seven wells in the field and is entirely familiar with the reservoir development and the risks involved.

Q Were Exhibits 1 through 5 prepared by you or under your direction?

A Yes, they were.

MR. STEVENS: At this time we move the introduction of Exhibits 1 through 5.

MR. STAMETS: Exhibits 1 through 5 will be admitted into evidence.

(Whereupon, Applicant's Exhibits 1 through 5 were marked for identification and admitted into evidence.)

WILLIAMS-DIRECT
CROSS

CASE 5215

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BY MR. STEVENS:

Q Mr. Williams, in your opinion, would the granting of this Application tend to protect correlative rights and protect waste?

A Yes, it permits us to proceed with the drilling of this well and develop the gas reserves that are under this half section.

MR. STEVENS: No further questions on direct, Mr. Examiner.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Williams, referring to Exhibit No. 3, I cannot read the name of the individual who signed the receipt for Michael P. Grace. Do you know what that name is?

A This is his Secretary there, Juanita?

Q Juanita Jones?

A Juanita Jones. I believe that's who signed it.

Q Could you verify that when you get back to your office? Do you have the original?

A I don't have the original with me; I will verify that. As best I can read it on the receipt, the second line is the signature.

(Whereupon, a discussion was held off

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

the record.)

BY MR. STAMETS:

A I'll attempt to get a better copy of the receipt.

Q Fine. Is this well any riskier than other Morrow wells in the area?

A I wouldn't say necessarily any riskier, no. I think the experience we've had in the area that the predictability of the Morrow sands development has proved to be risky and very unpredictable, and we would consider it carries a fair amount of risk.

Q Are any of the other working-interest owners in here going non-stand on this well?

A No. We have indications from both Cities Service and R.C. Bennett that they will join us subject to approval of the AFE and operating agreements.

MR. STAMETS: Any other questions of this Witness? He may be excused. Anything further in this case?

MR. KELLAHIN: If the Examiner please. Jason Kellahin representing Cities Service Oil Company. Cities Service has agreed to join in this Unit and we are in support of the Applicant. We particularly ask that the

Applicant, Morris R. Antweil, be designated as the operator.

(Whereupon, a discussion was held off the record.)

MR. STAMETS: Mr. Stevens, I assume that what is asked for is the standard completion forced pooling order.

MR. STEVENS: Yes. I would have a couple of comments if I might.

MR. STAMETS: You may.

MR. STEVENS: We particularly recommend the 200 percent in this case which is the maximum permitted by the statute.

MR. STAMETS: Just a second. Could you hold the conversation at the end of the table until Mr. Stevens is finished, please.

MR. STEVENS: The only non-joiner in this Unit is Mr. Grace. I think the failure to join in this case is pretty much evidenced, one, as pointed out by the witness, it is a very high-risk well, or in all fairness, if this is not the case, it's a complete noncooperative attitude; recalcitrance, whatever you might say. The purpose of this statute is to promote the drilling by

penalizing the non-joiners in wells when you have many lease-interest owners. The Commission has historically, I think, checking all the joinder cases we show, tended to make this somewhat below the maximum in the case where you've got royalty owners, mineral owners, independents who may not be able to afford these things, or people who might not know as much about this as some of the people who have drilled in the field. In this case Mr. Grace has drilled lots of wells, he's joined in lots of wells, I'm sure, however he did not chose to join here. I think the purpose of the statute, that is the drilling of additional wells, would be best rendered here by granting the maximum penalty possible of 200 percent, especially in view of the extreme energy shortage we have today.

Thank you.

MR. STAMETS: If there is nothing further, we will take this Case under advisement.

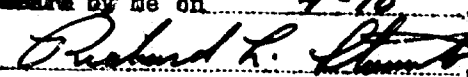
CASE 5215

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STATE OF NEW MEXICO)
COUNTY OF SANTA FE) SS.

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.


RICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5215 heard by me on 4-10, 1977.

Richard L. Nye, Examiner
New Mexico Oil Conservation Commission

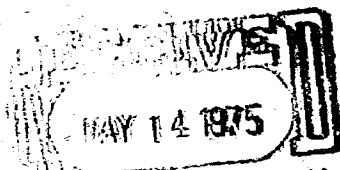
THE NYE REPORTING SERVICE
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SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

Morris R. Antweil

OIL OPERATOR

P. O. Box 2010

HOBBS, NEW MEXICO 88240



May 13, 1975

NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe
New Mexico Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

RE: Order No. R-4772 - Case No. 5215

Gentlemen:

Enclosed is an itemized schedule of the actual well costs incurred in the drilling and completion of the Morris R. Antweil No. 1 Bear, drilled under the captioned order in the S/2 of Section 17-T22S-R27E, South Carlsbad Field, Eddy County, New Mexico, as required by Order (5) of said Commission Order.

The actual well costs were somewhat less than the estimated well costs submitted prior to drilling, since the well was completed as a single-zone Morrow completion rather than as a Strawn-Morrow dual as originally anticipated.

A copy of the itemized schedule of the actual well costs have been furnished to each known working interest owner in the subject unit, as required by Order (5) of said Commission Order, by Certified Mail on this date.

