

CASE 5364: Appli. of MORRIS R.  
ANTWEIL for compulsory pooling,  
Eddy County, New Mexico.

CASE No.

5364

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
November 13, 1974

EXAMINER HEARING

-----  
IN THE MATTER OF: )  
 )  
 )

Application of Morris R. Antweil for )  
compulsory pooling, Eddy County, )  
New Mexico. )  
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CASE 5364

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: William F. Carr, Esq.  
Legal Counsel for the Commission  
State Land Office Building  
Santa Fe, New Mexico

For the Applicant: Donald G. Stevens, Esq.  
214 Old Santa Fe Trail  
Santa Fe, New Mexico

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I N D E X

R. M. WILLIAMS

Direct Examination by Mr. Stevens  
Cross Examination by Mr. Stamets

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E X H I B I T S

Exhibits 1 through 5

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MR. STAMETS: We will call the next Case 5364.

MR. CARR: Case 5364, application of Morris R. Antweil for compulsory pooling, Eddy County, New Mexico.

MR. STAMETS: Call for appearances in this Case.

MR. STEVENS: Mr. Examiner, I'm Don Stevens, attorney from Santa Fe, representing the Applicant, Morris R. Antweil. We have one witness to be sworn.

MR. STAMETS: Are there any other appearances? The witness will stand and be sworn, please.

(Whereupon the witness was duly sworn.)

R. M. WILLIAMS

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

DIRECT EXAMINATION

BY MR. STEVENS:

Q Would you state your name, address, occupation, and by whom you are employed?

A R. M. Williams, engineer employed by Morris R. Antweil in Hobbs, New Mexico.

Q Have you previously testified before this Commission and had your qualifications accepted by the Commission?

A Yes, I have.

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MR. STEVENS: Are the witness' qualifications acceptable?

MR. STAMETS: They are.

BY MR. STEVENS:

Q Please, would you state what the Applicant seeks in this Case, Mr. Williams?

A We have made application for a forced-pooling order covering Lots 1, 2, 7, 8, 9, 10, 15, and 16 of Section 4, Township 21 South, Range 26 East in the Avalon-Morrow Gas Pool, Eddy County. We also ask the allocation of costs and operating costs and supervision and consideration of risk factor of penalty to be assigned.

Q Referring to what has been marked as Exhibit No. 1, would you explain that please?

A Yes, Exhibit 1 is the Federal Application for Permit to Drill which has been submitted for the Western Reserves Federal Well No. 2, to be drilled on the proposed proration unit. The Exhibit is a three-page exhibit, attached to it is the Form C-102, the plat of the acreage, and a copy of the reverse side of that plat detailing the acreage situation.

Q Would you refer to Exhibit 2 and explain it, please?

A Exhibit No. 2 is a Commission Administrative Order

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NFT-975 granting a non-standard proration unit approval for non-standard proration units for the 297.8 acres which includes all of the legal subdivisions that are below the 320-acre standard size.

Q Exhibit No. 3, the tabulation of ownership, could you explain the problem which occasions the calling of this Case?

A The Exhibit details the ownership of all of the acreage in the proposed proration unit, we with our partners, Western Reserve Oil Company, have under lease Lots 1, 2, 7, 8, 9, 10, and Inexco has under lease Lots 15 and 16 and has agreed to join us in the drilling of the well. The reason for the requested forced pooling order, you will note that the acreage described in Lots 2, 7 and 9, being west of the river, there is a title dispute in regard to this acreage. We have taken a lease from Pecos Irrigation Company who holds that acreage in fee as best as we can determine from the record. The Carlsbad Irrigation District, through the Bureau of Reclamation in Amarillo has exerted a claim against a portion or all of Pecos Irrigation Company's rights to that land west of the river. This dispute is based on the conveyance and the intention and interpretation of a conveyance that was made in 1905.

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Q Would it be a fair statement then that you consider you have the entire acreage under lease, but in the event the subsequent suit deprives you of a portion of the lease, you would like for the two hundred or the percentage penalty to apply against any subsequent owner?

A Yes, our attorney's opinion is that we have a valid lease, that there is a title question so we thought that our best course would be to force pool to cover that contingency with the understanding the Bureau of Reclamation may file a suit against Pecos Irrigation Company to try to clarify this title question, and we needed some protection for ourselves in proceeding with the drilling.

Q Is it your understanding that the USGS would agree to an order written by the Commission granting you the forced pooling?

A Yes, we contacted the USGS in Roswell and they indicated that they would honor that and in the event that some of this acreage would eventually come under their control, out of the title suit, that then they would issue any lease on that subject to the forced pooling order.

Q Turning to what has been marked as Exhibit No. 4, would you go through it, please?

A Exhibit 4 is our cost estimate on the proposed

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well, total \$510,000 to drill and complete in the Morrow formation at 11,000 feet.

Q This is an estimate, if this order is approved and the well is drilled, the actual cost will be billed, is that correct?

A That's right. This is in our estimate.

