

CASE 5930: MORRIS R. ANTWEIL FOR
COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO

Case Number

5930

Application

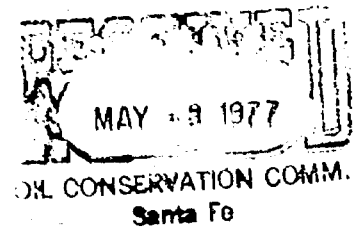
Transcripts

Small Exhibits

ETC.

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF MORRIS R. ANTWEIL FOR COMPULSORY
POOLING OF HIS WELL TO BE DRILLED IN
SECTION 10, TOWNSHIP 22 SOUTH,
RANGE 26 EAST, EDDY COUNTY, NEW MEXICO



A P P L I C A T I O N

COMES NOW Morris R. Antweil, as provided by Section 65-31-4, New Mexico Statutes, 1953, as amended, applies to the Oil Conservation Commission of New Mexico for an order pooling all the mineral interests in and under the E/2 of Section 10, Township 22 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, from the surface to the base of the Morrow formation, and in support thereof Applicant would show:

1. Applicant is the owner of the right to drill and develop part of the following described acreage: E/2 of Section 10, Township 22 South, Range 26 East, N.M.P.M., Eddy County, New Mexico and plans a well to the Morrow formation at a standard location thereon.

2. Applicant has obtained voluntary agreement for pooling from the surface to the base of the Morrow formation from some owners of mineral rights under the subject leasehold but 2.666 acres are presently unleased and 40 acres leased to Superior Oil Company has not yet been pooled.

3. Applicant requests that it be designated operator of the pooled unit requested above.

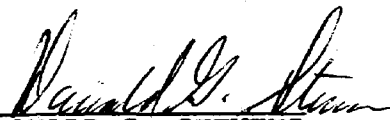
4. For reasons stated in Paragraph 2 above, applicant has been unable to obtain agreement for the pooling of unpooled interests indicated in said Paragraph 2, and in order to avoid the drilling of unnecessary wells to protect correlative rights, and to prevent waste, the Commission should pool all interests in the spacing or proration unit as a unit.

5. The risk and expense of drilling and completing the well is great and if any owners of any other possible interests in the E/2 Section 10 do not choose to pay their share of the cost of drilling and completion, applicant should be allowed a reasonable charge for the supervision and a charge for the risk involved in addition to recovery of the actual cost of drilling and completing the well.

WHEREFORE, Applicant respectfully requests that the Commission set this matter for hearing before the Commission's duly appointed examiner on May 25, 1977, and that after notice and hearing as required by law the Commission enter its order pooling all interests from the surface to the base of the Morrow formation underlying the E/2 of Section 10, Township 22 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, and designating applicant operator of the pooled unit, together with provision for applicant to recover his costs out of production including a risk factor to be determined by the Commission and with provisions for the payment of operating costs and costs of supervision out of production to be allocated among the owners as their interests may be determined and for further orders as may be proper in the premises.

Respectfully submitted,

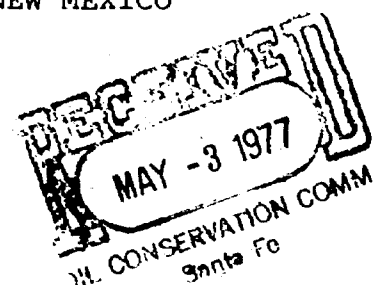
MORRIS R. ANTWEIL

By 
DONALD G. STEVENS
P.O. Box 1797
Santa Fe, New Mexico 87501

ATTORNEY FOR APPLICANT

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF MORRIS R. ANTWEIL FOR COMPULSORY
POOLING OF HIS WELL TO BE DRILLED IN
SECTION 10, TOWNSHIP 22 SOUTH,
RANGE 26 EAST, EDDY COUNTY, NEW MEXICO



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2. Applicant has obtained voluntary agreement for pooling from the surface to the base of the Morrow formation from some owners of mineral rights under the subject leasehold but 2.666 acres are presently unleased and 40 acres leased to Superior Oil Company has not yet been pooled.

3. Applicant requests that it be designated operator of the pooled unit requested above.

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5. The risk and expense of drilling and completing the well is great and if any owners of any other possible interests in the E/2 Section 10 do not choose to pay their share of the cost of drilling and completion, applicant should be allowed a reasonable charge for the supervision and a charge for the risk involved in addition to recovery of the actual cost of drilling and completing the well.

WHEREFORE, Applicant respectfully requests that the Commission set this matter for hearing before the Commission's duly appointed examiner on May 25, 1977, and that after notice and hearing as required by law the Commission enter its order pooling all interests from the surface to the base of the Morrow formation underlying the E/2 of Section 10, Township 22 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, and designating applicant operator of the pooled unit, together with provision for applicant to recover his costs out of production including a risk factor to be determined by the Commission and with provisions for the payment of operating costs and costs of supervision out of production to be allocated among the owners as their interests may be determined and for further orders as may be proper in the premises.