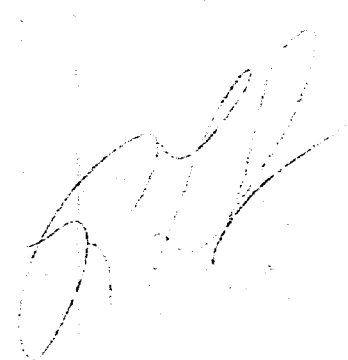
Yours very truly,

MORRIS R. ANTWEIL.

R. M. Williams
R. M. Williams

RMW/jj

Enclosure



MORRIS R. ANTWEIL NO. 1 BEAR
ITEMIZED SCHEDULE OF ACTUAL WELL COSTS
ORDER NO. R-4772

Item	Actual Costs
Roads, Location & Damages	\$ 21,651
Footage Drilling	124,613
Day Work	47,753
Day Work Bits	8,298
Mud & Water	24,950
Surface Casing - 13-3/8"	10,719
Cement & Service - 13-3/8" Casing	1,888
Intermediate Casing - 9-5/8"	155,655
Cement & Service - 9-5/8" Casing	5,779
Drill Stem Test Service	1,276
Logging Service	16,931
Rental Tools	4,068
Production Casing - 7"	187,190
Cement & Service - 7" Casing	7,632
Well Service Unit	7,812
Perforating Service	3,121
Tubing - 2-3/8"	46,202
Packer Rentals	2,000
BOP Rental	510
Acid Treatments	8,397
Wellhead & Connections	18,016
Separator-Treater Unit	18,507
Tankage	-
Supervision & Expenses	2,225
Transportation & Miscellaneous Labor	6,701
Contingencies	22,423
 TOTAL	 \$754,317

CERTIFIED MAIL
NO. 938167

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

May 13, 1975

Mr. Michael P. Grace
Box 1418
Carlsbad, New Mexico 88220

RE: Order R-4772
Antweil No. 1 Bear
S/2 Section 17-T22S-R27E
Eddy County, New Mexico

Dear Sir:

Enclosed is an itemized schedule of the actual well costs for the captioned well, as required by Order (5) of Commission Order No. R-4772.

Yours very truly,

MORRIS R. ANTWEIL

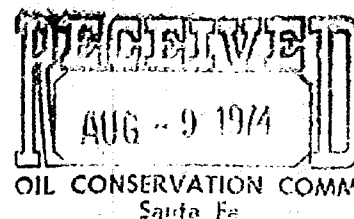
R. M. Williams

RMW/jj

Enclosure

cc: New Mexico Oil Conservation Commission

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



August 8, 1974

New Mexico Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87501

RE: Order No. R-4772 - Case No. 5215

Gentlemen:

Enclosed is an itemized schedule of the estimated well costs for the Morris R. Antweil No. 1 Bcar, to be drilled under the captioned order in the S/2 of Section 17-T22S-R27E, Eddy County, New Mexico, as required by Order (3) of said Commission Order.

Copies of the itemized schedule of estimated well costs and copies of Commission Order No. R-4772 have also been furnished to each working interest owner in the subject unit, as required by Order (3) of said Commission Order.

Respectfully,

MORRIS R. ANTWEIL

R M Williams
R. M. Williams

RMW/jj

Enclosure

COST ESTIMATE
NO. 1 BEAR - J-17-22-27
SOUTH CARLSBAD FIELD

ITEM	TANGIBLE	INTANGIBLE	TOTAL
<u>COST TO DRILL 11,700-FOOT TEST</u>			
Roads, Location & Damages	\$	\$ 10,000	\$ 10,000
Footage Drilling - 10,000' @ \$12.00/ft		120,000	120,000
Day Work Drilling - 20 days @ \$2500/day		50,000	50,000
Day Work Bits - 5 bits @ \$2000		10,000	10,000
Day Work Operations - 5 days @ \$2500/day		12,500	12,500
Mud & Water		35,000	35,000
Surface Casing - 350' 13-3/8" @ \$27.50/ft	9,625		9,625
Cement & Service - 13-3/8" Casing - 1300 sx		1,800	1,800
Intermediate Casing - 5300' 9-5/8" @ \$27.50/ft	145,750		145,750
Cement & Service - 9-5/8" Casing - 1300 sx		5,000	5,000
Drill Stem Test Service - 3 DST's		3,000	3,000
Logging Service - Comp. Neutron-Density, LL & MLL		11,000	11,000
Rental Tools - Mud Separator & Degasser - 20 days		2,500	2,500
Wellhead & Connections	5,000		5,000
Supervision & Expense		2,000	2,000
Transportation & Misc. Labor		3,000	3,000
Contingencies		13,825	13,825
COST TO CASING POINT	\$160,375	\$279,625	\$440,000
<u>COMPLETION COST (dual)</u>			
Production Casing - 11,700' 7" @ \$15.00/ft	\$175,500	\$	\$175,500
Cement & Service - 7" Casing - 675 sx		6,000	6,000
Day Work - 2 days @ \$2250/day		4,500	4,500
Well Service Unit - 12 days		6,000	6,000
Perforating Service & Permanent Packer		5,000	5,000
Tubing - 11,500' & 10,300' 2-3/8" N @ \$3.75/ft	81,750		81,750
Treating Packer Rental		2,000	2,000
BOP Rental		1,000	1,000
Acid Treatment		6,000	6,000
Wellhead & Connections	7,500		7,500
Separator - Treater Units - 2 Units	30,000		30,000
Tankage - Strawn Distillate	10,000		10,000
Supervision & Expense		3,000	3,000
Transportation & Misc. Labor		4,000	4,000
Contingencies		12,750	12,750
COMPLETION COSTS	\$304,750	\$ 50,250	\$355,000
TOTAL AFE COSTS	\$465,125	\$329,875	\$795,000