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

A Exhibit 5 is a map of the area surrounding the proposed well proration units; it shows the location of the other wells in the area. The Morrow completions are marked in blue; the Strawn completions are marked in orange ; there is one dual completion indicated, and the proposed well, our proposed well in Lot 10 is marked with a red dot.

Q Would you generally describe how commercial these wells in this area are?

A The Avalon area wells, I think just two of them, are actually on streams at this time, that several others have not been connected as yet. They seem to be typical Morrow completions, comparable, say, to South Carlsbad or Catclaw where there is wide variation in the pay quality and the productivity of the wells, from location to location.

Q Mr. Williams, what risk factor would you recommend the Commission adopt if they should grant this application?

A We would request the 200 percent penalty.

Q On what basis would you request this percentage?

A On the basis of the experience with the Morrow, drilling Morrow completions in the Carlsbad area; high risk factors, even though you are offsetting a good producing well.

Q Have you made any rough studies concerning the commercial viability of the Morrow wells in these areas?

A Yes, say, your indications, say, looking at the map is that a person would surely make a well at the proposed location, we would expect to make a well that will produce gas. The question is: How commercial? The Avalon-Morrow doesn't have much history as yet, so I looked at Catclaw-Morrow to see if those three or four miles to the southwest, looking at the 13 wells that are reported in the Engineering Committee report for Catclaw. It appears that seven of them would be classified as commercial wells; six of them would be classified as marginal wells.

Looking at the same sort of an analysis of the South Carlsbad-Morrow, which lies to the -- about six, eight miles southeast of the proposed well. Thirty-eight wells reported

there in the Engineering Committee report, 21 of them would appear to be commercial wells, 17 of them marginal wells. I think that the risk factor is reflected in the quality of the well, rather than in a dry hole.

Q Would there be sufficient dry holes drilled in those fields to have the marginal and dry hole classification exceed 50 percent of the total wells.

A Yes, there has been three or four dry holes, actual dry holes, drilled in the South-Carlsbad area that I'm familiar with, and there have been a couple of dry holes on the fringes of the Catclaw field.

Q So, is the --

A (Interrupting) This is a low ratio usually in actual dry holes, because many of the wells will complete as a marginal gas well. But, at the price of this drilling, you need more than a marginal well to pay these wells out.

Q In other words, the basis of your request for 200 percent, part of the basis, in fact, only approximately half of the wells would be considered by you to be commercial wells?

A I think this is a reasonable estimate for the Morrow experience.

Q In your understanding, is the 200 percent formula

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or allocation percentage fairly common in this area?

A Yes, other forced pooling orders I've seen in the area, wells also offsetting producers have obtained 200 percent penalty.

Q Mr. Williams, would you have a recommendation to the Commission as to what should be charged for administrative overhead?

A Yes, our current operating agreements were providing \$1250 per month, drilling overhead, or overhead while drilling, and \$150 per month operating overhead for while producing.

Q In your experience in the area, are these figures higher or lower than all or the average of other operators?

A I think these are a little lower than some of the ones we have been receiving from other operators.

Q In your opinion, would granting of this application tend to prevent waste, protect correlative rights?

A Yes.

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

A They were.

MR. STEVENS: I would like to introduce into evidence, Exhibits 1 through 5, Mr. Examiner.

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

(Whereupon, Exhibits 1 through 5 were  
admitted into evidence.)

MR. STEVENS: I have no further questions on  
direct.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Williams, if I understand your testimony  
correctly, since there is a title dispute on a portion of  
the acreage involved here, the owners cannot agree because  
the owners don't know who they are?

A This is correct, we have a lease from Pecos Irriga-  
tion, and then we have the working-interest owners who are  
agreeable to proceed with the well. There is a possibility  
that Pecos Irrigation's title will not hold, and a portion  
of their lease, we think there is possibly 22 acres that  
maybe in doubt; 22 acres of this may turn out to be un-  
leased at this point. If it is unleased it will revert to  
the Federal government and would have to be sold as a --  
under competitive bidding by the BLM unless they want to  
participate as a working-interest owner. I think that this  
dispute is going to be a long time in being settled. Besides  
the acreage involved in our well, there is considerable

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other acreage in the Carlsbad area that is involved in this question.

MR. STAMETS: Are there any other questions of the Witness? He may be excused.

Is there anything further in this Case? We will take the Case under advisement.

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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  
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. 5364,  
heard by me on 11-13, 1974.  
Richard T. Blum, Examiner  
New Mexico Oil Conservation Commission

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# OIL CONSERVATION COMMISSION

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

November 19, 1974

I. R. TRUJILLO  
CHAIRMAN

LAND COMMISSIONER  
ALEX J. ARMIJO  
MEMBER

STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

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

Re: CASE NO. 5364

ORDER NO. R-4919

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	<u>X</u>
Artesia OCC	<u>X</u>
Aztec OCC	<u>      </u>

Other Inexco, Houston, El Paso Natural Gas, Midland;  
Pecos Irrigation Co. - Carlsbad; U. S. Bureau  
of Reclamation, Amarillo; U.S. Bureau of Reclamation -  
Carlsbad



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. 5364  
Order No. R-4919

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 November 13, 1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 19th day of November, 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 Lots 1, 2, 7, 8, 9, 10, 15, and 16 of Section 4, Township 21 South, Range 26 East, NMPM, Avalon Field, Eddy County, New Mexico.

