

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7401
Order No. R-6858

APPLICATION OF MORRIS R. ANTWEIL
FOR AN UNORTHODOX OIL WELL
LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 4, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 18th day of December, 1981, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Morris R. Antweil, seeks authority to drill a Grayburg-San Andres oil well at an unorthodox location 2410 feet from the North line and 330 feet from the West line of Section 21, Township 18 South, Range 38 East, NMPM, Hobbs Pool, Lea County, New Mexico, and to dedicate thereto in the Hobbs Pool the SW/4 NW/4 of said Section 21.

(3) That the SW/4 NW/4 of said Section 21 is offset to the west, southwest, and south by lands within the North Hobbs Grayburg-San Andres Unit Area operated by Shell Oil Company, and upon which secondary recovery operations are being conducted.

(4) That Shell Oil Company appeared at the hearing and objected to the proposed unorthodox location inasmuch as it is planned to place the well directly offsetting the proposed unorthodox location to the west on water injection, and approval of the subject application without penalty, according to Shell, would cause oil to migrate off the North Hobbs Grayburg-San Andres Unit Area onto Antweil's property for production at the proposed unorthodox location, thereby impairing the Unit Owners' correlative rights.

(5) That the proposed location is 100 feet south of a well drilled at a point 2310 feet from the North line and 330 feet from the West line of Section 21 by the applicant in 1952, said well having been plugged and abandoned as a dry hole after having recovered only oil-cut mud, water-cut mud, and oil and gas-cut mud on four separate drill stem tests in the Grayburg and San Andres formations, and swabbing dry or swabbing sulphur water only from three attempted completion intervals, one each in the Grayburg formation, Upper San Andres formation, and Lower San Andres formation.

(6) That the structural dip in the general area in question is to the Northeast, and it is reasonable to assume that those lands in the SW/4 NW/4 of Section 21 lying North and East of the aforesaid dry hole are not productive in the Grayburg or San Andres formation.

(7) That assuming that the productive limits of the Grayburg and San Andres formations, going Northeast from the main body of the pool, reach to but do not extend beyond the surface location of the aforesaid dry hole, then there are approximately 5.8 acres of productive formation in the SW/4 NW/4 of Section 21 belonging to applicant.

(8) That the unorthodox location requested by the applicant should be approved in order to permit him to produce his share of the oil and gas in the Hobbs Pool, thereby preventing waste, but the production from said well should be curtailed in order to protect the correlative rights of the owners of offsetting property.

(9) That the applicant has proposed a formula for determining the penalty which should be assessed against his proposed well, said formula being a combination of percentage impingement factors on offsetting properties on a footage basis on a north/south axis and on an east/west axis compared to a standard location, as well as a percentage impingement factor on offsetting properties on an acreage-drainage-beyond-lease-line basis compared to a standard location, and which in the case at hand would yield an allowable penalty factor of 12.1 percent and an allowable of 87.9 percent of top allowable for the Hobbs Pool.

(10) That the aforesaid formula has been utilized by the Division on previous occasions and has been found to be fair and equitable in certain cases involving unorthodox locations, but does not take into account the non-productive acreage which may be included in the proration unit dedicated to a well drilled at an unorthodox location.

(11) That in the instant case where only 5.8 acres of productive lands may be attributed to the well, the aforesaid formula yielding 87.9 percent of top allowable for the pool imposes an insufficient penalty on the proposed location and does not protect correlative rights, and should not be used.

(12) That in the absence of any other formula yielding a more equitable penalty, a straight productive acreage ratio should be applied in this case and the allowable factor for a well drilled at the proposed location should be $(5.8 \div 40) \times 100$, or 14.5 percent.

(13) That any such well drilled at said location should be permitted to produce 14.5 percent of its productivity or 14.5 percent of the top unit allowable for the Hobbs Pool, whichever is less, provided however, that a reasonable minimum allowable should be provided in order to avoid premature abandonment and prevent waste.

(14) That ten barrels per day is a reasonable minimum allowable and should be established for a well drilled at the subject unorthodox location.

(15) That approval of the application in accordance with the above Findings is in the interest of conservation, will prevent waste, and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Morris R. Antweil, is hereby authorized to drill a well to test the Grayburg and San Andres formations at an unorthodox location 2410 feet from the North line and 330 feet from the East line of Section 21, Township 18 South, Range 38 East, NMPM, Hobbs Pool, Lea County, New Mexico.