APPROVAL: _____

By _____

Date _____



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

I. R. TRUJILLO
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMUJO
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

April 24, 1974

Mr. Donald G. Stevens
Attorney at Law
Post Office Box 1797
Santa Fe, New Mexico

Re: CASE NO. 5215
ORDER NO. R-4772
Applicant:
Morris R. Antweil

Dear Sir:

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

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC

Other Mr. R. C. Bennett, Midland, Texas
Mr. Michael P. Grace, Carlsbad, N.M.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5215
Order No. R-4772

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 10, 1974,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 23rd day of April, 1974, the Commission, a
quorum being present, 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 Commission 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 the Pennsylvanian formation
underlying the S/2 of Section 17, Township 22 South, Range 27
East, NMPM, South Carlsbad Field, Eddy County, New Mexico.

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

(4) That there are interest owners in the proposed prora-
tion 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 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.

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CASE NO. 5215
Order No. R-4772

(8) That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 150 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 that 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 \$150.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charge 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 July 15, 1974, 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 the Pennsylvanian formation underlying the S/2 of Section 17, Township 22 South, Range 27 East, NMPM, South Carlsbad Field, Eddy County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location in Unit J of said Section 17.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 15th day of July, 1974, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Pennsylvanian formation;

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CASE NO. 5215
Order No. R-4772

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 15th day of July, 1974, Order (1) of this order shall be null and void and of no effect whatsoever;

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 Commission 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 30 days prior to commencing said well, the operator shall furnish the Commission 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 Commission 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 Commission and the Commission 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 Commission 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 that 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

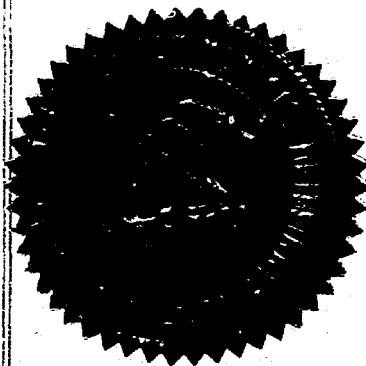
CASE NO. 5215
Order No. R-4772

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, 150 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 \$150.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge 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 interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.
- (12) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Eddy County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Commission of the name and address of said escrow agent within 90 days from the date of this order.
- (13) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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CASE NO. 5215
Order No. R-4772

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

I. R. Trujillo
I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

A. L. Porter Jr.

A. L. PORTER, JR., Member & Secretary

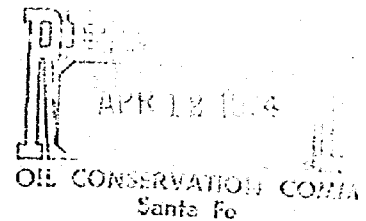
S E A L

jr/

Morris R. Antweil

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

April 11, 1974



New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

ATTENTION: Mr. Richard L. Stamets

REFERENCE: Case No. 5215

Gentlemen:

Enclosed is a clearer copy of the receipt of our letter to Michael P. Grace as you requested. The receipt was apparently signed by Lydia Jane and not Juanita Jones as I thought at the time of the hearing.

Please contact me if anything further is required in this matter.

Yours very truly,

MORRIS R. ANTWEIL

R. M. Williams
R. M. Williams

RMW/lm

Enclosure

cc: Mr. Donald G. Stevens

Belt

APR 12 1974
OIL CO.

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)
(Additional charges required for these services)

☐ Show to whom, date and address where delivered ☐ Deliver ONLY to addressee

RECEIPT
Received the numbered article described below

REGISTERED NO.	1 2 3	SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
CERTIFIED NO.		SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
INSURED NO.		
DATE DELIVERED		SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)

MAR 13 1974

5215

Antwort

Force Pool OK

\$150 Combined fixed rates
150 % Risk factor

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 10, 1974

9 A.M. - OIL CONSERVATION COMMISSION 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 from seventeen prorated pools in Lea, Eddy, Roosevelt, and Chaves Counties, New Mexico, for May, 1974;

(2) Consideration of the allowable production of gas from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for May, 1974.

CASE 5201: Application of Mobil Oil Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 33, Township 22 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico, to form a standard 320-acre proration unit to be dedicated to a well to be drilled at a standard location for said unit. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

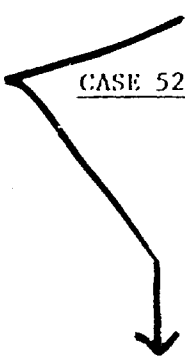
CASE 5202: Application of El Paso Natural Gas Company for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the West Sand Dunes-Morrow Gas Pool in Township 23 South, Range 31 East, Eddy County, New Mexico, including a provision for 640-acre spacing.