Respectfully submitted,

MORRIS R. ANTWEIL

By


DONALD G. STEVENS

P.O. Box 1797

Santa Fe, New Mexico 87501

ATTORNEY FOR APPLICANT

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. 5930
Order No. R-5458

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 May 25, 1977,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 14th day of June, 1977, 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 Wolfcamp and
Pennsylvanian formations underlying the E/2 of Section 10,
Township 22 South, Range 26 East, NMPM, Eddy County, New
Mexico.
- (3) That the applicant has the right to drill and proposes
to drill a well at a standard location for the E/2 of said
Section 10.
- (4) That there are interest owners in the proposed proration
unit who have not agreed to pool their interests.
- (5) That to avoid the drilling of unnecessary wells, to
protect correlative rights, and to afford to the owner of each
interest in said unit the opportunity to recover or receive
without unnecessary expense his just and fair share of the gas

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Case No. 5930
Order No. R-5458

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 \$1500.00 per month while drilling and \$225.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges 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.

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Case No. 5930
Order No. R-5458

(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 September 15, 1977, 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 Wolfcamp and Pennsylvanian formations underlying the E/2 of Section 10, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location in Unit H of said Section 10.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 15th day of September, 1977, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Wolfcamp and Pennsylvanian formations;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 15th day of September, 1977, Order (1) of this order shall be null and void and of no effect whatsoever; unless said operator obtains a time extension from the Commission for good cause shown.

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

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Case No. 5930
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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 \$1500.00 per month while drilling and \$225.00 per month while producing are hereby fixed as reasonable

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Case No. 5930
Order No. R-5458

charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges 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.

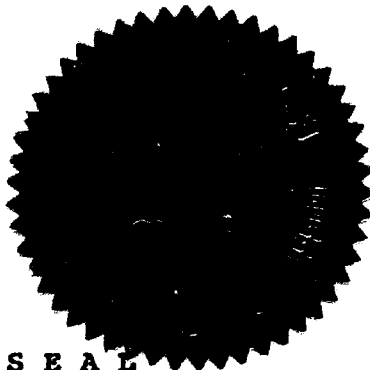
(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(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.



SEAL

dr/

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Phil R. Lucero

PHIL R. LUCERO, Chairman

Emery C. Arnold

EMERY C. ARNOLD, Member

Joe D. Ramey

JOE D. RAMEY, Member & Secretary

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date

MAY 25, 1977

Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
H. H. Keadle	El Paso Natural Gas Co	El Paso
RC Schmidt	El Paso Nat. Gas	El Paso
William L. Carr	H. H. & Oil Co.	Santa Fe
R. M. Williams	Norris R. Antweil	Hobbs.
Bob Mundy	Atty	Roswell
Owen Lopez	Montgomery Law Firm	Santa Fe
KENNETH W. LARSON	SUN OIL CO.	DALLAS
Thomas J. GORDON	SUN OIL CO.	MIDLAND
JAMES T. POWER, JR.	SUN OIL CO.	DALLAS
Paul W. Eaton, Jr.	Hinkle, Cox et al	Roswell
Carl ENGBALL	Union Texas Petrol.	Midland
Jeffrey Fornagari	Noranda	Roswell
J. O. Pichonny	HNG OIL CO.	Santa Fe
Glenn W. Sweet	HNG OIL CO.	Midland, TEX.
George H. Hunkeler	CU Transil, Client.	Midland, TEX.
Ken BATEMAN	Robert Keith Kelly & McElmuth	Roswell, N.M.
Q. L. Lince	Lince & Plessner	Santa Fe, N.M.
Eddie Matfield	Gates Petroleum Corp	Artesia
Scott E. Wilson	Gates Petroleum Corp.	Artesia

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date

MAY 25, 1977

Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
Floyd Thompson	Union Oil Co.	Midland
J.B. Jordan	Union Oil Co.	Midland
John A. Hauler	Union Oil Corp. Calif.	Midland, Tex
J.M. Fullinwider	V-F Petroleum Inc.	Midland, TX
Danny A. Rogers	V-F Petroleum Inc.	Midland, Tex
Terry L. Gray	V-F Petroleum Inc.	Midland, Tex
Q.W. Tramm	Self	Austin TX
Gene Herbert	DIB, Inc.	Midland TX
J.W. Muelony	Foy Boyd & Assoc, INC.	Midland, TX
Dave Tramm	Self	Austin Tex
Gene M. Lampert	Delpert Oil Corp	Dallas, TX
Hugh Hagan	Hagan Petroleum Corp.	Rowell
Jason Kellaher	Kellaher & Son	Santa Fe

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 25, 1977

EXAMINER HEARING

IN THE MATTER OF:

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

CASE
5930

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: Lynn Teschendorf, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

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

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General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

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4	Direct Examination by Mr. Stevens	3
5	Cross Examination by Mr. Stamets	8

EXHIBIT INDEX

	<u>Offered</u>	<u>Admitted</u>
11 Applicant's Exhibit One, Forms C-101, 102	4	8
12 Applicant's Exhibit Two, Tabulation	4	8
13 Applicant's Exhibit Three, Tabulation	5	8
14 Applicant's Exhibit Four, AFE	6	8
15 Applicant's Exhibit Five, Map	6	8

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1 MR. STAMETS: We will call next Case 5930.

2 MS. TESCHENDORF: Case 5930, application of Morris R.
3 Antweil for compulsory pooling, Eddy County, New Mexico.

4 MR. STEVENS: Mr. Examiner, I'm Don Stevens, attorney
5 in Santa Fe, representing the applicant in this case and I have
6 one witness to be sworn.