(2) That said well, if completed as a producer from the Hobbs Pool, shall have an allowable factor of 14.5 percent of its productivity or 14.5 percent of top unit allowable for the Hobbs Pool, whichever is less, provided however, that said allowable factor shall not be imposed if it results in an allowable of less than ten barrels per day.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

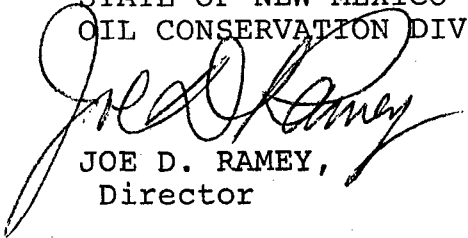
-4-

Case No. 7401

Order No. R-6858

DONE at Santa Fe, New Mexico, on the day and year
hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY,
Director

S E A L

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

September 8, 1981

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501
ATTN: Mr. R. L. Stamets

RE: Application for NSL
SW/4 NW/4
Section 21-T18S-R38E
Lea County

Gentlemen:

We appreciate your letter of 4 September 1981 regarding Shell's objection to the captioned application.

We will contact Shell and attempt to obtain their agreement to our location by meeting some of the restrictions which they suggested.

We would appreciate your holding our application while we are negotiating with Shell. We will advise you of the final results of our discussions with Shell.

Respectfully,

MORRIS R. ANTWEIL



R. M. Williams

RMW:pb



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

September 4, 1981

BRUCE KING
GOVERNOR

LARRY KEHOE
SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. Morris R. Antweil
P. O. Box 2010
Hobbs, New Mexico 88240

Attention: Mr. R. M. Williams

Re: Application for NSL, SW/4 NW/4
of Sec. 21, T-18-S, R-38-E,
Hobbs Pool, Lea County,
New Mexico

*No Order
written
3/17/81*

Gentlemen:

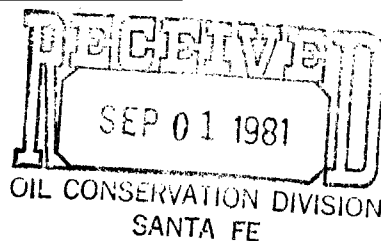
By letter of August 28, 1981, the offset operator, Shell Oil Company, filed an objection to the proposed unorthodox location.

Shell's objection was tempered with some suggested restrictions which, if imposed, could make the location agreeable to them. If Antweil and Shell could reach a mutually acceptable agreement on any such restrictions, the location could be approved administratively. If such agreement is not reached, this matter would have to be set for hearing.

Sincerely,

R. L. STAMETS
Technical Support Chief

RLS/dr



Shell Oil Company



P.O. Box 991
Houston, Texas 77001

August 28, 1981

CERTIFIED
RETURN RECEIPT REQUESTED

New Mexico Oil Conservation Division
ATTN Mr. Joe D. Ramey
P. O. Box 2088
Santa Fe, NM 87501

Objection

Morris Antweil's Application
For Administrative Approval of
Unorthodox Location
SW/4 NW/4 Section 21-T18S-R38E
Hobbs Field
Lea County, New Mexico

Gentlemen:


Shell Oil Company, as Operator of the North Hobbs (G/SA) Unit, objects to the subject requested unorthodox location. Our objection is based upon the fact that the application places no restriction on the bottom-hole location. The well directly offsets our Unit and normally-allowed drilling tolerance from a well only 230' away has definite potential for creating inequitable drainage.

Our objection will be waived if specific provision is made to protect these correlative rights. Acceptable possibilities include:

- reducing the generally-allowed deviation angle to insure the bottom-hole location would be no closer to our Unit than that permitted from an orthodox location.
- designating a bottom-hole target area.
- encouraging the operator to drill the new well closer to the P&A well. If that well has been properly plugged and the new well is properly cased and cemented, the risk of interference would be small even at very close spacing.
- establishing a reduced allowable, depending on results, to account for the edge location drainage area.

We are not opposed to the proposed well being drilled, fully recognizing the problems of surface locations at Hobbs, but rather want to maintain the intent of established well-spacing regulations.