CASE 5203: Application of Jake L. Hamon for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the perforated interval from 13,230 feet to 13,320 feet in his Getty State L-736 Well No. 1 located in Unit D of Section 32, Township 16 South, Range 36 East, East Shoe Bar-Devonian Pool, Lea County, New Mexico.

CASE 4790: (Reopened)

In the matter of Case No. 4790 being reopened pursuant to the provisions of Order No. R-4370, which order established temporary rules for the Dublin-Ellenburger Gas Pool, Lea County, New Mexico, including a provision for 640-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing units.

- CASE 5204: Application of Cities Service Oil Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Government T Well No. 1 located in Unit C of Section 14, Township 20 South, Range 28 East, Russell Field, Eddy County, New Mexico, in such a manner as to produce gas from the Wolfcamp and Morrow formations through the casing-tubing annulus and tubing, respectively.
- CASE 5205: Application of Cities Service Oil Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Paslay "A" Com Well No. 1 located in Unit K of Section 8, Township 22 South, Range 27 East, Eddy County, New Mexico, to produce gas from undesignated Strawn and Morrow gas pools through the casing-tubing annulus and tubing, respectively.
- CASE 5211: Application of Cities Service Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 8, Township 22 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico, to be dedicated to its Paslay Well No. 1, located in Unit K of said Section 8. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5212: Application of Cities Service Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Citgo Empire-Abo Unit Area comprising 361 acres, more or less, of Federal and State lands in Townships 17 and 18 South, Range 27 East, Empire-Abo Pool, Eddy County, New Mexico.
- CASE 5213: Application of Cities Service Oil Company for a pressure maintenance project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project on its Citgo Empire-Abo Unit, Empire-Abo Pool, Eddy County, New Mexico, by the injection of gas into the Abo formation through a well to be drilled at an unorthodox location 990 feet from the South line and 2635 feet from the East line of Section 35, Township 17 South, Range 27 East. Applicant further seeks the establishment of special rules for said pressure maintenance project including a provision for the operation of the project under a net GOR rule and the establishment of a gas injection credit "bank" against which injection credit could be drawn in order to maintain full allowables during such times as injection plant shut-downs, etc.

- CASE 5206: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle West Warren-Blinbry and East Skaggs-Drinkard production in the wellbore of its SEMU Burger Well No. 21 located in Unit O of Section 19, Township 20 South, Range 38 East, Lea County, New Mexico.
- CASE 5207: Application of Craig Folsom for a non-standard proration unit and compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying a non-standard oil proration unit comprising the SW/4 NE/4 SE/4, NW/4 SE/4 SE/4, NE/4 SW/4 SE/4, and the SE/4 NW/4 SE/4 of Section 12, Township 13 South, Range 31 East, Caprock-Queen Pool, Chaves County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 1340 feet from the South line and 1300 feet from the East line of said Section 12, said location having been previously been approved by Order No. R-4750. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5208: Application of S. P. Yates for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to Order No. R-3221, as amended, authority to dispose of produced salt water in an unlined surface pit on its Federal LC 065598 lease in the SW/4 SW/4 of Section 4, and the NE/4 of Section 5, Township 17 South, Range 30 East, Square Lake Pool, Eddy County, New Mexico.
- CASE 5209: Application of Union Oil Company of California for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Estacado Unit Area comprising 1280 acres, more or less, of State and fee lands in Township 14 South, Range 35 East, Lea County, New Mexico.
- CASE 5210: In the matter of the application of the Oil Conservation Commission on its own motion for the contraction of the House-Tubb Gas Pool by the deletion of all of Section 12, Township 20 South, Range 38 East, Lea County, New Mexico, and the creation of the East House-Tubb Oil Pool comprising all of the NW/4 of said Section 12.
- CASE 5214: Application of Inexco Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Robb Spring Unit Area comprising 6402 acres, more or less, of State, Federal, and fee lands in Townships 23 and 24 South, Range 25 East, Eddy County, New Mexico.
- CASE 5215: Application of Morris R. Antweil for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order
- 

Examiner Hearing - Wednesday - April 10, 1974

Docket No. 9-74

-4-

(Case 5215 continued from Page 3)

pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 17, Township 22 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location for said unit. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

NO. OF COPIES RECEIVED	
DISTRIBUTION	
SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	

NEW MEXICO OIL CONSERVATION COMMISSION

RECEIVED 80-015-21152

MAR 20 1974

O. C. C.
ARTESIA, OFFICE

Form C-101
Revised 1-1-65

5A. Indicate Type of Lease
STATE ☐ REC ☒

5. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work		7. Unit Agreement Name *****	
b. Type of Well DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		8. Form or Lease Name *****	
2. Name of Operator Morris R. Antwell		9. Well No. 2	
3. Address of Operator Box 2010, Hobbs, New Mexico 88249		10. Field and Pool, or Wildcat	
4. Location of Well UNIT LETTER <u>N</u> LOCATED <u>2700</u> FEET FROM THE <u>South</u> LINE <u>2700</u> FEET FROM THE <u>East</u> LINE OF SEC. <u>27</u> TWP. <u>22-S</u> RGE. <u>27-E</u> NMPM		12. County Duffy	
19. Proposed Depth 11,000'		19A. Formation Hudson	
20. Rotary or C.T. Rotary		21. Elevations (Show whether DF, RT, etc.) 3127' CR	
21A. Kind & Status Plug. Bond Blanket		21B. Drilling Contractor Dolan Drilling	
22. Approx. Date Work will start 25 April 74			