(3) That the applicant has the right to drill and proposes to drill its Western Reserves Federal Well No. 2 at a standard location for said unit.

(4) That a portion of the acreage to be dedicated to the well is the subject of litigation and that there may be 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 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 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 \$1250.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates) while drilling, and that \$150.00 per month should be fixed as a reasonable charge for supervision while producing. 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 March 1, 1975, 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 Lots 1, 2, 7, 8, 9, 10, 15, and 16 of Section 4, Township 21 South, Range 26 East, NMPM, Avalon Field, Eddy County, New Mexico, are hereby pooled to form a non-standard 297.8 acre gas spacing and proration unit to be dedicated to applicant's Western Reserves Federal Well No. 2 to be drilled at a standard location for said unit.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 1st day of March, 1975, 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 1st day of March, 1975, 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

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Case No. 5364  
Order No. R-4919

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 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 \$1250.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates) while drilling, and that \$150.00 per month is hereby fixed as a reasonable charge for supervision while producing; 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.

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Case No. 5364

Order No. R-4919

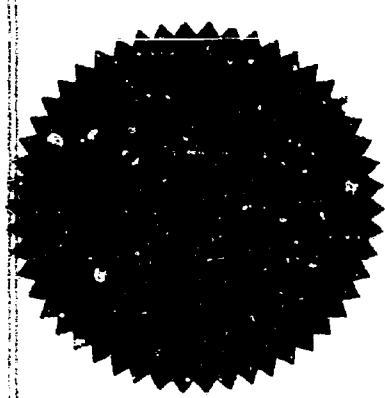
(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(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.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



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

ALEX J. ARMIJO, Member

*A. L. Porter Jr.*  
A. L. PORTER, Jr., Member & Secretary

S E A L

dr/

**UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY**

SUBMIT IN TRIPLICATE\*  
(Other instr. on reverse side)

Form approved.  
Bureau No. 12-51428.

**APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK**

1a. TYPE OF WORK <b>DRILL <input checked="" type="checkbox"/>      DEEPEN <input type="checkbox"/>      PLUG BACK <input type="checkbox"/></b>			5. LEASE DESIGNATION AND SERIAL NO. <b>NM 0514349-A</b>	
b. TYPE OF WELL 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"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME -----	
2. NAME OF OPERATOR <b>Morris R. Antweil</b>			7. UNIT AGREEMENT NAME -----	
3. ADDRESS OF OPERATOR <b>Box 2010, Hobbs, New Mexico 88240</b>			8. FARM OR LEASE NAME <b>Western Reserves Fed.</b>	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface <b>2932' FNL &amp; 1980' FEL Sec. 4-T21S-R26E</b>  At proposed prod. zone			9. WELL NO. <b>2</b>	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* <b>7 miles NW of Carlsbad, New Mexico</b>			10. FIELD AND POOL, OR WILDCAT <b>Avalon-Morrow</b>	
10. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) <b>660'</b>			11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA <b>4-T21S-R26E</b>	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. <b>1320'</b>			12. COUNTY OR PARISH <b>Eddy</b>	
16. NO. OF ACRES IN LEASE <b>120</b>			13. STATE <b>New Mex.</b>	
19. PROPOSED DEPTH <b>11,000'</b>			17. NO. OF ACRES ASSIGNED TO THIS WELL <b>297.8</b>	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) <b>3190' GR</b>			20. ROTARY OR CABLE TOOLS <b>Rotary</b>	
22. APPROX. DATE WORK WILL START*				

**PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
<b>17-1/4"</b>	<b>13-3/8"</b>	<b>48#</b>	<b>360'</b>	<b>300 Sx. to Circ.</b>
<b>12-1/4"</b>	<b>8-5/8"</b>	<b>24 &amp; 28#</b>	<b>2,550'</b>	<b>1000 Sx. to Circ.</b>
<b>7-7/8"</b>	<b>5-1/2"</b>	<b>15.5 &amp; 17#</b>	<b>11,000'</b>	<b>600 Sx. to 9000'</b>

**BOP program- See attached diagram.**

**Mid program- See attached program.**

*11250 per mo. - down / 11500 - operating  
Reg. 700% risk factor  
← Point this will make a  
invest - Q. is Commercial?  
only 50% of Morrow wells have  
have been commercial.*

**BEFORE EXAMINER STAMETS  
OIL CONSERVATION COMMISSION**

APPL. EXHIBIT NO. 1

CASE NO. 536A

Submitted by BPP

Hearing Date 12-13-74

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. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED <u>Rm Williams</u> TITLE <u>Agent</u> DATE <u>25 Sept. 1974</u>	
(This space for Federal or State office use)	
PERMIT NO. _____	APPROVAL DATE _____
APPROVED BY _____	TITLE _____
CONDITIONS OF APPROVAL, IF ANY:	

\*See Instructions On Reverse Side

**EXHIBIT 1**

NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102  
Superseding C-128  
Effective 1-1-65

All distances must be from the outer boundaries of the Section

MORRIS R. ANTWEIL			LEASE WESTERN RESERVES FEDERAL			Well # 2		
J	4	21 SOUTH	26 EAST	EDDY				
2932	feet from the NORTH	Line and	1980	feet from the EAST				
3189.8	Morrow	Pool	Avalon			297.8		Acres

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). **See Reverse Side**
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.) Proration unit to be communitized

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.

