

1 STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
2 OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
3 SANTA FE, NEW MEXICO

4 8 August 1984

5 EXAMINER HEARING

6
7
8 IN THE MATTER OF:

9 Application of Morris R. Antweil CASE
for compulsory pooling, Lea County, 8300
10 New Mexico.

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12
13 BEFORE: Richard L. Stamets, Examiner

14
15 TRANSCRIPT OF HEARING

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17 A P P E A R A N C E S

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20 For the Oil Conservation Division: W. Perry Pearce
Attorney at Law
21 Oil Conservation Commission
State Land Office Bldg.
22 Santa Fe, New Mexico 87501

23 For the Applicant: William F. Carr
Attorney at Law
24 CAMPBELL & BLACK P. A.
P. O. Box 2208
25 Santa Fe, New Mexico 87501

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I N D E X

R. M. WILLIAMS

Direct Examination by Mr. Carr 3

E X H I B I T S

Antweil Exhibit One, Land Plat 5
Antweil Exhibit Two, Tabulation 5
Antweil Exhibit Three, Letters 6
Antweil Exhibit Four, Document 7

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3 MR. STAMETS: We'll call next
4 Case 8300, being application of Morris R. Antweil for com-
5 pulsory pooling, Lea County, New Mexico.

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

10 I have one witness who needs to
11 be sworn.

12 MR. STAMETS: Any other appear-
13 ances in this case?

14 (Witness sworn.)

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

18 DIRECT EXAMINATION

19 BY MR. CARR:

20 Q Will you state your name and place of re-
21 sidence?

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

23 Q By whom are you employed and in what ca-
24 pacity?

25 A Employed by Morris R. Antweil as an en-

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gineer.

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

A Yes, I have.

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

A Yes, I am.

Q Are you familiar with the subject area?

A Yes.

MR. CARR: Are the witness' qualifications acceptable?

MR. STAMETS: They are.

Q Would you briefly state what Mr. Antweil seeks with this case?

A We seek to pool the -- all mineral interests from the surface to the base of the Blinebry formation underlying the northeast quarter of the northwest quarter of Section 7, Township 20 South, Range 38 East, for the drilling of a well at a standard location.

Also, we'd like Morris R. Antweil to be designated as the operator and the risk charges to be established.

Q Mr. Williams, was this acreage pooled for the Drinkard formation at a previous time by this Commission?

A Yes, it was, and we let that order expire

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2 because we weren't quite ready to drill the well at that
3 time.

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

6 A Yes, I have.

7 Q Would you please refer to what has been
8 marked Antweil Exhibit One, and review this for Mr. Stamets?

9 A Exhibit One is a land plat in the vicin-
10 ity of the proposed pooling. The 40-acre proration unit
11 that we're requesting to be compulsory pooled is colored in
12 yellow. Our proposed location is shown with a red dot, the
13 solid red dot, and the other Blinebry producing wells in the
14 vicinity have been circled with a red circle.

15 Q Is the Blinebry the primary objective in
16 this well?

17 A Yes, it is.

18 Q Would you now refer to Exhibit Number Two
19 and review this for Mr. Stamets?

20 A Exhibit Two is a tabulation of the un-
21 leased minerals under this 40 acres.

22 There are three parties. Roy G. Barton
23 has 19/320ths. Mr. Barton has indicated that he will join
24 us in the drilling of this well but we don't have an actual
25 signed agreement to that at this point, but we expect him to
join.

Tenneco Oil Company has a 3/32nds inter-
est and they have indicated that they will lease that inter-

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2 est to us but we have not actually received the lease but we
3 expect we will.

4 And Millie B. Jones, a 1/320th interest
5 and her address is unknown. We've been unable to locate
6 her. This will be the fourth well now, and she was last --
7 last known address was in the Seattle area and we've lost
8 all track of her.

9 Q In your opinion have you made a good
10 faith effort to locate Ms. Jones?

11 A Yes, we've checked the records, state re-
12 cords, the vital statistics records in Washington State to
13 see if she possibly had died.

14 We've checked with the banks in the area.
15 She did have an account at one bank that's been inactive
16 since 1959.

17 Q Could you now identify what's been marked
18 as Antweil Exhibit Number Three?

19 A Exhibit Three is two -- two letters, a
20 letter to Tenneco and a letter to Roy G. Barton, notifying
21 them of this hearing.

22 Q What percentage of the acreage has volun-
23 tarily been committed to this well?

24 A We will expect that everything except
25 Millie Jones' interest will be.

Tenneco has indicated they will farmout
and -- and Barton has indicated he will join, and they have
been three other wells in that immediate vicinity with us,

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so we would expect that it will be only the Millie Jones interest which is 1/320th that we don't have operating rights on.

Q At this time you do request, however, that the pooling order extend both to Barton and Tenneco?

A Since we don't have anything in writing at this point, yes.

Q Would you now refer to Exhibit Number Four and review this for Mr. Stamets?

A Exhibit Four is a detail of our anticipated costs to drill and complete this 6100-foot well.

The total estimated costs of the well is \$420,000.

Q Are these costs in line with what's being charged by other operators for similar wells?

A Yes, they are.

Q Are you prepared to make a recommendation to the Examiner as to the risk penalty that should be assessed against any nonconsenting working interest owner?

A We would request a risk penalty of 200 percent. We feel it is in an area of erratic Blinbry reservoir development and this was the reason for our delay in drilling this location when we had the order approximately a year ago.

Q Have you made an estimate of overhead and administrative costs while drilling this well and also while producing the well if, in fact, it is a successful well?

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2 A Yes, we would request an overhead charge
3 of \$3500 a month during the drilling period and \$350 a month
4 for a producing well.

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

7 A Yes, they are.

8 Q Do you recommend these figures be incor-
9 porated into the order which results from this hearing?

10 A Yes, we would.

11 Q Does Mr. Antweil seek to be designated
12 operator of the proposed well?

13 A He does.

14 Q In your opinion will granting this appli-
15 cation be in the best interest of conservation, the preven-
16 tion of waste, and the protection of correlative rights?

17 A It will.

18 Q Were Exhibits One through four prepared
19 by you?

20 A They were.

21 Q At this -- are they prepared by you?

22 A Or under my direction.

23 Q And are they accurate?

24 A They are.

25 MR. CARR: At this time, Mr.
Stamets, we would offer Antweil Exhibits One through Four.

 MR. STAMETS: The exhibits will
be admitted.

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Any questions of the witness?

He may be excused.

Anything further in this case?

MR. CARR: Nothing further in
this case.

MR. STAMETS: The case will be
taken under advisement.

(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. 8309 heard by me on 8-8 1984.
Richard A. Stewart, Examiner
Oil Conservation Division