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
17 1/2"	12-3/8"	432	350'	375 ss	6100'
12 1/2"	9-5/8"	342 & 422	500'	1300 ss	1500'
8-3/4"	7"	23, 26, 3224	11000'	575 ss.	9000'

BOP Program:
1-10" Series 1500 Cameron, ORC
1-10" Series 1500 Cameron, SS

Mud Program as required-estimated mud volume 11,000 gal.

BEFORE EXAMINER STAMEN
OIL CONSERVATION COMMISSION
Appl. EXHIBIT NO. 1
CASE NO. 5215
Submitted by _____
Hearing Date _____

APPROVAL VALID
FOR 90 DAYS UNLESS
DRILLING COMMENCED,
EXPIRES 7-7-74

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Signed R. M. Williams Title Agent Date 19 Mar. 74

(This space for State Use)

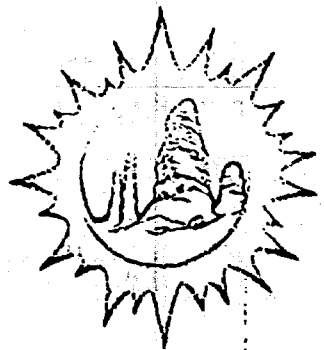
APPROVED BY W. A. Gracett TITLE OK AND FOR PROCEED DATE APR 2 1974

CONDITIONS OF APPROVAL, IF ANY:

Subject to Case 5215

no allowable will be assigned to the well until all
interests have been consolidated

Exhibit 1



city of carlsbad

PHONE 887-1191 • BOX 1569 • CARLSBAD, NEW MEXICO 88220
Mayor — Walter Gerrells City Administrator — Cloude Tabor

March 21, 1974

RECEIVED

MAR 25 1974

O. C. C.
ARTESIA OFFICE

Mr. Bill Gressett
Oil and Gas Commission
Artesia, New Mexico 88210

Dear Mr. Gressett:

We appreciate very much your call informing us of the application to locate a test well in Section 17, Township 22S, Range 27E. It appears that this location will be outside the populated area and should cause no problem if proper controls are exercised regarding flaring, etc.

Thanks again for your cooperation.

Yours very truly,

Walter Gerrells
Mayor

WG:od

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form No. 1
Supersedes O-128
1-1-1970

All distances must be from the outer boundaries of the Section

Owner MORRIS R. ANTWEIL		Lease Bear		Acres 1
Section J	Section 17	Range 22 South	Meridian 27 East	County Eddy
Actual Well Location and Depth				
1780 feet from the south line of the 1980 feet from the east line				
Ground Level 3117.0	Producing Formation MORROW	Foot SOUTH CARLSBAD	Section 320	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

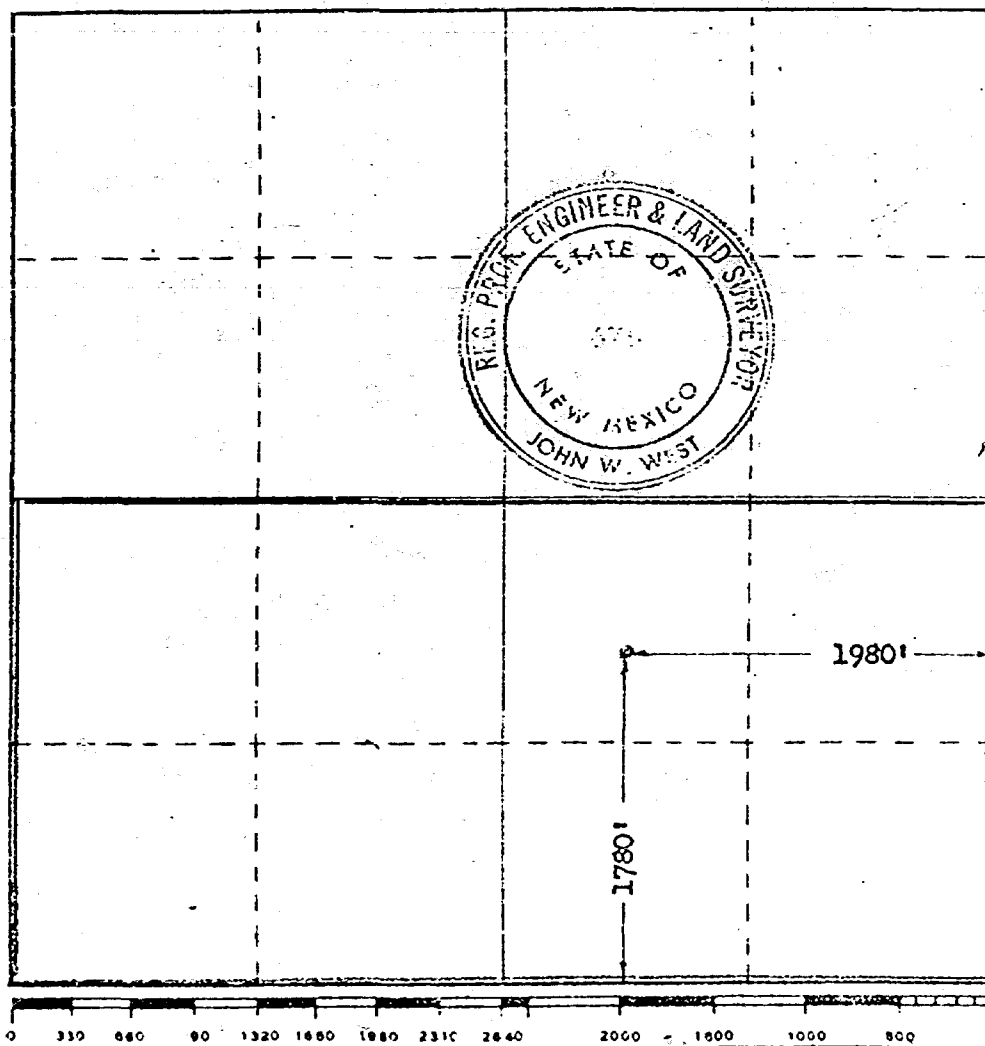
Acreage consists of some 60 leases of various ownership.