North Line of Section 4		CERTIFICATION	
		I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
		<i>R. M. Williams</i>	
		R. M. Williams	
		Agent	
		Morris R. Antweil	
16 October, 1974		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		<i>John W. West</i>	
		676	

**Tabulation of Leases:**

Lot 1 - 28.95-Federal Lease NM 911  
Working Interest-100% El Paso Natural Gas.  
Royalty Interest-1/8 Federal

\* Lot 2 - 14.85 ac., Lot 7 - 30 ac., & Lot 9-10ac., -fee lease.  
Working Interest- 50% Reserve-Antweil Joint Venture  
50% Western Reserve Oil Co.  
Royalty Interest- 1/2-Pecos Irrigation Co.

Lot 2 - 14 ac., Lot 7- 10 ac., Lot 8- 40 ac., & Lot 9-30ac.  
Federal Lease NM 15461  
Working Interest-50% Reserve-Antweil Joint Venture  
50% Western Reserves Oil Co.  
Royalty Interest-1/8 Federal.

Lot 10- 40 ac.-Federal Lease NM 0514349-A  
Working Interest-50% Reserve-Antweil Joint Venture  
50% Western Reserves Oil Co.  
Royalty Interest-1/8 Federal

Lot 15 & 16- 80 ac. - Federal Lease NM 3606  
Working Interest-100% - Inexco Oil Co.  
Royalty Interest-1/8 Federal.

\* This interest is subject to a controversy between the lessor, Pecos Irrigation Company, and the United States of America; any funds payable to the true owner of the lands will be held in suspense until the controversy is settled.



**OIL CONSERVATION COMMISSION**

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

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

October 29, 1974

Morris R. Antweil  
P.O. Box 2010  
Hobbs, New Mexico 88240

Attention: Mr. R. M. Williams

Administrative Order NSP-975

Gentlemen:

Reference is made to your application for a 297.8-acre non-standard gas proration unit consisting of the following acreage in the Avalon Gas Pool:

EDDY COUNTY, NEW MEXICO  
TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM  
Section 4: Lots 1,2,7,8,9,10,15, and 16

It is understood that this unit is to be dedicated to your Western Reserves Federal Well No. 2, located 2932 feet from the North line and 1980 feet from the East line of said Section 4.

By authority granted me under the provisions of Rule 104 D II, you are hereby authorized to operate the above-described acreage as a non-standard gas proration unit.

Very truly yours,

  
A. L. PORTER, Jr.  
Secretary-Director

ALP/JEK/jr

cc: Oil Conservation Commission - Artesia  
Oil & Gas Engineering Committee - Hobbs  
U. S. Geological Survey - Artesia  
Proration Department, OCC - Santa Fe

BEFORE EXAMINER STAMETS	
OIL CONSERVATION COMMISSION	
EXHIBIT NO.	2
CASE NO.	5364
Submitted by	Appl.
Hearing Date	11-13-74
EXHIBIT 2	

EXHIBIT 3

TABULATION OF OWNERSHIP  
Lots 1,2,7,8,9,10,15 & 16 Sec. 4-T21S-R26E

Lot 1 - 28.95 ac

Federal Lease No. NM911 - El Paso Farmout  
50% WI - Reserve-Antweil Joint Venture  
50% WI - Western Reserves Oil Company

\*Lot 2 - 14.85 ac, Lot 7 - 30 ac, & Lot 9 - 10 ac (west of river)

Fee Lease - Pecos Irrigation Company  
50% WI - Reserve-Antweil Joint Venture  
50% WI - Western Reserves Oil Company

Lot 2 - 14 ac, Lot 7 - 10 ac, Lot 8 - 40 ac, & Lot 9 - 30 ac (east of river)

Federal Lease No. NM15461 - Western Reserves Farmout  
50% WI - Reserve-Antweil Joint Venture  
50% WI - Western Reserves Oil Company

Lot 10 - 40 ac

Federal Lease No. NM0514349A - Monsanto-Fasken Farmout  
50% WI - Reserve-Antweil Joint Venture  
50% WI - Western Reserves Oil Company

Lots 15 & 16 - 80 ac

Federal Lease No. NM3606 - Inexco  
100% WI - Inexco Oil Company

\*This interest is subject to a controversy between the lessor, Pecos Irrigation Company, and the United States of America as to the true and correct ownership; any funds payable to the true owner of the lands will be held in suspense until the controversy is settled.

