

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

6 8 August 1984

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 Application of Morris R. Antweil CASE
10 for compulsory pooling, Lea County, 8301
11 New Mexico.

12
13 BEFORE: Richard L. Stamets, Examiner

14
15 TRANSCRIPT OF HEARING

16
17 A P P E A R A N C E S

18
19
20 For the Oil Conservation Division: W. Perry Pearce
21 Attorney at Law
22 Oil Conservation Commission
State Land Office Bldg.
Santa Fe, New Mexico 87501

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

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

2

I N D E X

R. M. WILLIAMS
Direct Examination by Mr. Carr 3

E X H I B I T S

Antweil Exhibit One, Land Plat 4
Antweil Exhibit Two, Tabulation 5
Antweil Exhibit Three, Letters 5
Antweil Exhibit Four, Document 6

1
2
3 MR. STAMETS: We'll call next
4 Case 8301, application of Morris R. Antweil for compulsory
5 pooling, Lea County, New Mexico.

6 I ask that the record show that
7 Mr. Williams was previously sworn and qualified and remains
8 so in this case.

9 R. M. WILLIAMS,
10 being called as a witness and being previously sworn upon
11 his oath, testified as follows, to-wit:

12 DIRECT EXAMINATION

13 BY MR. CARR:

14 Q Mr. Williams, would you briefly state
15 what Mr. Antweil seeks with this case?

16 A We seek to pool all the mineral interests
17 from the surface to the base of the Abo formation underlying
18 the northwest quarter of the northeast quarter of Section
19 33, Township 19 South, Range 38 East, for the drilling of an
20 Abo test.

21 Also request consideration of the oper-
22 ating costs and the risk penalty and a designation of Morris
23 Antweil as operator.

24 Q Was this acreage the subject of a pre-
25 vious pooling case?

A Yes, it was.

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

Q Was that Case 8059?

A I don't have that number. Is that correct?

Q In that previous pooling case, yes, it is. Why did you not go forward under that order?

A We weren't satisfied with our production testing of the one well we had in the area and we have since run additional tests and have tested the Abo zone, and we're prepared, we feel we're prepared now to go ahead with the drilling.

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

A Yes, I have.

Q Would you please refer to Exhibit Number One and review that for Mr. Stamets?

A Exhibit Number One is a land plat of the -- of the area surrounding the request.

The 40-acre proration unit that we request pooling is colored in yellow.

The proposed location is a solid red dot.

Also on the map, shown with a blue dot, are the wells that produce from the Yeso or the Abo formations in the vicinity of the well.

Q What is the primary objective in the proposed well?

A We will drill it through the Abo. The --

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

as we see it now, the Blinebry is probably the best productive zone but we will drill to evaluate and test the Abo, and it would also be a possibility for Drinkard production.

Q Would you now refer to Antweil Exhibit Number Two and review that, please?

A Exhibit Number Two is a tabulation of the unleased mineral interest that we seek to pool.

It's the Philip Chrisman Estate has a 1/64th mineral interest.

Q What percentage of the acreage has been voluntarily committed to this well?

A Morris Antweil holds the operating rights on the remainder of the 40-acre tract. It would be 63/64ths.

Q Would you now refer to and identify what's been marked as Antweil Exhibit Number Three?

A Exhibit Number Three are two letters. The first, a notification of the Chrisman Estate of this hearing and the second is a letter that we received from Mark Bonner, who is related to the estate, that details the difficulty concerning obtaining any kind of a joinder with this interest.

The personal representative of the Philip Chrisman estate is a Virginia M. Drake and as Mr. Bonner points out here in the letter, she had a massive cerebral hemorrhage in 1983 and is incapable of executing any papers, lease, Division orders, or anything else, and they haven't

1
2 gone through the legal requirements to have someone ap-
3 pointed to actually act in the behalf of this estate as yet.

4 They have royalty under this estate in
5 three of our existing wells and -- no, I'm sorry -- in one
6 of our existing wells and we need to get this cleared up and
7 I'm sure they will, there's some royalty involved, so they
8 can receive those funds.

8 Q Mr. Williams, in your opinion have you
9 made a good faith effort to obtain voluntary joinder of all
10 interests in the proposed well?

11 A Yes. It's just the legal situation. The
12 people involved with the estate would like to lease it and
13 there's no one can legally sign the lease.

14 Q Would you now refer to Antweil Exhibit
15 Number Four and review this?

16 A Exhibit Number Four is the detail of our
17 estimated or anticipated costs to drill and complete an 8000
18 foot test at this location.

19 The total cost is estimated at \$510,000.
20 I notice there's a typographical error there in the location
21 in the heading. It should read Section 33 rather than 23.

22 Q Mr. Williams, are these costs in line
23 with what's being charged by other operators for similar
24 wells?

25 A Yes, they are.

Q Are you prepared to make a recommendation
to Mr. Stamets as to the risk penalty that should be asses-

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

sed against non-joining interest owner?

A Yes. We would request a penalty of 200 percent. It's -- it's in an area of limited known reservoir development in these formations and we consider it a fairly high risk project.

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

A Yes. We would request an overhead charge of \$3500 for a drilling well and \$350 per month for a producing well.

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

A Yes, they are.

Q Do you recommend these figures be incorporated into any order which results from this hearing?

A Yes, we would.

Q Do you -- does Mr. Antweil seek to be designated operator of the proposed well?

A Yes, he does.