3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☒ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated (Use reverse side of this form if necessary.)

Lease being consolidated may require force pooling.
No allowable will be assigned to the well until all interests have been consolidated by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

R. M. Williams

R. M. Williams

Agent

Morris R. Antweil

19 March 74

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief

Date Surveyed

March 13, 1974

Registered Professional Engineer and/or Land Surveyor

John W. West
Certificate No. **676**

OWNERSHIP S/2 SECTION 17-22-27

<u>Operator</u>	<u>Acres</u>	<u>Percent</u>
Morris R. Antweil, et al	204.4	63.87
Cities Service Oil Company	110.2	34.44
R. C. Bennett	3.9	1.22
M. P. Grace	<u>1.5</u>	<u>0.47</u>
	320.0	100.00

All acreage is leased fee minerals.

BEFORE EXAMINER STAMETS	
OIL CONSERVATION COMMISSION	
Appl.	EXHIBIT NO. <u>2</u>
CASE NO.	<u>5215</u>
Submitted by	_____
Hearing Date	_____

Exhibit 2

March 12, 1974

Mr. Michael P. Grace
P. O. Box 1418
Carlsbad, New Mexico 88220

REFERENCE: S/2 Section 17-T22S-R27E
Eddy County, New Mexico

Dear Sir:

Morris R. Antweil proposes to drill an 11,700-foot Morrow test located 1980' FSL and 1980' FSL of Section 17-T22S-R27E, Eddy County, New Mexico. We propose to dedicate the south half of Section 17 as the standard proration unit for the well.

Our records indicate that you hold leases to approximately 1.5 acres in the proposed proration unit. You are requested to:

1. Join us in the drilling of the proposed well for an interest proportional to your acreage;
2. farm out your leases to us for a 1/8 ORRI, subject to our receiving a minimum of 0.70 net interest leases;
3. sell your leases to us for \$325 per acre for a minimum of 0.8125 net interest leases; or
4. agree to the voluntary force pooling of your leases.

We are currently proceeding with the necessary applications to the New Mexico Oil Conservation Commission and will request a force pooling hearing if all the acreage cannot be voluntarily joined in the well. We request your response as to your desire to participate with us in this test. If you do not wish to participate, we are interested in farming out or purchasing your leases at the offered terms.

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage) Yours very truly,

No. 938111

SENT TO XXXXXXXXXX Michael P. Grace STREET AND NO. XXXXXXXXXX Box 1418 P.O., STATE AND ZIP CODE Carlsbad, N.M. XXXXXXXXXX 88220	POSTMARK OR DATE 3/12/74	MORRIS R. ANTWEIL Submitted by R. M. Williams CASE NO. 5215 EXHIBIT NO. 3 OIL CONSERVATION COMMISSION BEFORE EXAMINER STAMETS
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered 15¢ With delivery to addressee only 65¢ 2. Shows to whom, date and where delivered 35¢ With delivery to addressee only 85¢ DELIVER TO ADDRESSEE ONLY 50¢ SPECIAL DELIVERY (extra fee required)	

PS Form 3800 NO INSURANCE COVERAGE PROVIDED— (See other side)
Apr. 1971 NOT FOR INTERNATIONAL MAIL * GPO: 1972 O-480-743

Be sure to follow instructions on other side

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

App. EXHIBIT NO. 3
CASE NO. 5215
S. H. H. H.
Hearing Date

Exhibit 3

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)
(Additional charges required for these services)