Summary of WI Ownership

<u>Owner</u>	<u>Acres</u>	<u>Percent</u>
Reserve-Antweil Joint Venture	108.9	36.568
Western Reserves Oil Company	108.9	36.568
Inexco Oil Company	80.0	26.864
	297.8	100.000

BEFORE EXAMINER STAMETS	
OIL CONSERVATION COMMISSION	
EXHIBIT NO. <u>3</u>	
CASE NO. <u>5364</u>	
S. No. <u>App 1</u>	
Hearing Date <u>11-13-74</u>	

AFE-DRILL & COMPLETE  
NO. 2 WESTERN RESERVES FEDERAL  
SEC. 4-T21S-R26E

ITEM	TANGIBLE	INTANGIBLE	TOTAL
<u>COST TO DRILL 11,000-FOOT TEST</u>			
Roads, Location & Damages	\$	\$ 5,000	\$ 5,000
Footage Drilling - 11,000' @ \$11.25/ft		123,750	123,750
Day Work - 4 days @ \$2750/day		11,000	11,000
Mud & Water		20,000	20,000
Surface Casing - 360' 13-3/8" @ \$27.50/ft	9,900		9,900
Cement & Service - 13-3/8" Casing		2,100	2,100
Intermediate Casing - 2550' 8-5/8" @ \$16.00/ft	40,800		40,800
Cement & Service - 8-5/8" Casing		7,800	7,800
Drill Stem Test Service - 3 DST's		4,500	4,500
Logging Service		11,000	11,000
Rental Tools-Mud Separator, Degasser, etc.		2,000	2,000
Wellhead & Connections	2,000		2,000
Supervision & Expenses		2,000	2,000
Transportation & Misc. Labor		2,500	2,500
Contingencies		10,650	10,650
<b>COST TO CASING POINT</b>	<b>\$ 52,700</b>	<b>\$202,300</b>	<b>\$255,000</b>
<u>COMPLETION COSTS</u>			
Production Casing - 11,000' 5-1/2" @ \$15.00/ft	\$165,000	\$	\$165,000
Cement & Services - 5-1/2" Casing		5,500	5,500
Day Work - 2 days @ \$2650/day		5,300	5,300
Well Service Unit - 8 days		4,000	4,000
Perforating Service & Permanent Packer		4,200	4,200
Tubing - 10,800' 2-3/8" J-55 @ \$2.75/ft	29,700		29,700
Rental Equipment - BOP, Tanks, etc.		1,500	1,500
Acid Treatment		5,000	5,000
Wellhead & Connections	7,000		7,000
Gas Production Unit	15,000		15,000
Supervision & Expenses		3,000	3,000
Transportation & Misc. Labor		5,000	5,000
Contingencies		4,800	4,800
<b>COMPLETION COSTS</b>	<b>\$216,700</b>	<b>\$ 38,300</b>	<b>\$255,000</b>
<b>TOTAL AFE COSTS</b>	<b>\$269,400</b>	<b>\$240,600</b>	<b>\$510,000</b>

EXHIBIT 4

BEFORE EXAMINER'S STATEMENTS	
OIL COMPANY'S REPRESENTATION	
APPL. EX. 1	APPROVED: 44
CASE NO. 5364	By
Signed: APR 1	Date
Hearing Date: 1-13-74	



- CASE 5362: Application of Continental Oil Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Bell Lake-Narrow Gas Pool, Lea County, New Mexico, to provide for 320-acre spacing rather than 160 acres. In the absence of objection, this pool will be placed on the standard 320-acre spacing for Pennsylvanian gas pools rather than the present 160-acre spacing.
- CASE 5363: Application of Union Oil Company of California for a non-standard oil proration unit and unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the Lovington-Devonian Pool Rules, the formation of a non-standard proration unit comprising the NE/4 SW/4 and NW/4 SE/4 of Section 12, Township 17 South, Range 36 East, Lea County, New Mexico, to be dedicated to applicant's Midway State Unit Well No. 5, proposed to be drilled at an unorthodox location 2310 feet from the South line and 2310 feet from the West line of said Section 12.
- CASE 5364: Application of Morris R. Antweil for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests of Pennsylvanian age or older underlying Lots 1,2,7,8,9,10,15, and 16 of Section 4, Township 21 South, Range 26 East, Undesignated Avalon-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico, to be dedicated to applicant's Western Reserves Federal Well No. 2, 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 the applicant as the operator of the well and a charge for the risk involved in drilling said well.
- CASE 5365: Application of Mesa Petroleum Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in all formations down to and including the Devonian formation underlying the E/2 of Section 34, Township 16 South, Range 37 East, Lea County, New Mexico, or such part thereof as may constitute an approved proration unit for the type of well completed, to be dedicated to a well to be drilled at an unorthodox location for said 320-acre 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 the applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5366: Application of Robert N. Enfield for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Cottonwood Draw Unit Area comprising 3,813.48 acres, more or less, of Federal and fee lands in Township 25 South, Range 27 East, Eddy County, New Mexico.

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

Perm. 5364

8-4919

December 5, 1974

U.S. Geological Survey  
Drawer U  
Artesia, New Mexico 88210

ATTENTION: Mr. Jim Knauf

REFERENCE: Compulsory Pooling Order  
Lots 1,2,7,8,9,10,15 & 16  
Section 4-T21S-R26E  
Eddy County, New Mexico

Gentlemen:

Enclosed is a copy of New Mexico Oil Conservation Commission Order No. R-4919 and a copy of our itemized schedule of estimated well costs, as required by said order.

