

CASE 5984: MORRIS R. ANTWEIL FOR  
COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO

Case Number

5984

Application

Transcripts.

Small Exhibits

ETC.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
20 July 1977

EXAMINER HEARING

IN THE MATTER OF:

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

CASE  
5984

BEFORE: Richard L. Stamets

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:

William F. Carr, Esq.  
CATRON, CATRON & SAWTELL  
53 Old Santa Fe Trail  
Santa Fe, New Mexico 87501

sid morrish reporting service  
General Court Reporting Service  
825 Calle Meija, No. 122, Santa Fe, New Mexico 87501  
Phone (505) 983-9212

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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

Applicant's Exhibit One, Form C-101 9  
Applicant's Exhibit Two, Document 9  
Applicant's Exhibit Three, Cost Estimate 9  
Applicant's Exhibit Four, Map 9  
Applicant's Exhibit Five, Letter 9  
Applicant's Exhibit Six, Letter 9

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1 MR. STAMETS: Next case, 5984.

2 MS. TESCHENDORF: Case 5984. Application of Morris  
3 R. Antweil for compulsory pooling, Eddy County, New Mexico.

4 MR. CARR: May it please the Examiner, I'm William  
5 F. Carr, Catron, Catron and Sawtell, Santa Fe, appearing for  
6 Morris R. Antweil.

7 I have one witness and six exhibits.

8 MR. STAMETS: Any other appearances in this case?  
9 Will the witness stand and be sworn, please?

10  
11 R. M. WILLIAMS

12 being called as a witness and being duly sworn upon his oath,  
13 testified as follows, to-wit:

14  
15 DIRECT EXAMINATION

16 BY MR. CARR:

17 Q Would you state your name and place of residence?

18 A R. M. Williams, I live in Hobbs, New Mexico.

19 Q Mr. Williams, by whom are you employed and in  
20 what capacity?

21 A Employed by Morris R. Antweil as a petroleum en-  
22 gineer.

23 Q Have you previously testified before this Com-  
24 mission and had your credentials accepted and made a matter  
25 of record?

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1 A. Yes, I have.

2 Q. Are you familiar with the application in this case?

3 A. Yes.

4 MR. CARR: Are the witness' qualifications ac-  
 5 ceptable?

6 MR. STAMETS: They are.

7 Q. (Mr. Carr continuing.) Will you state briefly  
 8 what the applicant seeks in this case?

9 A. The applicant has requested the compulsory pooling  
 10 of the north half of Section 20, Township 18 South, Range 25  
 11 East, in Eddy County, New Mexico; also to be considered, the  
 12 cost of drilling and completing said well and the allocation  
 13 of cost thereof, as well as the actual operating costs and  
 14 charges for supervision; request that Morris R. Antweil be  
 15 designated as the operator and that the charge for the risk  
 16 involved in drilling the well be established.

17 Q. Have you prepared certain exhibits for production  
 18 in this case?

19 A. Yes, I have.

20 Q. Will you please refer to what has been marked as  
 21 Exhibit Number One, and explain to the Examiner what it is  
 22 and what it shows?

23 A. Exhibit Number One is a nearly completed Commission  
 24 Form C-101, gives the pertinent data about the proposed well.  
 25 This is not the actual form that has been filed -- that has

1 been filed because the well has not been staked yet. There  
2 may be some change necessary in the location if some topo-  
3 graphic problem develops, but I think this gives the perti-  
4 nent data as far as the hole size, casing program, cementing  
5 program, proposed depths of the well.

6 Q And it does give a probable location of the well.

7 A Yes.

8 Q Will you refer to what has been marked as Exhibit  
9 Number Two and explain it for the Examiner?

10 A Exhibit Number Two gives a detailed description  
11 of the proposed gas spacing and proration unit for the pro-  
12 posed well, 320 acres, being the north half of Section 20,  
13 Township 18 South, Range 25 East, and gives the working in-  
14 terest ownership within that 320 acres. Antweil holds 120  
15 acres, or 37-1/2 percent; Amoco Production Company holds  
16 100 acres, or 31-1/4 percent; and Yates Petroleum Corporation  
17 holds 100 acres, or 31-1/4 percent. The working interest  
18 ownership has been contacted and we'll exhibit that with sub-  
19 sequent exhibits, and requested to join us in the proposed  
20 well, or to farm out their acreage. We have indications from  
21 both parties of their intention to join with us in drilling  
22 the proposed well.