☐ Show to whom, date and address where delivered ☐ Deliver ONLY to addressee

RECEIPT

Received the numbered article described below

REGISTERED NO. _____ SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
CERTIFIED NO. _____
INSURED NO. 938111
DATE DELIVERED _____ SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
SHOW WHERE DELIVERED (Only if requested, not include ZIP Code)

MAR 13 1974

COST ESTIMATE
NO. 1 BEAR - J-17-22-27
SOUTH CARLSBAD FIELD

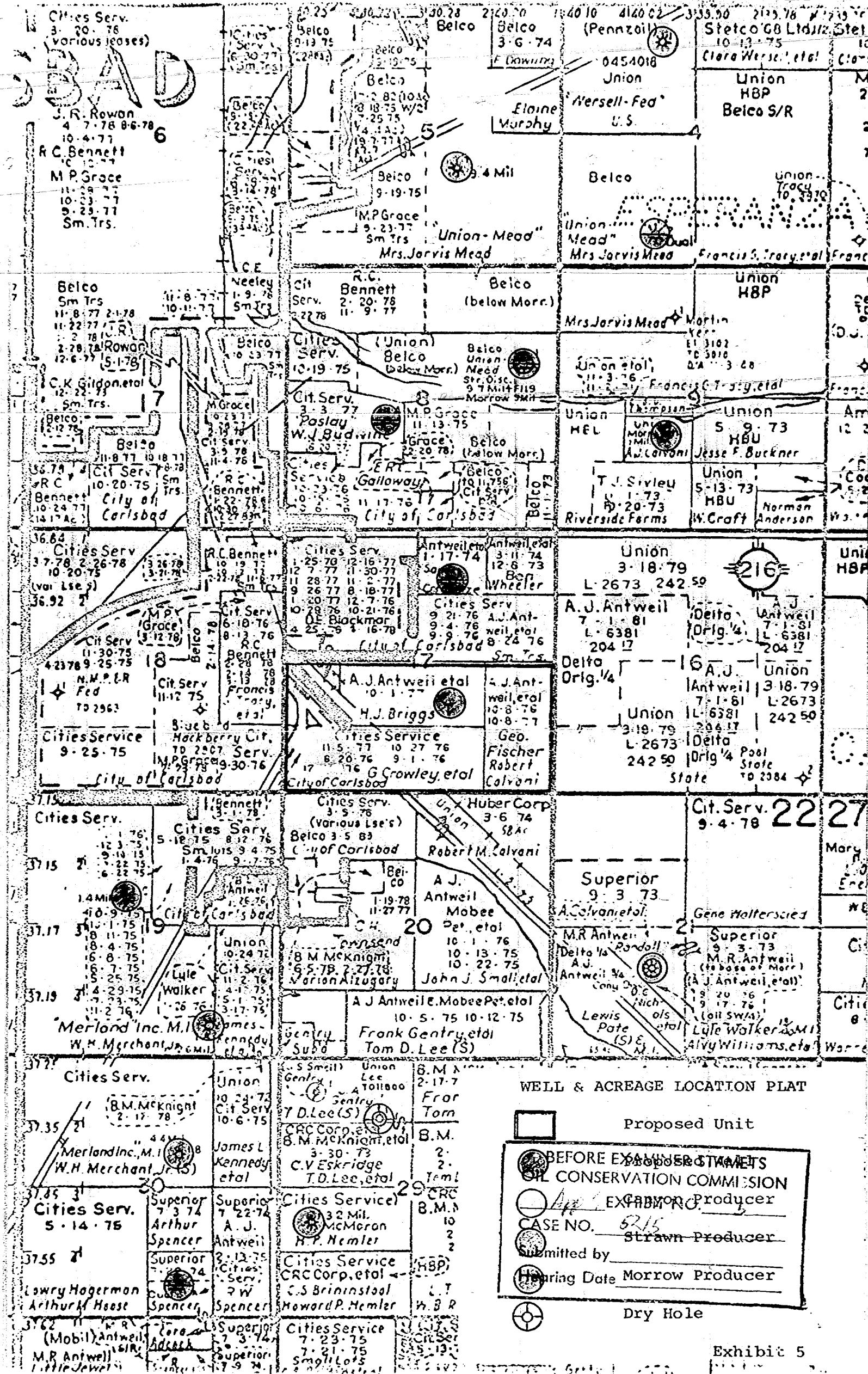
ITEM	TANGIBLE	INTANGIBLE	TOTAL
<u>COST TO DRILL 11,700-FOOT TEST</u>			
Roads, Location & Damages	\$	\$ 4,000	\$ 4,000
Footage Drilling - 10,000' @ \$10.25/ft		102,500	102,500
Day Work Drilling - 20 days @ \$2250/day		45,000	45,000
Day Work Bits - 5 bits @ \$2000		10,000	10,000
Day Work Operations - 5 days @ \$2250/day		11,250	11,250
Mud & Water		35,000	35,000
Surface Casing - 350' 13-3/8" @ \$16.00/ft	5,600		5,600
Cement & Service - 13-3/8" Casing - 375 sx		1,500	1,500
Intermediate Casing - 5300' 9-5/8" @ \$12.50/ft	66,250		66,250
Cement & Service - 9-5/8" Casing - 1300 sx		4,500	4,500
Drill Stem Test Service - 3 DST's		3,000	3,000
Logging Service - Comp. Neutron-Density, LL & MLL		10,500	10,500
Rental Tools - Mud Separator & Degasser - 20 days		2,000	2,000
Wellhead & Connections	3,000		3,000
Supervision & Expense		2,000	2,000
Transportation & Misc. Labor		2,500	2,500
Contingencies		11,400	11,400
COST TO CASING POINT	\$ 74,850	\$245,150	\$320,000
<u>COMPLETION COST (dual)</u>			
Production Casing - 11,700' 7" @ \$9.00/ft	\$105,300	\$	\$105,300
Cement & Service - 7" Casing - 675 sx		5,500	5,500
Day Work - 2 Days @ \$2000/day		4,000	4,000
Well Service Unit - 12 days		6,000	6,000
Perforating Service & Permanent Packer		4,000	4,000
Tubing - 11,500' & 10,300' 2-3/8" @ \$2.75/ft	59,950		59,950
Treating Packer Rental		1,000	1,000
BOP Rental		800	800
Acid Treatment		5,000	5,000
Wellhead & Connections	6,000		6,000
Separator - Treater Units - 2 Units	15,000		15,000
Tankage - Strawn Distillate	8,000		8,000
Supervision & Expenses		2,500	2,500
Transportation & Misc. Labor		3,000	3,000
Contingencies		9,950	9,950
COMPLETION COSTS	\$194,250	\$ 41,750	\$236,000
TOTAL AFE COSTS	\$269,100	\$286,900	\$556,000