Yours very truly,

MORRIS R. ANTWEIL

  
R. M. Williams

RMW/jj  
Enclosures

cc: New Mexico Oil Conservation Commission  
ATTN: Mr. William F. Carr  
Box 2088  
Santa Fe, New Mexico 87501

Western Reserves Oil Company  
Box 993  
Midland, Texas 79701

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

December 5, 1974

Bureau of Land Management  
Box 1449  
Santa Fe, New Mexico 87501

ATTENTION: Mr. Raul E. Martinez

REFERENCE: Compulsory Pooling Order  
Lots 1,2,7,8,9,10,15 & 16  
Section 4-T21S-R26E  
Eddy County, New Mexico

Gentlemen:

Enclosed is a copy of New Mexico Oil Conservation Commission Order No. R-4919 and a copy of our itemized schedule of estimated well costs, as required by said order.

Yours very truly,

MORRIS R. ANTWEIL

R. M. Williams

RMW/jj  
Enclosures

cc: New Mexico Oil Conservation Commission  
ATTN: Mr. William F. Carr  
Box 2088  
Santa Fe, New Mexico 87501

Western Reserves Oil Company  
Box 993  
Midland, Texas 79701

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

December 5, 1974

Carlsbad Irrigation District  
303 West Fox Street  
Carlsbad, New Mexico 88220

ATTENTION: Mr. Francis G. Tracey

REFERENCE: Compulsory Pooling Order  
Lots 1,2,7,8,9,10,15 & 16  
Section 4-T21S-R26E  
Eddy County, New Mexico

Gentlemen:

Enclosed is a copy of New Mexico Oil Conservation Commission Order No. R-4919 and a copy of our itemized schedule of estimated well costs, as required by said order.

Yours very truly,

MORRIS R. ANTWEIL

R. M. Williams

RMW/jj  
Enclosures

cc: New Mexico Oil Conservation Commission  
ATTN: Mr. William F. Carr  
Box 2088  
Santa Fe, New Mexico 87501

Western Reserves Oil Company  
Box 993  
Midland, Texas 79701



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

December 5, 1974

Bureau of Reclamation  
Southwest Region  
Herring Plaza - Box H-4377  
Amarillo, Texas 79101

ATTENTION: Mr. J. A. Bradley

REFERENCE: Compulsory Pooling Order  
Lots 1,2,7,8,9,10,15 & 16  
Section 4-T21S-R26E  
Eddy County, New Mexico

Gentlemen:

Enclosed is a copy of New Mexico Oil Conservation Commission Order No. R-4919 and a copy of our itemized schedule of estimated well costs, as required by said order.

Yours very truly,

MORRIS R. ANTWEIL

R. M. Williams

RMW/jj  
Enclosures

cc: New Mexico Oil Conservation Commission  
ATTN: Mr. William F. Carr  
Box 2088  
Santa Fe, New Mexico 87501

Western Reserves Oil Company  
Box 993  
Midland, Texas 79701

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. 5364  
Order No. R-4919

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 November 13, 1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 19th day of November, 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 Lots 1, 2, 7, 8, 9, 10, 15, and 16 of Section 4, Township 21 South, Range 26 East, NMPM, Avalon Field, Eddy County, New Mexico.

(3) That the applicant has the right to drill and proposes to drill its Western Reserves Federal Well No. 2 at a standard location for said unit.

(4) That a portion of the acreage to be dedicated to the well is the subject of litigation and that there may be 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 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 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 \$1250.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates) while drilling, and that \$150.00 per month should be fixed as a reasonable charge for supervision while producing. 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 March 1, 1975, 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 Lots 1, 2, 7, 8, 9, 10, 15, and 16 of Section 4, Township 21 South, Range 26 East, NMPM, Avalon Field, Eddy County, New Mexico, are hereby pooled to form a non-standard 297.8 acre gas spacing and proration unit to be dedicated to applicant's Western Reserves Federal Well No. 2 to be drilled at a standard location for said unit.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 1st day of March, 1975, 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 1st day of March, 1975, 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 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 \$1250.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates) while drilling, and that \$150.00 per month is hereby fixed as a reasonable charge for supervision while producing; 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.