Q In your opinion will granting the application be in the best interest of conservation, the prevention of waste, and the protection of correlative rights?

A Yes, it is.

Q Were Exhibits One through Four prepared by you or under your direction and supervision?

A Yes, they were.

1
2 MR. CARR: At this time, Mr.
3 Stamets, we would offer Antweil Exhibits One through Four
4 into evidence.

5 MR. STAMETS: The exhibits will
6 be admitted.

7 MR. CARR: I have no further
8 questions on direct.

9 MR. STAMETS: Any questions of
10 the witness? He may be excused.

11 Anything further in this case?

12 MR. CARR: Nothing further, Mr.
13 Stamets.

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

16
17
18
19
20
21
22
23
24
25
(Hearing concluded.)

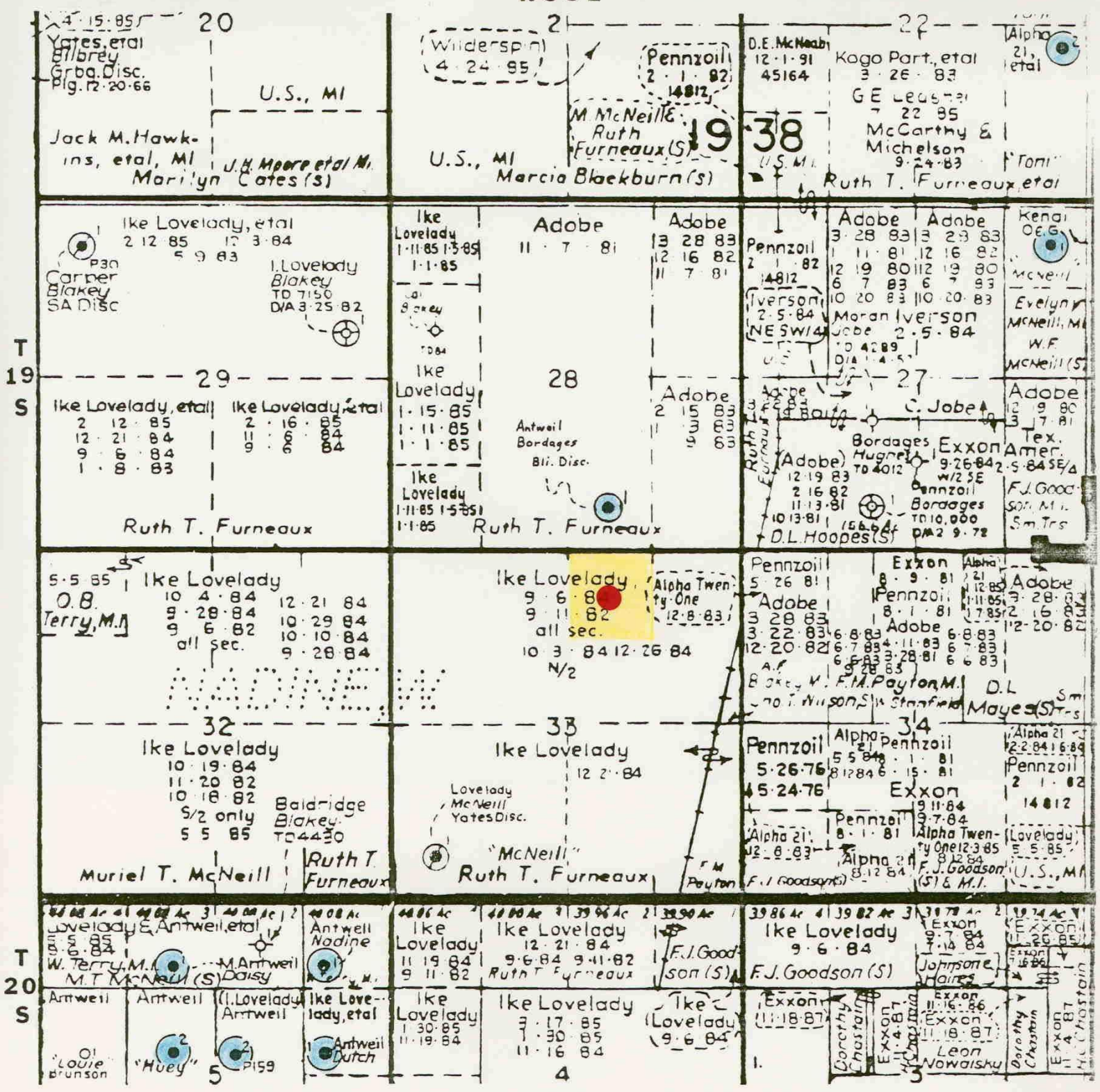
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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 and correct transcript of the proceedings in the case under hearing of Case No. 8301 heard by me on 8/7/84 19 84
Richard D. Horn, Examiner
Oil Conservation Division



LEGEND

-  ----- Proration Unit
-  ----- Proposed Well Location
-  ----- All Yeso-Abo Producing Wells

MORRIS R. ANTWEIL
 Hobbs, New Mexico

LAND PLAT
 BORDAGES PROSPECT
 (Yeso-Abo)
 LEA COUNTY, NEW MEXICO
 MAY 1983 SCALE: 1" = 2000'

BEFORE EXAMINER STAMETS
 OIL CONSERVATION DIVISION
ANTWEIL EXHIBIT NO. 1
 CASE NO. 8301
 Submitted by WILLIAMS
 Hearing Date 8-8-84