23 In regard to your acreage position, we have a  
24 drilling commitment that we must fulfill, and we seek the  
25 pooling order so we are in a position to proceed to meet that

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1 drilling obligation regardless of the approval or not of the  
2 other working interest owners within the 320 acres.

3 Q Will you refer to what has been marked as Exhibit  
4 Number Three and explain it to the Examiner?

5 A Exhibit Number Three is our AFE cost estimates on  
6 the proposed well, the Number One La Cama, in the total amount  
7 of Three Hundred and Eighty-five Thousand Dollars. This is  
8 based on our experience of recently drilling two wells in  
9 the immediate area that were drilled for approximately this  
10 price.

11 Q So this figure is in line with the cost of drilling  
12 and completing similar wells in the area?

13 A Yes, sir.

14 Q Refer to Exhibit Four and explain to the Examiner  
15 what it shows.

16 A Exhibit Four is a map of the area, land map; on  
17 the map is designated the proposed proration unit to be  
18 pooled. The proposed location of the proposed well; location  
19 of successful Morrow completions in the immediate area;  
20 location of dry or non-economic marginal wells in the area;  
21 and the location of I guess actually two drilling Morrow  
22 tests that are underway at the present time.

23 Q Have you made any calculations as to the risk you  
24 will be assuming in drilling the well in question?

25 A Yes. Considering the entire area that's depicted



1 on our Exhibit Four, there've been thirty-three Morrow tests  
2 drilled within this area; eight successful wells and twenty-  
3 five dry or non-economic Morrow wells. This is a success  
4 ratio of one out of four.

5 Looking at the immediate location in the north  
6 half of Section 20, there is a successful Morrow well to the  
7 south of the proposed location and a dry Morrow test to the  
8 north of the proposed location. We consider development of  
9 this type location in the Morrow as a high risk type operation.  
10 I think if the other working interest owners would choose not  
11 to join us in drilling at this location, it would signify  
12 that they felt that it was a higher risk prospect than we  
13 actually think it is.

14 Q Do you have a recommendation to make to the Com-  
15 mission as to what risk factor should be set on this parti-  
16 cular well?

17 A We would request a risk factor of 200 percent.

18 Q Do you have a recommendation to the Commission for  
19 overhead and administrative cost for drilling and producing  
20 this well, if it is, in fact, a producing well?

21 A Yes, we would request a drilling overhead of Fif-  
22 teen Hundred Dollars per month and a producing overhead of  
23 Two Hundred and Twenty-five Dollars per month.

24 Q Are these figures in line with what is being  
25 charged by other operators in the area?

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1 A. Yes. These are in line with the -- what's being  
2 charged on our wells in the area and what was approved on the  
3 former forced pooling order on the well immediately south,  
4 or in the south half of Section 20.

5 Q Will you refer to what has been marked as Exhibit  
6 Five and what has been marked Exhibit Six and explain to the  
7 Commission what these are?

8 A. Exhibit Five is a letter to Yates Petroleum and  
9 Amoco Production, they're the working interest owners, fur-  
10 nishing them a copy of the docket of this hearing, and calling  
11 their attention to Case 5984, and requesting again a response  
12 to our letter of June 29th.

13 Exhibit Six is our letter of June 29th, when we  
14 made the proposal to drill a 9000-foot Morrow test in the  
15 north half of Section 20, and requested the other working  
16 interest owners to join us in that proposed drilling or farm  
17 out their acreage to us.

18 Q You have mailed copies of the docket of this  
19 hearing to these other two working interest owners?

20 A. Yes, by our letter of July 12th; Exhibit Five  
21 was our transmittal letter and a copy of the docket was at-  
22 tached to that letter.

23 Q Does Morris R. Antweil request to be designated  
24 operator of this well?

25 A. Yes, sir.

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

A Yes, sir.

Q Do you have anything further to add at this time?

A Nope.

Q Were Exhibits One through Six prepared by you?

A Yes.

MR. CARR: At this time, Mr. Examiner, we offer Morris Antweil Exhibits One through Six.

MR. STAMETS: These exhibits will be admitted.

MR. CARR: I have nothing further on direct.

MR. STAMETS: Any questions of the witness?

He may be excused. Anything further in this case?

The case will be taken under advisement.

(Hearing concluded.)

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REPORTER'S CERTIFICATE

I, Sally Walton Boyd, 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.