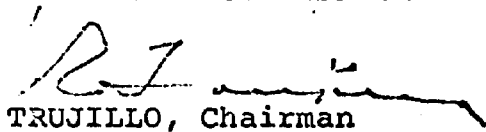
(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(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.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

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

S E A L

dr/

AFE-DRILL & COMPLETE  
NO. 2 WESTERN RESERVES FEDERAL  
SEC. 4-T21S-R26E

ITEM	TANGIBLE	INTANGIBLE	TOTAL
<u>COST TO DRILL 11,000-FOOT TEST</u>			
Roads, Location & Damages	\$	\$ 5,000	\$ 5,000
Footage Drilling - 11,000' @ \$11.25/ft		123,750	123,750
Day Work - 4 days @ \$2750/day		11,000	11,000
Mud & Water		20,000	20,000
Surface Casing - 360' 13-3/8" @ \$27.50/ft	9,900		9,900
Cement & Service - 13-3/8" Casing		2,100	2,100
Intermediate Casing - 2550' 8-5/8" @ \$16.00/ft	40,800		40,800
Cement & Service - 8-5/8" Casing		7,800	7,800
Drill Stem Test Service - 3 DST's		4,500	4,500
Logging Service		11,000	11,000
Rental Tools-Mud Separator, Degasser, etc.		2,000	2,000
Wellhead & Connections	2,000		2,000
Supervision & Expenses		2,000	2,000
Transportation & Misc. Labor		2,500	2,500
Contingencies		10,650	10,650
 COST TO CASING POINT	 \$ 52,700	 \$202,300	 \$255,000
<u>COMPLETION COSTS</u>			
Production Casing - 11,000' 5-1/2" @ \$15.00/ft	\$165,000	\$	\$165,000
Cement & Services - 5-1/2" Casing		5,500	5,500
Day Work - 2 days @ \$2650/day		5,300	5,300
Well Service Unit - 8 days		4,000	4,000
Perforating Service & Permanent Packer		4,200	4,200
Tubing - 10,800' 2-3/8" J-55 @ \$2.75/ft	29,700		29,700
Rental Equipment - BOP, Tanks, etc.		1,500	1,500
Acid Treatment		5,000	5,000
Wellhead & Connections	7,000		7,000
Gas Production Unit	15,000		15,000
Supervision & Expenses		3,000	3,000
Transportation & Misc. Labor		5,000	5,000
Contingencies		4,800	4,800
 COMPLETION COSTS	 \$216,700	 \$ 38,300	 \$255,000
 TOTAL AFE COSTS	 \$269,400	 \$240,600	 \$510,000

APPROVED: \_\_\_\_\_

By \_\_\_\_\_

Date \_\_\_\_\_

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

October 16, 1974

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

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

RE: Request for Force Pooling  
Lots 1,2,7,8,9,10,15 & 16  
Section 4-T21S-R26E  
Eddy County, New Mexico

Gentlemen:

Morris R. Antweil, operator of the majority of the acreage within the designated gas proration unit, respectfully requests a hearing to consider the force pooling of the 297.8 acres, being Lots 1,2,7,8,9,10,15 and 16 of Section 4-T21S-R26E, N.M.P.M., Eddy County, New Mexico, as a designated gas proration unit as to all depths. Application has been made for administrative approval of the nonstandard gas proration and spacing unit comprising the captioned legal subdivisions. Copies of the C-101 and C-102 for the proposed well, the No. 2 Western Reserves Federal, which have been submitted to the Artesia District Office, are enclosed.

The proposed acreage contains a lease from Pecos Irrigation Company, covering 54.85 acres in Lots 2, 7 and 9, the title to which is in dispute between Pecos Irrigation Company and the Carlsbad Irrigation District of the Bureau of Reclamation of the United States Department of the Interior. Our present records, subject to the settlement of the disputed title, indicate the acreage in the proposed unit to be held as follows:

Morris R. Antweil et al	188.85 acres
Inexco Oil Company	80.00
El Paso Natural Gas Company	<u>28.95</u>
	297.80 acres

DOCKET MAILED

Date 11-1-74

*See List*



New Mexico Oil Conservation Commission  
ATTN: Mr. D. S. Nutter, Chief Engineer  
October 16, 1974  
Page 2

Inexco has indicated their intention to join Morris R. Antweil in the drilling of the proposed well, and El Paso has indicated that they will farmout or join with their acreage; but, final approvals have not been received from either.

In view of the title dispute involving a portion of the acreage and the possible non-joinder of Inexco or El Paso, Morris R. Antweil requests that a hearing to consider our force pooling request be docketed at the earliest possible date.

Respectfully,

MORRIS R. ANTWEIL



R. M. Williams

RMW/jj

Enclosures

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY

## APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. NM 0514349-A		
b. TYPE OF WELL 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"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME -----		
2. NAME OF OPERATOR Morris R. Antweil			7. UNIT AGREEMENT NAME -----		
3. ADDRESS OF OPERATOR Box 2010, Hobbs, New Mexico 88240			8. FARM OR LEASE NAME Western Reserves Fed.		
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements*) At surface 2932' FNL & 1980' FEL Sec. 4-T21S-R26E At proposed prod. zone			9. WELL NO. 2		
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 7 miles NW of Carlsbad, New Mexico			10. FIELD AND POOL, OR WILDCAT Avalon-Morrow		
16. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drg. unit line, if any) 660'			11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA 4-T21S-R26E		
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1320'			12. COUNTY OR PARISH 13. STATE Eddy New Mex.		
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3190' GR			17. NO. OF ACRES ASSIGNED TO THIS LEASE 297.8		
23. PROPOSED CASING AND CEMENTING PROGRAM			20. ROTARY OR CABLE TOOLS Rotary		
22. APPROX. DATE WORK WILL START*					

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/4"	13-3/8"	48#	360'	300 SX. TO CIRC.
12-1/4"	8-5/8"	24 & 28#	2,550'	1000 SX. TO CIRC.
7-7/8"	5-1/2"	15.5 & 17#	11,000'	600 SX. TO 9000'

BOP program- See attached diagram.