7 (THEREUPON, the witness was duly sworn.)

8
9 R. M. WILLIAMS

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

12
13 DIRECT EXAMINATION

14 BY MR. STEVENS:

15 Q Would you state your name, your occupation, your
16 residence and your relationship with the applicant in this
17 case, please?

18 A R. M. Williams, Engineer for Morris R. Antweil and I
19 live in Hobbs, New Mexico.

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

22 A Yes, I have.

23 MR. STEVENS: Mr. Examiner, are the witness' quali-
24 fications acceptable?

25 MR. STAMETS: They are.

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1 Q (Mr. Stevens continuing.) Would you briefly state
2 what the applicant seeks in this case, Mr. Williams?

3 A We seek to pool the east half of Section 10, Township
4 22 South, Range 26 East, Eddy County, New Mexico and have Morris
5 R. Antweil designated as the operator and establish the risk
6 factor.

7 Q Referring to what has been marked as Exhibit One
8 would you explain it, please?

9 A Exhibit One consists of three pages, it is the C-101
10 and 102 which has been filed for the No. 1 Mesa Arriba Well to
11 be drilled on the proposed pool unit.

12 Q On the third page of that exhibit do you list the
13 working interest ownership?

14 A Yes, working interest ownership was shown on the back
15 of the C-102. At the time that was filed there was some
16 confusion as to what Inexco held working interest to and that
17 has been clarified and corrected as explained in Exhibit Two.

18 Q Would you describe for the Commission Exhibit Two,
19 please?

20 A Exhibit Two is a tabulation of the acreage situation
21 in the three hundred and twenty acre proposed gas spacing pro-
22 ration unit. Inexco Oil Company has twenty-six point six
23 seven acres and has agreed to join us in the drilling of the
24 proposed well in that forty acres, being the northwest quarter
25 of the northeast quarter. There are thirteen point three three

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1 acres of unleased minerals.

2 The Superior Oil Company has forty acres and has
3 come to an agreement to farm that acreage out to Antweil and
4 Mesa. That agreement hasn't been executed as yet.

5 Antweil and Mesa have a hundred and sixty acres of
6 working interest leases and will join in the drilling of the
7 well.

8 There are eighty acres, the west half of the south-
9 east quarter which is an unissued Federal lease at this time.
10 The lease was drawn on a formal lease drawing, drawn by Mr.
11 William Fisk. We have an agreement with Mr. Fisk to purchase
12 that lease when issued. The Bureau of Land Management indicate
13 that the lease should be issued within approximately two weeks
14 and it will be purchased by Antweil and Mesa and joined in the
15 well.

16 There is a summary of the lease acreage ownership
17 assuming the consummation of the Superior farmout and the
18 purchase of the Federal lease from Mr. Fisk indicates that
19 Mesa-Antweil will have two hundred and eighty acres of the
20 proposed unit, Inexco twenty-six point six seven acres of
21 the thirteen point three three acres unleased minerals.

22 Q Referring to what has been marked as Exhibit Number
23 Three, would you explain it, please?

24 A Exhibit Number Three is a tabulation of the owners
25 of the unleased minerals in the northwest quarter of the north-

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1 east quarter. Mrs. Armstrong, Altha M. Armstrong, and her two
2 sons, Stewart and John, their last known address was out here on
3 DeVargas Street in Santa Fe but the landmen who attempted to
4 lease this are not able to locate these mineral interest
5 owners.

6 Q Referring to what has been marked as Exhibit Number
7 Four would you explain that, please?

8 A Exhibit Four is our AFE cost estimate for the proposed
9 well in the total amount of four hundred and eighty thousand
10 dollars for a completed Morrow Gas producer.

11 Q On the basis of your experience in the area is this
12 a reasonable cost for such a well?

13 A Yes.

14 Q Referring to what has been marked as Exhibit Number
15 Five would you explain it, please?

16 A Exhibit Five is a map of the area surrounding the
17 proposed pool unit. The three hundred and twenty acres that
18 is requested to be pooled is outlined in red. The proposed
19 location is shown by a red dot. Morrow gas producers in the
20 area are shown with blue dots. Dry Morrow tests are shown with
21 the orange dots. I would point out that there have been four
22 dry Morrow tests drilled in the immediate area and the
23 producing wells in the area, particularly the offsetting
24 Morrow producing well, is a limited producing capacity. The
25 well is currently producing approximately four hundred MCF per

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1 day.

2 Q Are you aware of the commercial viability of other
3 wells in the area whether marginal or prolific or some other
4 classification?

5 A Yes, the closest well to the proposed location of
6 the quality that we would hope to get would be down in
7 Section 24 of 22, 26, the Grace Gopogo Well and that the other
8 wells in the area are producing a million MCF a day or less on
9 initial connection to the pipeline.

10 Q Based upon your knowledge of the area and your study
11 of the area, do you have a recommendation to this Commission
12 as to the risk factor which should be allocated to this well?

13 A We request a risk factor of two hundred percent in
14 view of the risk of Morrow gas development in the immediate
15 area.

16 Q To your knowledge has two hundred percent been
17 granted to other wells in the immediate area drilling to the
18 Morrow formation?