Sally Walton Boyd  
Sally Walton Boyd, C. S. R.

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 5984  
heard by me on 7-20-77 10:00  
Richard L. Stewart, Examiner  
New Mexico Oil Conservation Commission

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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. 5984  
Order No. R-5497

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 July 20, 1977,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 9th day of August, 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 N/2 of Section 20,  
Township 18 South, Range 25 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 within the  
North half of said Section 20.

(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

-2-

Case No. 5984  
Order No. R-5497

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 \$1,500.00 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.

-3-

Case No. 5984

Order No. R-5497

(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 November 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 N/2 of Section 20, Township 18 South, Range 25 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.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 15th day of November, 1977, 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 15th day of November, 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.

-5-

Case No. 5984  
Order No. R-5497

(9) That \$1,500.00 per month while drilling and \$225.00 per month while producing are hereby fixed as reasonable 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.



STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member

JOE D. RAMEY, Member & Secretary

S E A

dr/

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## NEW MEXICO OIL CONSERVATION COMMISSION

Form C-101  
Revised 1-1-65

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

1a. Type of Work		7. Unit Agreement Name	
b. Type of Well DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> 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"/>		8. Farm or Lease Name La Cama	
2. Name of Operator MORRIS R. ANTWEIL		9. Well No. 1	
3. Address of Operator P. O. Box 2010 Hobbs, New Mexico 88240		10. Field and Pool, or Wildcat Undesignated	
4. Location of Well UNIT LETTER F LOCATED 1980 FEET FROM THE North LINE AND 1980 FEET FROM THE West LINE OF SEC. 20 TWP. 18-S RGE. 25-E NMPM		12. County Eddy	
19. Proposed Depth 9000'		19A. Formation Morrow	
20. Rotary or C.T. Rotary		21. Elevations (Show whether DF, RT, etc.)	
21A. Kind & Status Plug. Bond Blanket		21B. Drilling Contractor Moranco	
22. Approx. Date Work will start 25 August 1977			

23.

## 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'	325 sx.	Circ.
12-1/4" & 11"	8-5/8"	32#	1200'*	800 sx.	Circ.
7-7/8"	5-1/2"	17#	9000'	450 sx.	6700' **

\* 8-5/8" to be set 100' below last water sand.

\*\* 5-1/2" cementing program will be designed to cover any interval having oil or gas show.

## BOP Program:

1 - 12" x 900 Series double-ran BOP  
1 - 12# x 900 Series Hydril

BEFORE EXAMINER STAMETS  
OIL CONSERVATION COMMISSION

Applicants EXHIBIT NO. 1

CASE NO. 5984

Submitted by Williams

Hearing Date 7/26/77

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

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. 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 \_\_\_\_\_ Title Agent Date \_\_\_\_\_

(This space for State Use)

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

CONDITIONS OF APPROVAL, IF ANY:

Case No. 5984  
Exhibit No. 1

CASE NO. 5984 - EXHIBIT NO. 2

Proposed Gas Spacing and Proration Unit:

320 acres, being N/2 Section 20-T18S-R25E,  
N.M.P.M., Eddy County, New Mexico

WORKING INTEREST OWNERSHIP

Antweil, et al	120 acres	37.50%
Amoco Production Company	100 acres	31.25%
Yates Petroleum Corp.	100 acres	31.25%
	320 acres	100.00%