Mud program- See attached program.

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. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED R. M. Williams TITLE Agent DATE 25 Sept. 1974  
(This space for Federal or State office use)

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_  
CONDITIONS OF APPROVAL, IF ANY:

\*See Instructions On Reverse Side

NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form O-103  
Supersedes C-128  
Effective 1-1-65

All distances must be from the outer boundaries of the Section

MORRIS R. ANTWEIL			Lease WESTERN RESERVES FEDERAL		Well # 2
Section J	Range 4	Meridian 21 SOUTH	Range 26 EAST	County EDDY	
Acreage Location of Well					
2932 feet from the NORTH line and		1980 feet from the EAST line			
Ground Level Elev. 3189.8	Estimated Production Morrow	Pool Avalon	Dedicated Acreage 297.8 Acres		

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty). **See Reverse Side**
- 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.) Proration unit to be communitized

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.

North Line of Section 47			
		Lot 2	Lot 1
		Lot 7	Lot 8
		Lot 10	Lot 9
		Lot 15	Lot 16

**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  
16 October, 1974

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

INEXCO  
Suite 1900  
1100 Milam Building  
Houston, Texas 77002

Attention: Mr. Donald L. Bridges

El Paso Natural Gas  
1800 Wilco Building  
Midland, Texas 79701

Attention: R. D. Janssen

Pecos Irrigation Co.  
Box 1718  
Carlsbad, New Mexico 88220

Attention: Mr. Don McCormick

U. S. Bureau of Reclamation  
Southwest Region  
Herring Plaza  
Box H-4377  
Amarillo, Texas ~~79101~~ 79101

Attention: J. A. Bradley

U. S. Bureau of Reclamation  
Carlsbad Irrigation District  
303 W. Fox St.  
Carlsbad, New Mexico 88220

Attention: Mr. Francis G. Tracey

DOCKET MAILED

Date 11-1-74

DRAFT

dr/ *in*

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. 5364

Order No. R-4919

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

*Bell* *asm* *Wk* *ASP*  
ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 13, 1974  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this        day of November, 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 <sup>in the</sup> ~~the~~ Pennsylvanian  
~~age of older formation~~ formation underlying ~~the~~ Lots 1, 2, 7, 8, 9,  
10, 15, and 16 of Section 4, Township 21 South, Range 26 East,  
NMPM, Undesignated Avalon Field, Eddy ~~Pool, Eddy~~ County, New  
Mexico.

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Case No.  
Order No. R-

(3) That the applicant has the right to drill and proposes to drill its Western Reserves Federal Well No. 2 at a standard

location ~~on~~ <sup>for</sup> said unit.

(4) That a portion of the acreage to be dedicated to the well is the subject of litigation and *See Exhibit*

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 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 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.

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\$1250.00

should be

\$150.00

(11) That ~~\$1536.00~~ per month ~~is hereby fixed~~ as a reasonable charge for supervision (combined fixed rates) while drilling, and that ~~\$1250.00~~ per month should be fixed as a reasonable charge for supervision while producing, ~~provided that the producing supervision charge should be adjusted annually on the first day of April of each year.~~ 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.

~~operating the subject well, not in excess of what are reasonable,~~  
~~attributable to each non-consenting working interest.~~

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

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before March 1, 1975, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

15, and 16

(1) That all mineral interests, whatever they may be, <sup>Lots 1, 2, 7, 8, 9, 10,</sup> in the ~~Upper~~ Pennsylvanian formation underlying ~~the~~ of Section 4, Township 21 South Range 26 East, NMPM, Field, Eddy ~~Gas Pool, Eddy~~ ~~Undesignated Avalon~~ ~~Upper Pennsylvanian~~ County, New Mexico, are hereby pooled to form a <sup>standard</sup> 29.8 acre gas spacing applicant's Western Reserves and proration unit to be dedicated to ~~the well to be drilled~~ Federal Well No. 2 to be drilled at a standard location. for said unit.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 15<sup>th</sup> day of March, 1973, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the ~~Upper~~ Pennsylvanian formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 15<sup>th</sup> day of March, 1973, 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. Angtweil is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and <sup>within</sup> ~~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, 200 per cent 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 <sup>\$1250.00</sup> per month is hereby fixed as a reasonable charge for supervision (combined fixed rates) while drilling, and that ~~\$216.00~~ per month is hereby fixed as a reasonable charge for supervision while producing; ~~provided that this latter rate shall be adjusted on the first day of April of each year following the effective date of this order; that the adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the preceding calendar year as shown by "The Index of Average Weekly Earnings of Crude Petroleum and Gas Production Workers" as published by the United States Department of Labor, Bureau of Labor Statistics, and the adjusted rate shall be the rates currently in use, plus or minus the computed adjustment;~~ 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.

\$150.00

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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 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.

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