19 A Yes, it has.

20 Q Do you have a recommendation to the Commission for
21 an administrative overhead if this application is approved?

22 A Our recent operating agreements have been providing
23 fifteen hundred dollars per month overhead for a drilling well
24 and two hundred and twenty-five dollars per month overhead for
25 a producing well.

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1 Q Based upon your knowledge of other charges in the
2 area is that charge, in your opinion, reasonable?

3 A Yes, this is in line with the industry at this time.

4 Q Does Morris R. Antweil wish to be designated as
5 operator of this well if this application is approved?

6 A Yes, sir.

7 Q Were Exhibits One through Five prepared by you or
8 under your direction?

9 A Yes, they were.

10 MR. STEVENS: Mr. Examiner we would like to offer
11 into evidence Exhibits One through Five.

12 MR. STAMETS: These exhibits will be admitted.

13 (THEREUPON, Applicant's Exhibits One
14 through Five were admitted into evidence.)

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

16
17 CROSS EXAMINATION

18 BY MR. STAMETS:

19 Q Mr. Williams, what type of attempts have been made
20 to reach the Armstrongs?

21 A The landman for Inexco Oil Company when they originaly
22 leased the other acreage in that forty acre quarter-quarter
23 section attempted to locate them and when we proposed to drill
24 the well they made another attempt to locate the Armstrong
25 family. They were able to find out that the one son has

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1 worked for the Federal government and has retired but he is
2 not drawing his pension as yet so I think that if he is at
3 that age there is a possibility that his mother is deceased
4 now and that there would be further probates or clearing of
5 that ownership and in conjunction with that then I inquired of
6 our landman, Don Blackmore, and he said, yes, he knew of
7 the family. He had attempted to locate them one time before
8 concerning some other land in the area and was unable to
9 locate them at that time.

10 Q How long ago was that?

11 A He indicated it was four or five years ago.

12 Q And to your knowledge when was the last attempt
13 by Inexco to contact the Armstrongs?

14 A Within the last two or three weeks they have attempted
15 to locate them.

16 Q Why did Inexco make this attempt and not Antweil?

17 A Since it was in the forty acres that they basically
18 had the other acreage in they asked if they could try to
19 locate those people and fill out their forty acres and we said
20 that would be fine with us and we let them attempt to locate
21 them and we wouldn't try to beat them to the leases. When
22 they were unable to locate them I inquired of our landman of
23 the possibility and he said that he didn't think he could find
24 them.

25 Q Did Inexco furnish you any proof of their attempts

1 to make these contacts?

2 A. No, they didn't. I visited with their landman in
3 Houston, Sam Reeds, and he indicated that they had a contract
4 landman working on it in Carlsbad, ran the records on it in
5 Carlsbad and worked on them there.

6 Q. For purposes of the record I think it would be well
7 to have those attempts verified or certified copies of any
8 letters that they may have sent out and specifically what
9 attempts were made because I believe the statute does indicate
10 that the applicant must have made an attempt to obtain voluntary
11 communitization before the Commission can enter an order for
12 forced pooling in a particular area so if you could furnish
13 that from Inexco to your office I believe that would complete
14 our records in this case.

15 A. We'll get that from Inexco.

16 MR. STAMETS: Okay, any other questions of the
17 witness? He may be excused.

18 (THEREUPON, the witness was excused.)

19 MR. STAMETS: Anything further in this case? We
20 will take the case under advisement.

21

22

23

24

25

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand 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.

Sidney F. Morrish
Sidney F. Morrish, C.S.R.

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5930
heard by me on 5-25, 1977.
Richard L. Latham
New Mexico Oil Conservation Commission Examiner

Morris R. Antweil

OIL OPERATOR

P. O. Box 2010

HOBBS, NEW MEXICO 88240

June 21, 1977

JUL 23 1977

Examiner
Stamets

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

ATTENTION: Mr. J. D. Ramey *BR*

REFERENCE: Case No. 5930
Order No. R-5458

Gentlemen:

The captioned order, issued 14 June, 1977, has pooled the E/2 of Section 10-T22S-R26E, Eddy County, New Mexico, to form a standard 320-acre gas spacing and proration unit to be dedicated to the Antweil No. 1 Mesa Arriba.

Enclosed is a copy of our AFE Cost Estimate for the proposed well as required by provision (3) of said order. The unleased mineral owners effected by said order cannot be furnished a copy of the cost estimate since we have no known address for these persons. Please notify us if anything further is required in this regard.

