

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

EXAMINER HEARING

IN THE MATTER OF:

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

CASES
7739 &
7740

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

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

For the Applicant:

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

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I N D E X

R. M. WILLIAMS

Direct Examination by Mr. Carr

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E X H I B I T S

Applicant Exhibit One, Plat

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Applicant Exhibit Two, AFE

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2 MR. STAMETS: Call next Cases 7739
3 and 7740.

4 MR. PEARCE: Each of those cases
5 is on the application of Morris R. Antweil for compulsory
6 pooling in Lea County, New Mexico.

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

11 We would request that the cases be consoli-
12 dated for purposes of hearing, if they have not been so conso-
13 lidated.

14 MR. STAMETS: The cases are conso-
15 lidated for purposes of hearing.

16 MR. CARR: And I have one witness
17 who needs to be sworn.

18
19 (Witness sworn.)
20

21 R. M. WILLIAMS

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

BY MR. CARR:

Q State your name and place of residence.

A Robert M. Williams, from Hobbs, New Mexico.

Q Have you previously testified before this Commission and your credentials accepted and made a matter of record?

A Yes, I have.

Q And by whom are you employed?

A Employed by Morris R. Antweil.

Q What capacity?

A As an engineer.

Q Are you familiar with the application filed on behalf of Mr. Antweil in each of these cases?

A Yes, I am.

Q Are the familiar with the proposed wells and the subject area?

A Yes, I am.

MR. CARR: Are the witness' qualifications acceptable?

MR. STAMETS: They are.

Q Will you briefly state what Mr. Antweil seeks with these cases?

A Yes. We seek a compulsory pooling order

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pooling all minerals, mineral interests in all formations from the surface down through the Drinkard formation underlying two separate 40-acre proration units, one being the southwest quarter southwest quarter of Section 6, Township 20 South, Range 38 East, and the other being the northwest quarter the northwest quarter of Section 7, Township 20 South, Range 38 East.

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

A Yes, I have.

Q Will you please refer to what has been marked for identification as Antweil Exhibit Number One and explain what this is and what it shows?

A Exhibit One is a land plat in the vicinity of the requested compulsory pooling unit. The proration unit, the two 40-acres units have been colored in yellow. The proposed well on each of those units is designated with a red dot and the other Drinkard producing wells in the vicinity of these leases have been marked with a green circle.

The Drinkard formation will be our primary objective in the drilling of these wells, although there are shallower formations that may offer completion possibilities also.

Q Will you now refer to Exhibit Number Two

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2 and review the information contained thereon?

3 A Before we get to the cost estimate, we might
4 say the interests that we are concerned with here in regards
5 with compulsory pooling is a mineral interest, unleased min-
6 eral interest. It is 1/320th, approximately .3 of a percent
7 mineral interest, that is the same interest in both 40-acre
8 tracts and that interest is owned by a Millie B. Jones. Her
9 address and whereabouts are unknown. That her -- that interest
10 was assigned to her back in the forties from Roy G. Barton.
11 We've checked with him. He had no idea where her whereabouts
12 are at this time. She's not on the tax rolls in Lea County.

13 We have previously compulsory pooled the
14 same mineral interest in Order 7061 and have tried to locate
15 Mrs. Jones to acquire a lease, notify her of these hearings,
16 and have been unsuccessful in any clue as to where she is
17 located.

18 Q Have all other interest owners voluntarily
19 joined in the drilling of the well?

20 A Yes. We, at the time of application, we
21 had two other parties that weren't accounted for at that
22 date, Tenneco Oil Corporation and we have an agreement with
23 them now that they will farm out their interest, and Roy G.
24 Barton had a mineral interest and we have an agreement with --
25 from him to join us in the drilling of this well. So Mrs.

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2 Jones' interest is the only interest that's unaccounted for.

3 Q Mr. Williams, will you now go to Exhibit
4 Two and review the figures on that exhibit?

5 A Exhibit Two is an AFE cost estimate for our
6 No. 1 Moby Well, to be located in the northwest quarter of the
7 northwest quarter, Section 7 of 20, 38. It details the anti-
8 cipated costs to drill and complete the proposed well as a
9 Drinkard producer, a total cost of \$510,000. These costs are
10 in line with our recent drilling and cost experience in this
11 vicinity. We've drilled some twenty wells in this vicinity
12 in the last couple years.

13 Q How do these figures compare to the figures
14 for the well you propose in the southwest of the southwest of
15 Section 6?

16 A Those costs we would -- we would drill this
17 well in Section 7 first and the well in Section 6 would follow
18 it and we would anticipate the costs would be the same.

19 Q Are you prepared to make a recommendation
20 to the Examiner as to the risk penalty that should be assessed
21 against the nonconsenting interest owners who would be pooled
22 in this case?

23 A We would request a risk penalty of 200 per-
24 cent. It is in an area of -- there's considerable production
25 in the vicinity but the risk is really in the porosity devel-

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2 opment that you can encounter in the Drinkard or the Blinebry
3 formations, and these vary greatly from well to well.

4 Our last well in the northeast northeast of
5 Section 12, offsetting these locations, we were pleasantly
6 surprised with very good porosity development, better than
7 we would have expected, but we -- this is further evidence that
8 it changes rapidly from location to location.

9 Q Have you made an estimate of overhead and
10 administrative costs while drilling this well and also while
11 producing each of these wells should they be commercial pro-
12 ducers?

13 A Yes. The drilling and producing overhead
14 that we are currently using with joint operating agreements
15 in this area are \$2500 per month while drilling and \$250 per
16 month for a producing well, and this, these rates are in line
17 with the industry and are acceptable to the other working
18 interest partners, participants in wells in this area.

19 Q Does Mr. Antweil request to be designated
20 operator of the proposed well?

21 A Yes, he does.

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

25 A Yes, it will.

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2 Q Were Exhibits One and Two prepared by you
3 or under your direction?

4 A They were.

5 MR. CARR: At this time, Mr. Stamets,
6 we would offer Antweil Exhibits One and Two.

7 MR. STAMETS: These exhibits will be
8 admitted.

9 MR. CARR: That concludes our direct
10 examination of this witness.

11 MR. STAMETS: Are there any ques-
12 tions of the witness? He may be excused.

13 If there is nothing further, the case will
14 be taken under ~~the~~ the cases will be taken under advisement.

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

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

Sally W. Boyd CSR

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

_____, Examiner
Oil Conservation Division

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