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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

14 November 1984

EXAMINER HEARING

IN THE MATTER OF:

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

CASE
8409

BEFORE: Gilbert P. Quintana, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Jeff Taylor
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For the Applicant:

William F. Carr
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I N D E X

R. M. WILLIAMS

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3 MR. QUINTANA: We'll call next
4 Case 8409.

5 MR. TAYLOR: The application of
6 Morris R. Antweil for compulsory pooling, Lea County, New
7 Mexico.

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

12 I have one witness who needs to
13 be sworn.

14 MR. QUINTANA: Are there other
15 appearances in Case 8409?

16 If not, will the witness please
17 stand up and be sworn in at this time?

18 (Witness sworn.)

19 R. M. WILLIAMS,
20 being called as a witness and being duly sworn upon his
21 oath, testified as follows, to-wit:

22 DIRECT EXAMINATION

23 BY MR. CARR:

24 Q Will you state your full name and place
25 of residence?

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A My name is Robert Williams from Hobbs, New Mexico.

Q By whom are you employed and in what capacity?

A Employed by Morris R. Antweil as a petroleum engineer.

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

A Yes, I have.

Q Would you -- are you familiar with the application filed in this case on behalf of Mr. Antweil?

A Yes, I am.

Q Are you familiar with the proposed well and the subject area?

A Yes.

MR. CARR: Are the witness' qualifications acceptable?

MR. QUINTANA: The witness' qualifications are acceptable.

Q Mr. Williams, will you briefly state what Mr. Antweil seeks with this application?

A We seek an order pooling all the mineral interests from the surface to the base of the Bough C formation underlying the 160-acre proration unit, being the northeast quarter of Section 7, Township 9 South, Range 36 East, to be dedicated to a well drilled at a standard loca-

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tion on that unit.

Also, seek consideration of the cost of drilling and completing, the overhead costs and the -- establish a risk penalty for the proposed well.

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

A Yes, I have.

Q Would you please refer to what's been marked as Antweil Exhibit Number One, identify this, and review it for Mr. Quintana?

A Exhibit Number One is a land plat surrounding the proposed well and proration unit. The proposed well location is marked with a red dot. The 160-acre proration unit is colored in yellow. The existing producing wells from the Bough C have been marked with a green circle and you also notice there's quite a few other wells in the area that were Bough C producers but that have now been plugged and abandoned.

Q This plat also shows the offsetting ownership?

A Yes, it does.

Q And the primary objective for the well is the Bough C?

A Yes, approximately 9800 feet in depth.

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

A Exhibit Two is a tabulation of the inter

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ests that have not been joined in the proposed well.

There are two unleased mineral interests. One of J. V. Callen, 1/64th interest. Mr. Callen was recently deceased. Our contact with the -- with the heirs indicates that the matter has recently been to probate court and a personal representative, his wife, has been appointed. Those papers and her ratification of the lease is supposed to be forthcoming but we have not received it, but we anticipate that that interest will be joined before the well is drilled.

The other interest of C. L. Corbett, Midland, Texas, a 1/64th interest, Mr. Corbett has been contacted. He will not ratify the lease and he has indicated that he thinks he might just join us in the drilling of the well and we've notified him that he would be granted that opportunity.

Q All of the other interest owners in the unit have voluntarily joined in the well.

A Yes, they have.

Q Would you now refer to Exhibit Number Three and identify this and review the figures contained thereon?

A Exhibit Three is our cost estimate, detailed cost estimate of the anticipated cost to drill and complete the proposed Bough C well.

The cost to drill the well to the casing point is estimated at \$384,000. The completion cost for a

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2 Bough C well is estimated at \$256,000, for a total estimated
3 cost of \$640,000.

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

6 A Yes, they are.

7 Q In your opinion has Antweil made a good
8 faith effort to obtain the voluntary joinder of both the
9 Callen and the Corbett interests?

10 A Yes, we have. The Callen interest is
11 just tied up legally during these past few months since the
12 death of Mr. Callen, and I think it will be cleared up.

13 And the Corbett interest, we attempted to
14 secure his ratification to the -- to the lease. The status
15 of the lease is the rentals were not paid to Mr. Corbett is
16 why -- what his ratification to the existing leases is
17 needed, and he has indicated that he would like to join and
18 we've informed that he would be permitted to join.

19 Q Would you now refer to Exhibit Number
20 Four and review that for Mr. Quintana?

21 A Exhibit Four is a letter to Mr. Corbett
22 informing him of the hearing and indicating that he would
23 have the opportunity to join in the well as a working inter-
24 est participant if he so chose.

25 Q Would you now identify Exhibit Number
Five?

A Exhibit Five are copies of two letters
from Campbell and Black to the Callen and Corbett notifying

1
2 them of -- of this hearing and furnishing them a docket of
3 the hearing.