BEFORE EXAMINER STAMETS  
OIL CONSERVATION COMMISSION

*Applicants* EXHIBIT NO. 2

CASE NO. 5984

Submitted by Williams

Hearing Date 7/20/77

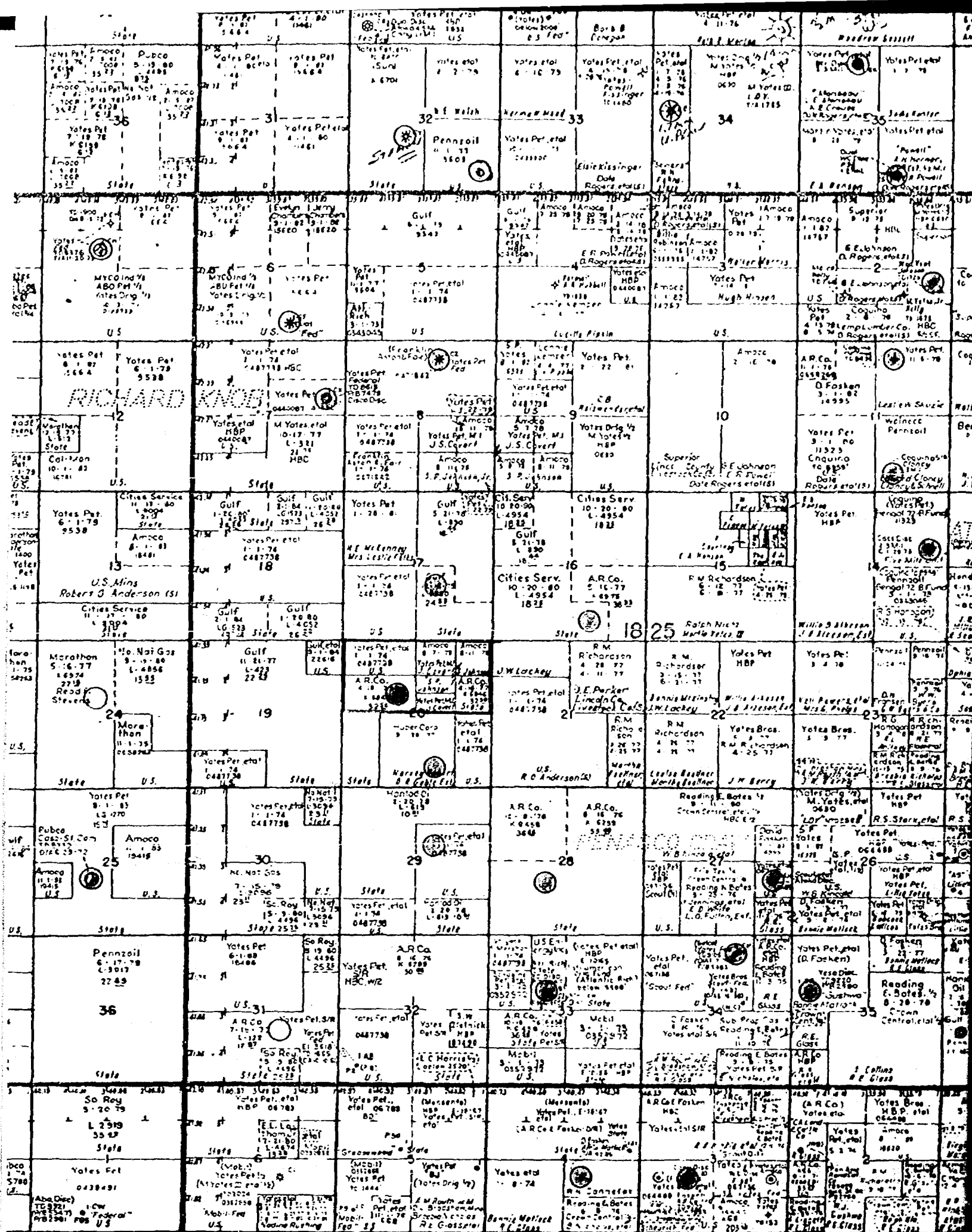
AFE COST ESTIMATE  
NO. 1 LA CAMA  
N/2 Sec. 20-T18S-R25E

Item	Tangible	Intangible	Total
<u>COST TO DRILL 9000-FOOT TEST</u>			
Roads, Location & Damages	\$	\$ 10,000.	\$ 10,000.
Footage Drilling 9000' @ \$12.75/ft.		114,750.	114,750.
Daywork Operations-4 days @ \$2900./day		11,600.	11,600.
Mud & Water		30,000.	30,000.
Surface Casing-300' 13-3/8" @ \$15.50/ft.	4,650.		4,650.
Cement & Service - 13-3/8" Casing		2,300	2,300.
Intermediate Casing - 1200' 8-5/8" @ \$7.00/ft.	8,400.		8,400.
Cement & Service - 8-5/8" Casing		7,500.	7,500.
Drill Stem Test Service - 2 DST's		2,000.	2,000.
Logging Service		15,000.	15,000.
Rental Tools & Equipment		4,000.	4,000.
Wellhead & Connections	2,000.		2,000.
Supervision & Expenses		2,500.	2,500.
Transportation & Misc. Labor		5,000.	5,000.
Contingencies		20,300.	20,300.
 COST TO CASING POINT	 \$ 15,050.	 \$224,950	 \$240,000.
<u>COMPLETION COST</u>			
Production Casing - 9000' 5-1/2" @ \$5.00/ft.	\$ 45,000.	\$	\$ 45,000.
Cement & Service - 5-1/2" Casing		6,500.	6,500.
Daywork - 1 day @ \$2800./day		2,800.	2,800.
Well Service Unit - 10 days		7,000.	7,000.
Perforating Service		4,000.	4,000.
Tubing - 8800' 2-3/8" @ \$1.80/ft.	15,840.		15,840.
Rental Tools & Equipment		5,000.	5,000.
Acid Treatment		8,000.	8,000.
Wellhead & Connections	6,000.		6,000.
Separator - Treator Unit	20,000.		20,000.
Supervision & Expenses		3,500.	3,500.
Transportation & Misc. Labor		5,000.	5,000.
Contingencies		16,360.	16,360.
 COMPLETION COST	 \$ 86,840.	 \$ 58,160.	 \$145,000.
 TOTAL AFE COST BEFORE EXAMINER STAMETS	 \$101,890.	 \$283,110.	 \$385,000.






