

CASE 6517: HANAGAN PETROLEUM CORPORA-  
TION FOR SPECIAL POOL RULES, EDDY COUNTY,  
NEW MEXICO

OK for 320 ac. Spring

CASE NO.

6517

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.



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. 6517  
Order No. R-5989

APPLICATION OF HANAGAN PETROLEUM  
CORPORATION FOR SPECIAL POOL RULES,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 11, 1979, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 25th day of April, 1979, 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, Hanagan Petroleum Corporation, is the owner and operator of a certain gas well in the Avalon-Wolfcamp Gas Pool, Eddy County, New Mexico.

(3) That said Avalon-Wolfcamp Gas Pool was created and designated by the Division by Order No. R-4937, effective February 1, 1975.

(4) That by Division Order No. R-5113, dated October 28, 1975, Rule 104 of the Division Rules and Regulations was amended to provide that all gas pools of Wolfcamp age in Southeast New Mexico which were created and defined November 1, 1975, or later shall have 320-acre spacing and proration units, inasmuch as it was found that in Southeast New Mexico, "...a gas well completed in the Wolfcamp formation will efficiently and economically drain and develop a 320-acre tract."

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Case No. 6517  
Order No. R-5989

(5) That the applicant in the instant case seeks the promulgation of rules including a provision for 320-acre spacing for the Avalon-Wolfcamp Gas Pool in Eddy County, New Mexico, inasmuch as that pool was excluded from the provisions of Order No. R-5113, because it was created and defined prior to the cut-off date of November 1, 1975.

(6) That no appearances were made at the hearing of the instant case, and no objection was received to the inclusion of the Avalon-Wolfcamp Gas Pool under the provisions of Rule 104 of the Division Rules and Regulations for gas pools of Wolfcamp age or older.

(7) That one well in the Avalon-Wolfcamp Gas Pool in Eddy County, New Mexico, will efficiently and economically drain and develop 320 acres, and the inclusion of said pool under the 320-acre provisions of Rule 104 for pools of Wolfcamp age or older will not cause waste nor violate correlative rights, and should be approved.

IT IS THEREFORE ORDERED:

(1) That effective May 1, 1979, each well completed or recompleted in the Avalon-Wolfcamp Gas Pool or in the Wolfcamp formation within one mile thereof shall be subject to the provisions of Rule 104 of the Division Rules and Regulations notwithstanding the fact said pool was created and defined prior to November 1, 1964.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Avalon-Wolfcamp Gas Pool or in the Wolfcamp formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District Office of the Division in writing of the name and location of the well by June 1, 1979.

(2) That pursuant to Paragraph A. of Section 70-2-18, NMSA 1978, existing wells in the Avalon-Wolfcamp Gas Pool shall have dedicated thereto 320 acres in accordance with Rule 104 of the Division Rules and Regulations; or pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard units dedicated thereto.

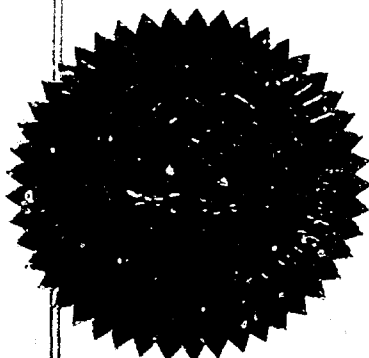
Failure to file new Forms C-102 with the Division dedicating 320 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the

-3-  
Case No. 6517  
Order No. R-5989

effective date of this order shall subject the well to  
cancellation of allowable.

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

DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.



S E A L

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Joe D. Ramey*  
JOE D. RAMEY,  
Director

dr/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
State Land Office Building  
Santa Fe, New Mexico  
11 April 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Hanagan Petroleum Com- ) CASE  
pany for special pool rules, Eddy ) 6517  
County, New Mexico. )

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Lynn Teschendorf, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87503

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3020 Plaza Blanca (SOS) 471-2462  
Santa Fe, New Mexico 87501

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3020 Plaza Blanca (505) 471-2462  
Santa Fe, New Mexico 87501

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MR. NUTTER: Now we'll call Case Number 6517.

MS. TESCHENDORF: Case 6517. Application of Hanagan Petroleum Corporation for special pool rules, Eddy County, New Mexico.

MR. NUTTER: Are there any appearances in Case 6517?

This case has been advertised that in the absence of objection, the pool would be placed on standard 320-acre spacing for Wolfcamp gas pools rather than the present 160-acre spacing.

So we did not anticipate any appearances here unless there was objection.

So the recommendation will be made by the Examiner that Case -- that the Avalon-Wolfcamp Gas Pool be placed on 320-acre spacing.

With that, the case is taken under advisement.

(Hearing concluded.)



## REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

Sally W. Boyd  
Sally W. 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. 6517 heard by me on 4/11 1979.  
[Signature], Examiner  
Oil Conservation Division

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3020 Plaza Blanca (G06) 471-2462  
Santa Fe, New Mexico 87501

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
State Land Office Building  
Santa Fe, New Mexico  
11 April 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Managan Petroleum Com-  
pany for special pool rules, Eddy  
County, New Mexico.