4 Q Has Antweil drilled other Bough C wells
5 in the immediate area?

6 A Yes, we have. No, sorry, we have not.
7 This would be our first attempt at a Bough C well. We are
8 familiar with the development and have studied the previous
9 development in the area.

10 Q Are you prepared to make a recommendation
11 to the Examiner as to the risk penalty that should be assessed
12 against any nonconsenting interest in the well?

13 A Yes. Our proposal here, what we're in-
14 tending to do, the Bough C reservoir was developed some
15 twenty years ago in this vicinity. The wells were produced
16 and the majority of the wells have been plugged out as being
17 noneconomic.

18 We are going in and proposing to drill an
19 infill well. The original development was on 160-acre spac-
20 ing pattern. We do not believe that pattern has adequately
21 drained the reservoir and we propose to drill an infill well
22 to try to drain additional oil from the existing known re-
23 servoir.

24 The risk factor isn't whether the reser-
25 voir is there or not but it is what the recoveries might be
from and what -- what depletion this particular location
that we're drilling may have sustained from the production
that has taken place there previously.

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2 We would -- since this hasn't been tried
3 in this immediate vicinity, we would request a 200 percent
4 risk penalty since we are assuming a risk of exploring for
5 this additional oil from this reservoir.

6 Q Mr. Williams, if you'll refer back to Ex-
7 hibit Number One, the spacing unit is shaded in yellow. The
8 -- could you identify for the examiner the previous well on
9 the unit?

10 A Yes. The previous well was in Unit B of
11 that section and was drilled by BTA; was -- produced a cumu-
12 lative of 188,000 barrels of oil before it was plugged and
13 abandoned.

14 Q And did that produce from the Bough C?

15 A Yes, it did.

16 Q Are there other wells offsetting that
17 spacing unit that are also plugged and abandoned Bough C
18 wells?

19 A Yes. The other wells offsetting the well
20 to the -- to the east was a BTA well also. It recovered
21 178,000 barrels of oil.

22 The well to the south of the proration
23 unit was an M. L. Brown well. It recovered 329,000 barrels
24 of oil.

25 And the well to the west was a Tenneco
26 well and recovered 124,000 barrels of oil, all from the
27 Bough C.

28 Q And it is your testimony that the risk in

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2 drilling the proposed well is that it may not be a commer-
3 cial success.

4 A Yes, that's the -- the risk and the suc-
5 cess of this well depends on what the depletion at this lo-
6 cation has been from those previously produced wells.

7 Q Have you made an estimate of overhead and
8 administrative costs while drilling this well and also while
9 producing the well if successful?

10 A Yes. At this depth the current overhead
11 charges, expenses, are \$4000 per month while drilling and
12 \$400 per month for a producing well.

13 Q Are these costs in line with what other
14 operators in the area charge for similar wells?

15 A Yes, they are.

16 Q And do you recommend that these figures
17 be incorporated into the order which results from this hear-
18 ing?

19 A Yes, I would.

20 Q Does Mr. Antweil seek to be designated
21 operator of the well?

22 A Yes, sir, that's correct.

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

A Yes, it will.

Q Were Exhibits One through Five prepared
by you or have you reviewed them and can you testify to

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their accuracy?

A Yes, they were prepared at my direction.

MR. CARR: Mr. Quintana, at this time we would offer Antweil Exhibits One through Five.

MR. QUINTANA: Exhibits One through Five will be entered into evidence.

MR. CARR: That concludes my direct examination of Mr. Williams.

CROSS EXAMINATION

BY MR. QUINTANA:

Q Excuse me, I didn't catch your last name, sir.

A Williams.

Q Mr. Williams, in your professional opinion would you consider the wells offsetting the proposed well, the wells that have already produced and been plugged, would you consider them as being a commercial success?

A Yes. Those wells with those type of recoveries, the recoveries from the Bough C wells were realized and the majority of the oil was produced in a relatively few years. They had good producing capacities and recovered those cumulatives in, oh, between five to ten years, and so those would be economic wells.

Q What is the current spacing for the Bough C formation in that area?

A 160-acre spacing.

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MR. QUINTANA: Are there any further questions of Mr. Williams?

If not, he may be excused.

Is there anything further in Case 8409?

MR. CARR: Nothing further.

MR. QUINTANA: Case 8409 will be taken under advisement.

(Hearing concluded.)

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY
that the foregoing Transcript of Hearing before the Oil Con-
servation Division was reported by me; that the said tran-
script is a full, true, and correct record of the hearing,
prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 8409,
heard by me on Nov. 14 1984.

Gilbert P. Quintana Examiner
Oil Conservation Division