OIL CONSERVATION COMMISSION

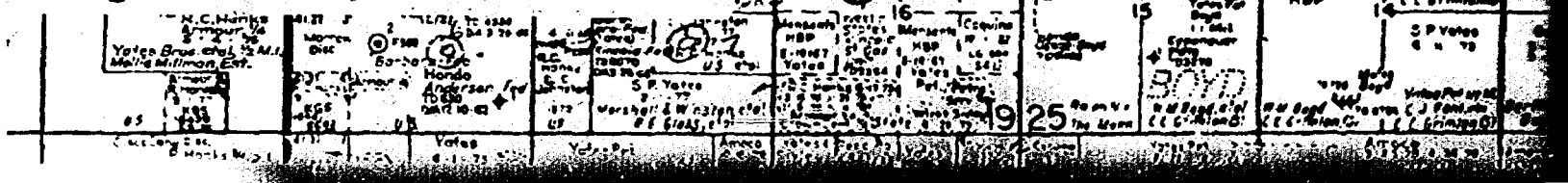
Applicants EXHIBIT NO. 3  
CASE NO. 5984  
Submitted by Williamis  
Hearing Date 7/20/77

CASE NO. 5984  
EXHIBIT NO. 3



CASE NO. 5984 - Exhibit 4

-  Proposed Proration Unit
-  Proposed Well
-  Successful Morrow Completion
-  Dry or Non-economic Morrow Test
-  Drilling Morrow Test



July 12, 1977

Yates Petroleum Corp.  
207 South 4th Street  
Artesia, New Mexico 88210  
ATTN: Jack McCaw

Amoco Production Co.  
Box 3092  
Houston, Texas 77001  
ATTN: Joe Durkee

REFERENCE: Drilling Proposal  
N/2 Section 20-T18S-R25E  
Eddy County, New Mexico

Gentlemen:

Enclosed is a copy of the New Mexico Oil  
Conservation Commission Hearing Docket for  
20 July 1977. Your attention is directed to  
Case No. 5984.

Please refer to our letter of 29 June,  
proposing to drill a 9000-foot Morrow test.  
Your early response to our request that you  
join us in this drilling, or farmout your  
acreage will be appreciated.

Very truly yours,

MORRIS R. ANTWEIL

R. M. Williams

RMW:crm  
Enclosure

cc: Atlantic Richfield Co.  
P. O. Box 1610  
Midland, Texas 79701  
ATTN: Karyn Zimmerman

BEFORE EXPLORATION AND  
OIL CONSERVATION COMMISSION

Applicant DOCKET NO. 5  
CASE NO. 5984

Submitted by Williams  
Hearing Date 7/20/77

June 29, 1977

Yates Petroleum Corp.  
207 South 4th Street  
Artesia, New Mexico 88210  
ATTN: Jack McCaw

Amoco Production Co.  
Box 3092  
Houston, Texas 77001  
ATTN: Joe Durkee

REFERENCE: Drilling Proposal  
N/2 Section 20-T18S-R25E  
Eddy County, New Mexico

Gentlemen:

Morris R. Antweil proposes to drill a 9000-foot Morrow test at a standard location in the N/2 of Section 20-T18S-R25E, Eddy County, New Mexico. We propose to dedicate the N/2 of Section 20 as the 320-acre gas spacing and proration unit for the proposed well. Our records indicate that the acreage in the N/2 of Section 20 is held as follows:

Antweil	120 Acres	37.50%
Amoco	100 Acres	31.25%
Yates	100 Acres	31.25%

You are requested to join us in drilling the proposed well for a share proportionate to your acreage holding, or farmout your acreage for a 1/16 override during payout with the option to convert the override to a 1/2 working interest after payout. We are requesting the New Mexico Oil Conservation Commission to docket a hearing on 20 July, 1977 to consider compulsory pooling the N/2 of Section 20 in the event that all the working interest cannot be joined in the proposed drilling.