Respectfully,

MORRIS R. ANTWEIL

R M Williams
R. M. Williams

RMW:crm
Enclosure

AFE COST ESTIMATE
NO. 1 MESA ARRIBA
E/2 SEC. 10-22-26

ITEM	TANGIBLE	INTANGIBLE	TOTAL
<u>COST TO DRILL 11,600-FOOT TEST</u>			
Roads, Location & Damages	\$	\$ 15,000	\$ 15,000
Footage Drilling-11,600' @ \$11.65/ft.		135,140	135,140
Daywork Operations-4 days @ \$2900/day		11,600	11,600
Mud & Water		25,000	25,000
Surface Casing-300' 13-3/8" @ \$15.50/ft.	4,650		4,650
Cement & Service-13-3/8" Casing		2,200	2,200
Intermediate Casing-2700' 9-5/8" @ \$9.50/ft.	25,650		25,650
Cement & Service--9-5/8" Casing		7,500	7,500
Drill Stem Test Service-2 DST's		2,000	2,000
Logging Service		17,100	17,100
Rental Tools & Equipment		4,000	4,000
Wellhead & Connections	3,000		3,000
Supervision & Expense		2,500	2,500
Transportation & Misc. Labor		4,000	4,000
Contingencies		25,660	25,660
COST TO CASING POINT	\$ 33,300	\$ 251,700	\$ 285,000
<u>COMPLETION COSTS</u>			
Production Casing-11,600' 5-1/2" @ \$6.90/ft.	\$ 80,040	\$	\$ 80,040
Cement & Service-5-1/2" Casing		6,000	6,000
Daywork-1 day @ \$2800/day		2,800	2,800
Well Service Unit-10 days		7,000	7,000
Perforating Service		5,000	5,000
Tubing-11,400' 2-3/8" N-80 @ \$2.50/ft.	28,500		28,500
Rental Tools & Equipment		4,000	4,000
Acid Treatment		7,000	7,000
Wellhead & Connections	8,000		8,000
Separator-Treater Unit	20,000		20,000
Supervision & Expenses		3,500	3,500
Transportation & Misc. Labor		5,000	5,000
Contingencies		18,160	18,160
COMPLETION COST	\$136,540	\$ 58,460	\$ 195,000
TOTAL AFE COST	\$169,840	\$ 310,160	\$ 480,000

APPROVAL:

By _____

Date _____

Dockets Nos. 18-77 and 21-77 are tentatively set for hearing on June 8 and June 22, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 25, 1977

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stanets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- CASE 5925: Application of Amoco Production Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the NW/4 of Section 5, Township 31 North, Range 10 West, San Juan County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5926: Application of Amoco Production Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the SE/4 of Section 6, Township 31 North, Range 10 West, San Juan County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5927: Application of Amoco Production Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the NW/4 of Section 4, Township 31 North, Range 10 West, San Juan County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5928: Application of Amoco Production Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the NE/4 of Section 6, Township 31 North, Range 10 West, San Juan County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5929: Application of Dome Petroleum Corporation for assignment of a discovery allowable, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the assignment of approximately 28,020 barrels of oil discovery allowable to its Santa Fe and Pacific Railroad Well No. 20-1 located in Unit G of Section 20, Township 21 North, Range 8 West, San Juan County, New Mexico, being the discovery well for the Snake Eyes-Entrada Pool in said Section 20.
- CASE 5930: 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 in the Wolfcamp and Pennsylvanian formations underlying the E/2 of Section 10, Township 22 South, Range 26 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5931: 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 in the Wolfcamp and Pennsylvanian formations underlying the N/2 of Section 29, Township 18 South, Range 25 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

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

June 3, 1977

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

ATTENTION: Mr. R. L. Stamets

REFERENCE: Case 5930

Gentlemen:

Enclosed are copies of letters from Inexco Oil Company and from their landman, Carl A. Schellinger, regarding their efforts to locate the owners of the unleased minerals, as requested by the examiner in the captioned case.

Inexco refers to the fact that a New Mexico landman had also been unable to locate the Armstrongs when leasing for the Hanagans. We have discussed this with Donald E. Blackmar, the landman involved, and he has verified that he was unable to locate these owners.

I trust that this will prove to be sufficient to your consideration of this matter, and that an Order on the case will be forthcoming.

Respectfully,

MORRIS R. ANTWEIL

R. M. Williams 6/8/77

R. M. Williams

RMW:crm
Enclosure



June 1, 1977

Mr. R. M. Williams
Morris Antweil, Oil Operator
P. O. Box 2010
Hobbs, New Mexico 88240

Re: Proposed Morrow Gas
Unit, E² Section 10,
T22S - R26E, NMPM
Eddy County, N.M.

Dear Mr. Williams:

This morning we received the letter from Mr. Carl Schellinger, our petroleum landman of Roswell, New Mexico, who we employed to again attempt to locate the unleased mineral interest as to an undivided 13.33 net acres under the 40 acre gross acre tract described as the NW $\frac{1}{4}$ NE $\frac{1}{4}$ Section 10, T22S - R26E.

Inexco Oil Company is the owner of an oil and gas leasehold estate covering an undivided $\frac{2}{3}$ interest under the said 40 acre gross tract or 26.67 net mineral acres under lease.

The Inexco files indicate its leases came to it through Hanagan and Hanagan of Roswell, New Mexico. This local New Mexico company had also been unable to locate the owners of the undivided $\frac{1}{3}$ mineral interest under the said 40 gross acre tract.

The Inexco files reflect the unleased mineral ownership, under NW $\frac{1}{4}$ NE $\frac{1}{4}$, Section 10, T22S - R26E, to be as follows:

Alta M. Armstrong	$\frac{1}{2} \times \frac{1}{3}$ or $\frac{1}{6}$
Stuart M. Armstrong	$\frac{1}{4} \times \frac{1}{3}$ or $\frac{1}{12}$
John W. Armstrong	$\frac{1}{4} \times \frac{1}{3}$ or $\frac{1}{12}$

Total	$\frac{1}{3} \times 40$
-------	-------------------------

Our records are based on record checks of the Eddy County, N.M. records by two separate petroleum landmen.