Yours very truly,



W. W. Dover
Division Production Manager
Mid-Continent Division

AF0:jb

cc: Morris R. Antweil
P. O. Box 2010
Hobbs, NM 88240

Working Interest Owners
North Hobbs (G/SA) Unit

(no name)
a well to be
drilled

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

NSL-1413
Rule 104
9-6-81

August 14, 1981

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501
ATTN: Mr. Joe D. Ramey

RE: Application for Administrative
Approval of Unorthodox Location
SW/4 NW/4 Section 21-T18S-R38E
Lea County, New Mexico

Gentlemen:

Morris R. Antweil requests administrative approval of an unorthodox location be granted based on topographical conditions in the SW/4 NW/4 Section 21-T18S-R38E for the drilling of a 4200-foot Hobbs (Grayburg-San Andres) Field well.

Approval of a location 2410' FNL & 330' FWL of Section 21-T18S-R38E is requested to avoid the College Park Industrial Subdivision. The enclosed College Park Industrial Subdivision plat shows: (1) the location of the platted and approved units of the College Park Industrial Subdivision to the City of Hobbs, (2) the location of Commerce Street, (3) the location of Morris R. Antweil No. 1 Morris, a P & A well located 2310' FNL & 330' FWL of Section 21-T18S-R38E, and (4) the location of the proposed well 2410' FNL & 330' FWL of Section 21-T18S-R38E. We are proposing to drill a new well in an attempt to develop this 40-acre proration and spacing unit and recommend that the new location be at least 100 feet from the old well bore to avoid any possible interference. The proposed location, 100 feet south of the P & A well, appears to be the only feasible location available that will avoid the platted subdivision and Commerce Street. Enclosed is a letter from Lawrence H. Johnson, attorney for Ten, Inc., the owner and developer of the College Park Industrial Subdivision, endorsing our proposed location.

Enclosed is a land map which shows the proposed location, the location of other wells in the vicinity and

New Mexico Oil Conservation Division
August 14, 1981
Page 2

the boundary of the North Hobbs Unit. All of the offsetting wells are in the North Hobbs Unit which is operated by Shell Oil Company. Shell Oil Company, as Unit Operator, has been notified of this application by certified mail on this date.

Your favorable consideration of our application for administrative approval of an unorthodox location will be appreciated.

Respectfully,

MORRIS R. ANTWEIL

A handwritten signature in cursive script, appearing to read "R M Williams", with a long horizontal flourish extending to the right.

R. M. Williams

/pb

Enclosures

cc: New Mexico Oil Conservation Division
Hobbs District Office

ROSE AND JOHNSON
ATTORNEYS AT LAW

U. M. ROSE (1912-1978)
LAWRENCE H. JOHNSON

August 12, 1981

308 WEST TAYLOR STREET
POST OFFICE BOX 159
HOBBS, NEW MEXICO 88240
[505] 393-7702

Mr. Alan J. Antweil
P. O. Box 2010
Hobbs, New Mexico 88240

Dear Alan:

I

This letter is to advise you that Ten, Inc., developer of College Park Industrial Subdivision endorses your proposal to drill your well in the SW/4 NW/4 of Section 21, Township 18 South, Range 38 East, N.M.P.M., at a location at least 100 feet South of the existing well. The existing well is located 2310' feet from the North line and 330 feet from the West line of Section 21. It was plugged and abandoned in 1952.

II

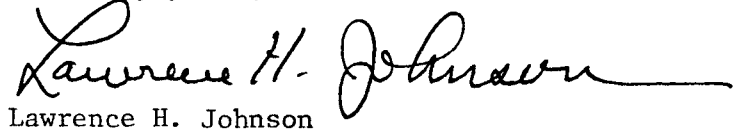
We very much favor your proposed location.

If you were to drill the well 100 feet North of the existing well the location would be in the right of way of our proposed extension of Commerce Street.

A location 100 feet East of the existing well would be too close to another road which has been proposed in the development of College Park Industrial Subdivision.

For the above reasons the proposed location of 100 feet South of the existing well is the best location as far as Ten, Inc., is concerned.

Sincerely yours,


Lawrence H. Johnson

LHJ/cb