We have a drilling commitment to Atlantic Richfield Company in regard to our acreage and plan to meet that obligation by commencing drilling operations on the proposed well in August.

BEFORE EDWARD A. STAMMIS  
OIL CONSERVATION COMMISSION

Applicant's EXHIBIT NO. 6

CASE NO. 5984

Submitted by William

Hearing Date 7/20/77



Yates Petroleum Corp.  
Amoco Production Co.  
June 29, 1977

-2

We will appreciate your prompt response in regard to the participation or farmout of your acreage. The necessary AFE and Operation Agreement or Farmout Agreement will be prepared and forwarded for your approval.

Yours very truly,

MORRIS R. ANTWEIL

R. M. Williams

RMW:crm  
cc: Atlantic Richfield Co.  
P. O. Box 1610  
Midland, Texas 79701  
  
ATTN: Karyn Zimmerman

Dockets Nos. 25-77 and 26-77 are tentatively set for hearing on August 3 and August 17, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 20, 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. Stamets, Examiner, or Daniel S. Mutter, Alternate Examiner:

**ALLOWABLE:** (1) Consideration of the allowable production of gas for August, 1977, from fifteen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.

(2) Consideration of the allowable production of gas for August, 1977, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

**CASE 5982:** Application of Sam H. Snoddy for directional drilling and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling of two 14,000-foot Morrow gas wells in Unit P of Section 25, Township 20 South, Range 32 East, South Salt Lake-Morrow Gas Pool, Lea County, New Mexico, one of which would be vertically drilled to a depth of 4000 feet from a surface location 660 feet from the South line and 760 feet from the East line of said Section 25, then directionally drilled in a North-Northwesterly direction and bottomed in the approximate center of the NE/4 of said Section 25, the N/2 of the section being dedicated to the well; the other well would be vertically drilled to a depth of 4000 feet from a surface location 760 feet from the South line and 660 feet from the East line of said Section 25, then directionally drilled in a West-Northwesterly direction and bottomed in the approximate center of the SW/4 of said Section 25, which would be a 160-acre non-standard unit for said well.

**CASE 5983:** Application of Yates Petroleum Corporation for the amendment of Order No. R-5445, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5445 to provide for a 200 percent risk factor for drilling the unit well rather than 20 percent. Said order pooled the N/2 of Section 19, Township 20 South, Range 25 East, Eddy County, New Mexico.

**CASE 5984:** 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 and underlying the N/2 of Section 20, 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.

**CASE 5985:** Application of Orla Petco, Inc., for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its B. K. Morrison Well No. 1 to be located 1980 feet from the South line and 660 feet from the West line of Section 5, Township 19 South, Range 26 East, Eddy County, New Mexico, the S/2 of said Section 5 to be dedicated to the well.

**CASE 5986:** Application of J. Gregory Merrion for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Devils Fork-Gallup and Mesaverde production in the wellbore of his Edna Well No. 2 located in Unit O of Section 7, Township 24 North, Range 6 West, Rio Arriba County, New Mexico.

**CASE 5987:** Application of Getty Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gallup, Mesaverde, and Dakota production in the wellbore of its C. W. Roberts Well No. 5, located in Unit F of Section 17, Township 25 North, Range 3 West, Rio Arriba County, New Mexico. Applicant also seeks approval for the reopening of its C. W. Roberts Wells Nos. 3 and 4 and its Lydia Rentz Well No. 4 to commingle Dakota, Mesaverde, and possibly Gallup production within the wellbores of the above-described wells located in Units O, M, and A of Sections 18, 17, and 19, respectively, of the same township.

**CASE 5988:** Application of Continental Oil Company for three unorthodox locations, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 2-A of the Blanco-Mesaverde Gas Pool Rules, to permit the drilling of its AXI Apache "N" Wells Nos. 12 and 14 in the NW/4 of Sections 11 and 1, respectively, and its AXI Apache "O" Well No. 10 in the SE/4 of Section 3, all in Township 25 North, Range 4 West, Rio Arriba County, New Mexico. Each of said wells is the first Mesaverde well on its proration unit.