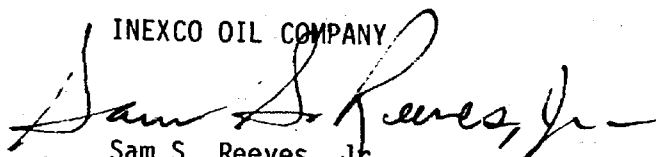
Inexco has agreed to join in the drilling of the proposed E² Section 10 unit well to be operated by your company per AFE for its 26.67 net mineral acre lease interest committed to the unit.

Page 2
June 1, 1977
Mr. R. M. Williams

If you need anything further, please advise me.

Yours very truly,

INEXCO OIL COMPANY


Sam S. Reeves, Jr.
Area Landman

SSRJR/sls

CARL A. SCHELLINGER

BUS. (505) 623-2328

RES. (505) 623-2329

Oil Properties - Licensed Broker

May 27, 1977

Inexco Oil Company
1100 Milam Building - Suite 1900
Houston, Texas 77002

Attn: Mr. Sam S. Reeves Jr.

Re: Mineral Interest - Alta M. Armstrong
Township 22 South, Range 26 East, N.M.P.M.
Section 10: NW $\frac{1}{4}$ NE $\frac{1}{4}$
Containing 40.00 acres, more or less,
Eddy County, New Mexico

Dear Mr. Reeves:

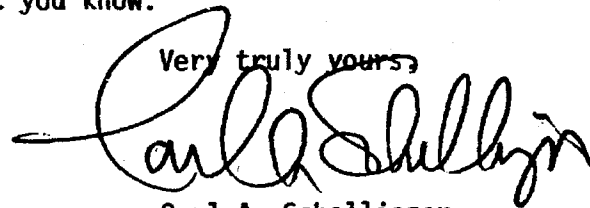
As requested we reviewed the Eddy County records and note that it appears a 1/3 mineral interest is owned by Alta M. Armstrong (1/6), Stuart M. Armstrong (1/12) and John W. Armstrong Jr. (1/12), under the above described land. The interest is unleased.

The last available address (Santa Fe, New Mexico) for the parties is on an instrument dated March 4, 1953. We have investigated the address and have been unable to locate the Armstrongs. We checked the Santa Fe voter registration records, tax rolls, gas company records and the police department with no success.

We were able to find that Alta M. Armstrong is deceased and that Stuart M. Armstrong lived in Washington, D.C. in 1953. We have been unsuccessful in locating him there to date.

Should we have some response to the inquiries that remain outstanding we will let you know.

Very truly yours,



Carl A. Schellinger

CAS:gjh

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SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-101
Revised 1-1-65

5A. Indicate Type of Lease
STATE ☐ FEE ☒

5. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work b. Type of Well OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>		DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>		7. Unit Agreement Name -----	
2. Name of Operator Morris R. Antweil		8. Farm or Lease Name Mesa Arriba		9. Well No. 1	
3. Address of Operator Box 2010, Hobbs, New Mexico 88240		10. Field and Pool, or Wildcat Undesignated			
4. Location of Well UNIT LETTER <u>H</u> LOCATED <u>1980'</u> FEET FROM THE <u>North</u> LINE AND <u>660</u> FEET FROM THE <u>East</u> LINE OF SEC. <u>10</u> TWP. <u>22-S</u> RGE. <u>26-E</u> NMPM		12. County Eddy			
19. Proposed Depth 11,500'		19A. Formation Morrow		20. Rotary or C.T. Rotary	
21. Elevations (Show whether DF, RT, etc.) 3179' GR		21A. Kind & Status Plug. Bond Blanket		21B. Drilling Contractor Moranco	
				22. Approx. Date Work will start 15 June, 1977	

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
17-1/2"	13-3/8"	48#	300'	300 sx.	Circ.
12-1/4"	9-5/8"	36#	2700'	1200 ex.	Circ.
8-3/4"	5-1/2"	17#	11600'	600 sx.	9500'

BOP Program:

- 1 - 10" x 1500 Series double Shaffer BOP
- 1 - 10" x 1500 Series Hydril

Acreage dedicated to proposed well is not committed to a gas sales contract.

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

App1 EXHIBIT NO. 1

CASE NO. 5930

Submitted by App1

Hearing Date 5-25-77

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE AREA OF PROPOSED NEW PRODUCTIVE ZONE, GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

Signed R.M. Williams Title Agent Date 20 May, 1977

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

Case No. 5930
Exhibit 1
3 Pages

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form No. 1
Superseded Edition
Effective 1975

All distances must be from the water hole, unless otherwise specified.

Morris R. Antwell			Mesa Arriba			1		
H	10	22 South	26 East	Eddy				
1980	North		660	East				
3179.2	Morrow		Undesignated			320		

- 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).
 - 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 Force Pooling Hearing-Case No. 5930

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

BEFORE EXAMINER STAMETS OIL CONSERVATION COMMISSION EXHIBIT NO. _____ CASE NO. _____ Submitted by _____ Hearing Date _____	Tract A	Tract B
	Tract C	
	Tract D	Tract E

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. Antwell
Date
20 May, 1977

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.