APPROVAL: _____

BEFORE EXAMINER STAMETS OIL CONSERVATION COMMISSION Appr. EXHIBIT NO. <u>4</u> CASE NO. <u>5215</u> Submitted by _____ Hearing Date _____
--

By _____
Date _____

Exhibit 4



Morris R. Antweil

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

March 19, 1974

MAR 20 1974
OIL CONSERVATION COMM.
Santa Fe

Case 5-215

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

ATTENTION: Mr. D. S. Nutter, Chief Engineer

REFERENCE: Request for Force Pooling
S/2 Section 17-T22S-R27E
Eddy County, New Mexico

Gentlemen:

Morris R. Antweil, as owner and operator of the majority of the acreage within the designated gas proration unit, respectfully requests a hearing to consider the force pooling of the 320 acres, being the S/2 Section 17, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, as a designated gas proration unit as to all depths. Copies of the C-101 and C-102 for the proposed well, the No. 1 Bear, which have been submitted to the Artesia District office are enclosed.

The proposed acreage contains a significant amount of townlot and small-acreage tracts, but all the acreage is apparently leased. Our present records, which will be subject to correction upon completion of the title opinion work, indicate the acreage to be held as follows:

Morris R. Antweil et al	204.4 acres
Cities Service Oil Company	110.2
- R. C. Bennett	3.9
M. P. Grace	1.5
	<u>320.0 acres</u>

Cities Service has indicated their intention to join Morris R. Antweil in the drilling of the proposed well. R. C. Bennett and M. P. Grace have been contacted and invited to join in the proposed drilling. R. C. Bennett can be expected to join, but it is doubtful that any reply will be received from M. P. Grace.

It is therefore requested that a hearing to consider our force pooling request be docketed at the earliest possible date.

Respectfully,

DOCKET MAILED

MORRIS R. ANTWEIL

R M Williams
R. M. Williams

RC Bennett
BL 264
Midland, 77001
Enclosures

DOCKET MAILED

Date 3-29-74

Date 3-29-74

DRAFT

Dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

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

CASE NO. 5215-

Order No. R-4772

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 10, 1974
at Santa Fe, New Mexico, before Examiner Richard L. Bennett.

NOW, on this April day of 1974 the Commission,
a quorum being present, 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 Commission 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 the Pen-
neybranian formation underlying the S1/2
of Section 17, Township 22 South, Range 27 East,
NMPM, South Carlsbad Field, Eddy County, New
Mexico.

-2-
Case No.
Order No. R-

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

(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 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 that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 150 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 that 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.

Case No.
Order No. R

(11) That 1150 per month should be fixed as a reasonable charge for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charge 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 July 15, 1974, 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 the Pennsylvanian formation underlying the S/2 of Section 17, Township 22 South Range 21 East, NMPM, North Carbonado Field, Eddy County, New Mexico, are hereby pooled to form a standard 320 acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location in unit of said Section 17.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 15th day of July, 1974, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Pennsylvanian formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 15th day of July, 1974, Order (i) of this order shall be null and void and of no effect whatsoever;

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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 Commission and show cause why Order (1) of this order should not be rescinded.

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

(3) That after the effective date of this order and ^{within} at least 30 days prior to commencing said well, the operator shall furnish the Commission 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 Commission 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 Commission and the Commission 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 Commission 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 that has paid his share of estimated costs in advance as provided

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

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

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

(B) As a charge for the risk involved in the drilling of the well, 150^{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 \$150 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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

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

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Sandoz County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Commission of the name and address of said escrow agent within 90 days from the date of this order.

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

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