CATRON, CATRON & SAWTELL

THOMAS D. CATRON, 1810-1921  
FLETCHER A. CATRON, 1830-1903

THOMAS D. CATRON, III  
JOHN S. CATRON  
WILLIAM A. SAWTELL, JR.  
FLETCHER R. CATRON

WILLIAM F. CARR  
W. ANTHONY SAWTELL

ATTORNEYS AND COUNSELORS AT LAW

THE PLAZA

SANTA FE, NEW MEXICO 87501

POST OFFICE BOX 788

TELEPHONE 982-1047  
AREA CODE 505

June 29, 1977

Oil Conservation Commission  
State of New Mexico  
Post Office Box 2088  
Santa Fe, New Mexico 87501

Attention: Mr. Joe D. Ramey, State Petroleum Engineer

Dear Mr. Ramey:

Enclosed herewith, in triplicate, is the application of Morris R. Antweil for compulsory pooling, Eddy County, New Mexico. Morris R. Antweil requests that this matter be set for the Examiner's Hearing to be held on July 20, 1977.

Very truly yours,

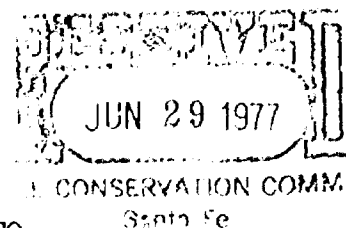
*William F. Carr*

William F. Carr

WFC:eas

Enclosures

cc: Mr. Bob Williams  
c/o Morris R. Antweil  
814 West Marland  
Hobbs, New Mexico 88240



BEFORE THE  
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICA-  
TION OF MORRIS R. ANTWEIL  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

CASE 5984

APPLICATION

Comes now Morris R. Antweil, by his undersigned attorneys and, as provided by Section 65-3-14, New Mexico Statutes Annotated, 1953 Com-  
pilation, as amended, hereby makes application for an order pooling all  
of the mineral interests in and under the N/2 of Section 20, Township 18  
South, Range 25 East, N.M.P.M., Eddy County, New Mexico, and in support  
thereof would show the Commission:

1. Applicant is the owner of 37.5% of the working interest in and  
under the N/2 of said Section 20, and applicant has the right to drill  
thereon.

2. Applicant proposes to dedicate the above-referred to pooled  
unit to a well to be drilled at an orthodox location within the boundary  
of said pooled unit.

3. Applicant has sought and been unable to obtain either volun-  
tary agreement for pooling or farm-out from the following operators:

Amoco Production Co., 31.25% working interest

Yates Petroleum Corporation, 31.25% working interest.

4. Said pooling of interests and well completion will avoid the  
drilling of unnecessary wells, will protect correlative rights and  
prevent waste.

5. In order to permit applicant to obtain its just and fair share  
of the oil and gas underlying the subject lands, the mineral interests

should be pooled, and applicant should be designated as the operator of the well to be drilled.

WHEREFORE, applicant prays that this application be set for hearing before the Commission or the Commission's duly appointed examiner, and that after notice and hearing as required by law the Commission enter its order pooling the lands, together with the provision for applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling, and after completion, including overhead charges, and a risk factor for the risk assumed by applicant in drilling, completing and equipping the well, and such other and further provisions as may be proper in the premises.

Respectfully submitted,  
CATRON, CATRON & SAWTELL

By William F. Carr  
William F. Carr  
Post Office Box 788  
Santa Fe, New Mexico 87501  
Attorneys for Applicant

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. 5984

Order No. R-5497

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 July 20, 1977  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this        day of July, 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 N/2  
of Section 20, Township 18 South, Range 25 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 within the North half of said Section 20.

(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.

-3-  
Case No.  
Order No. R-

~~\$1500~~ while drilling and ~~\$225.00~~ per month while producing

(11) That \_\_\_\_\_ per month should be fixed as a reasonable charge for supervision (combined fixed rates); 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 November 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 N/2 of Section 20, Township 18 South, Range 25 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.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 15th day of November, 1977, 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 15th day of November, 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

-5-  
Case No.  
Order No. R-

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. \$1,500.00 per month while drilling and \$225.00 per month while producing are

(9) That per month is hereby fixed as reasonable 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.

-5-

Case No.

Order No. R-

(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.