May 10, 1977

Registered Professional Engineer
and/or Land Surveyor

John W. West

WORKING INTEREST OWNERSHIP

Tract A - NW/4 NE/4

Inexco Oil Company
Unleased Minerals

37.334 Acres
2.666 Acres

Tract B - E/2 NE/4

Alan J. Antweil & Mesa
Petroleum Co.

80.000 Acres

Tract C - SW/4 NE/4

Superior Oil Company
Partout to Antweil & Mesa Pending

40.000 Acres

Tract D - W/2 SE/4

Unissued Federal Lease
Antweil & Mesa have an agreement
with William Fiske, lessee, to
purchase lease when issued.

80.000 Acres

Tract E - E/2 SE/4

Alan J. Antweil &
Mesa Petroleum Co.

80.000 Acres

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION
EXHIBIT NO. _____
CASE NO. _____
Submitted by _____
Hearing Date _____

MORRIS R. ANTWEIL

Case No. 5930
Exhibit 2

Proposed Gas Spacing and Proration Unit
E/2 Section 10-T22S-R26E, Eddy County, New Mexico

<u>NW/4 NE/4</u> -	Inexco Oil Company	26.67 acres
	Unleased Minerals	13.33 acres
<u>SW/4 NE/4</u> -	Superior Oil Company	40.00 acres
	Agreement to Farmout to Antweil and Mesa	
<u>E/2 NE/4</u> -	Alan J. Antweil & Mesa Petroleum Co.	80.00 acres
<u>E/2 SE/4</u> -	Alan J. Antweil & Mesa Petroleum Co.	80.00 acres
<u>W/2 SE/4</u> -	Unissued Federal Lease	80.00 acres
	Antweil & Mesa have an agreement with William Fiske, lessee, to purchase lease when issued.	

agree to join

farm out

joined

agreement to purchase when issued

Summary of Acreage

Antweil & Mesa	280.00 acres
Inexco Oil Company	26.67 acres
Unleased Minerals	<u>13.33</u> acres
	320.00 acres

BEFORE EXAMINER STAMETS	
OIL CONSERVATION COMMISSION	
APP	EXHIBIT NO. <u>2</u>
CASE NO.	<u>5930</u>
Submitted by	<u>APP</u>
Hearing Date	<u>5-25-77</u>

MORRIS R. ANTWEIL

Case No. 5930
Exhibit 3

Unleased Mineral Owners - NW/4 NE/4

Alta M. Armstrong	8.33 acres
Stuart M. Armstrong	2.50 acres
John W. Armstrong, Jr.	<u>2.50</u> acres
	13.33 acres

Last known address for Alta M. Armstrong is: 106 East DeVargas
Santa Fe, New Mexico

Landmen attempting to lease this acreage have been unable to
contact the Armstrongs.

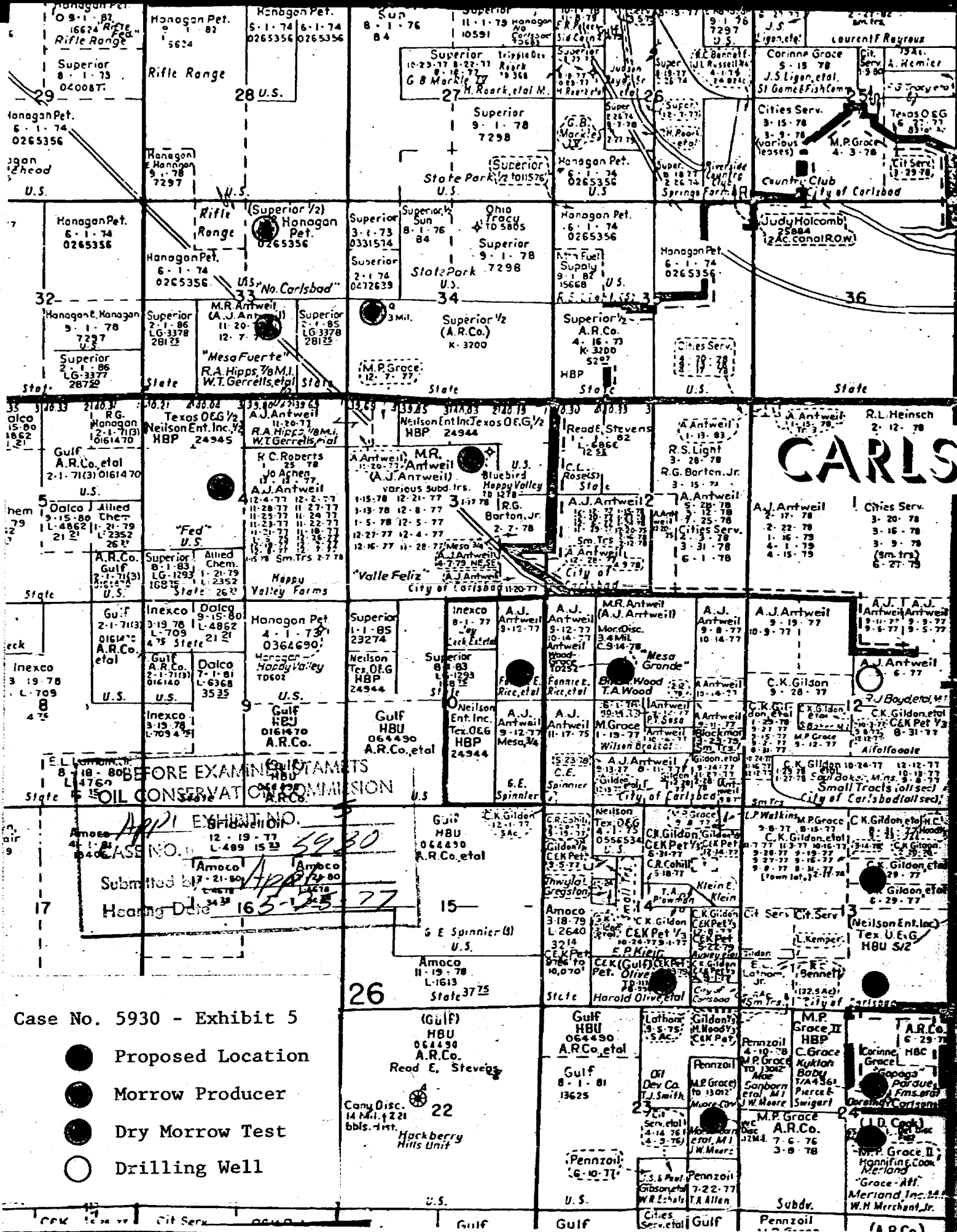
BEFORE EXAMINER STAMETS	
OIL CONSERVATION COMMISSION	
App'l	EXHIBIT NO. <u>3</u>
CASE NO.	<u>5930</u>
Submitted by	<u>App'l</u>
Hearing Date	<u>5-25-77</u>

AFE COST ESTIMATE
NO. 1 MESA ARRIBA
E/2 SEC. 10-22-26

ITEM	TANGIBLE	INTANGIBLE	TOTAL
<u>COST TO DRILL 11,600-FOOT TEST</u>			
Roads, Location & Damages	\$	\$ 15,000	\$ 15,000
Footage Drilling-11,600' @ \$11.65/ft.		135,140	135,140
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Mud & Water		25,000	25,000
Surface Casing-300' 13-3/8" @ \$15.50/ft.	4,650		4,650
Cement & Service-13-3/8" Casing		2,200	2,200
Intermediate Casing-2700' 9-5/8" @ \$9.50/ft.	25,650		25,650
Cement & Service--9-5/8" Casing		7,500	7,500
Drill Stem Test Service-2 DST's		2,000	2,000
Logging Service		17,100	17,100
Rental Tools & Equipment		4,000	4,000
Wellhead & Connections	3,000		3,000
Supervision & Expense		2,500	2,500
Transportation & Misc. Labor		4,000	4,000
Contingencies		25,660	25,660
COST TO CASING POINT	\$ 33,300	\$ 251,700	\$ 285,000
<u>COMPLETION COSTS</u>			
Production Casing-11,600' 5-1/2" @ \$6.90/ft.	\$ 80,040	\$	\$ 80,040
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Well Service Unit-10 days		7,000	7,000
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Rental Tools & Equipment		4,000	4,000
Acid Treatment		7,000	7,000
Wellhead & Connections	8,000		8,000
Separator-Treater Unit	20,000		20,000
Supervision & Expenses		3,500	3,500
Transportation & Misc. Labor		5,000	5,000
Contingencies		18,160	18,160
COMPLETION COST	\$ 166,540	\$ 58,460	\$ 195,000
TOTAL AFE COST	\$ 169,840	\$ 310,160	\$ 480,000

Case No. 5939
Exhibit 4

BEFORE EXAMINER STAMETS	
OIL CONSERVATION COMMISSION	
Appl. EXHIBIT NO. 4	
CASE NO. 5939	
Submitted by Appl.	\$169,840
Hearing Date 5-25-77	



Case No. 5930 - Exhibit 5

- Proposed Location
- Morrow Producer
- Dry Morrow Test
- Drilling Well

DRAFT

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 5930

Order No. R-5458

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 May 25, 1977
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of , 1977, 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 Wolfcamp
and Pennsylvanian formations underlying the E/2
of Section 10, Township 22 South, Range 26 East,
NMPM, , Eddy County, New
Mexico.

Case No.
Order No. R-

(3) That the applicant has the right to drill and proposes to drill a well at a standard location. ~~and is not to be for the E/2~~ of said Section 10.

(4) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(6) That the applicant should be designated the operator of the subject well and unit.

(7) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(8) That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 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.


white drilling and \$225.00 per month
white producing

(11) That \$1500.⁰⁰ per month should be fixed as ~~A~~ reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges 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 September 15, 1977, 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, Pennsylvanian in the Wolfcamp and / formations underlying the E/2 of Section 10, Township 22 South, Range 26 East, NMPM, , Eddy County, New Mexico, are hereby pooled to form a standard 320 - acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location ~~thereon~~ in unit # of said Section 10.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 15th day of September, 1977, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Oriskany and Pennsylvania formations;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 15th day of September, 1977, Order (1) of this order shall be null and void and of no effect whatsoever; unless said operator obtains a time extension from the Commission for good cause shown.

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 \$1500.00 per month ^{*while drilling and \$225.00 per month while producing are*} hereby fixed as a reasonable charge for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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

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

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in 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.