CASE  
6517

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Lynn Teschendorf, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87503

SALLY WALTON BOYD  
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Santa Fe, New Mexico 87501

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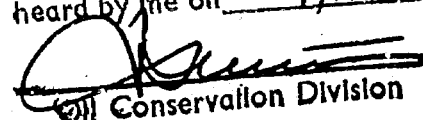
(Hearing concluded.)

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3020 Plaza Blanca (606) 471-2462  
Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY  
CERTIFY that the foregoing and attached Transcript of  
Hearing before the Oil Conservation Division was reported  
by me; that said transcript is a full, true, and correct  
record of the hearing, prepared by me to the best of my  
ability, knowledge, and skill, from my notes taken at the  
time of the hearing.

Sally W. 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. 6517.  
heard by me on 4/11 1979.  
 Examiner  
Oil Conservation Division

Dockets Nos. 16-79 and 17-79 are tentatively set for hearing on April 25 and May 9, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

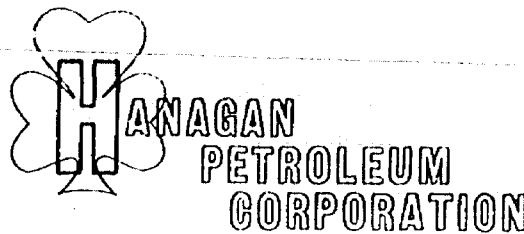
DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 11, 1979

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

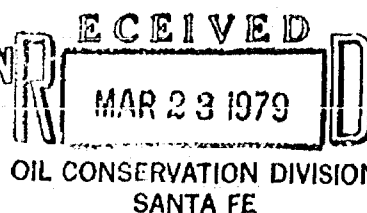
The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- CASE 6517: Application of Hanagan Petroleum Corporation for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Avalon-Wolfcamp Gas Pool, Eddy County, New Mexico, to provide for 320-acre spacing rather than 160 acres. In the absence of objection, this pool will be placed on the standard 320-acre spacing for Wolfcamp gas pools rather than the present 160-acre spacing.
- CASE 6518: Application of McClellan Oil Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal Well No. 2, located 2310 feet from the North and East lines of Section 11, Township 14 South, Range 28 East, Sams Ranch-Grayburg Gas Pool, Chaves County, New Mexico, the NE/4 of said Section 11 to be dedicated to the well.
- CASE 6519: Application of Inexco Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Bison Wallow Unit Area, comprising 7,040 acres, more or less, of Federal and State lands in Townships 25 and 26 South, Range 29 East, Eddy County, New Mexico.
- CASE 6520: Application of Belco Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Strawn and Morrow production in the wellbore of its Union Mead Com Well No. 1 located in Unit H of Section 8, Township 22 South, Range 27 East, Carlsbad Field, Eddy County, New Mexico.
- CASE 6521: Application of Adobe Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its East Tatum State Unit Area, comprising 2,560 acres, more or less, of State lands in Township 12 South, Range 36 East, Lea County, New Mexico.
- CASE 6522: Application of Petroleum Corporation of Texas for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Fruitland and Pictured Cliffs production in the wellbore of its Hanley Well No. 2-A located in Unit F of Section 18, Township 29 North, Range 10 West, San Juan County, New Mexico.
- CASE 6523: Application of Lonnie J. Buck for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Yates formation underlying each of the following 40-acre tracts in Section 25, Township 25 South, Range 36 East, Lea County, New Mexico: NW/4 SW/4 to be dedicated to the Brown Well No. 6 located in Unit L and SW/4 SW/4 to be dedicated to the Brown Well No. 7 located in Unit M. Also to be considered will be the cost of recompleting said wells 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 wells and a charge for risk involved in recompleting said wells.
- CASE 6502: (Continued from March 28, 1979, Examiner Hearing)
- Application of Stevens Oil Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the SW/4 SW/4 of Section 30, Township 8 South, Range 29 East, Chaves 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 6524: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, abolishing, and extending the vertical and horizontal limits of certain pools in Eddy and Lea Counties, New Mexico:
- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Seven Rivers production and designated as the Cave-Seven Rivers Pool. The discovery well is Kincaid and Watson Drilling Company Humble 8 Well No. 7 located in Unit D of Section 8, Township 17 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM  
Section 8: NW/4



PHONE 505 - 625-5055  
J. P. WHITE BUILDING  
POST OFFICE BOX 1737  
ROSWELL, NEW MEXICO



March 21, 1979

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

*Case 6517*

Attn: Mr. Don Nutter

Re: Request for Change In Spacing  
Avalon Wolfcamp Gas Pool  
Eddy Co., New Mexico

Gentlemen:

Hanagan Petroleum Corporation respectfully request a change in spacing from 160 acres to 320 acres in the Avalon Wolfcamp Gas Pool, Eddy Co., N.M., at your earliest convenience.

The subject pool was established by Order No. R-4937, effective 2/1/75, and provided for 160 acre spacing for Wolfcamp gas production. The pool is presently a single well pool consisting of the NW $\frac{1}{4}$  of Sec. 21, T21S, R26E, Eddy Co., N.M. The discovery well was the Hanagan Petroleum Corporation No. 1 Ocotillo Hills well, which has since been temporarily abandoned in the Wolfcamp and is presently producing gas from the Morrow in the Avalon Morrow Pool. Hanagan Petroleum Corporation is presently completing a Wolfcamp gas well in Sec. 28, T21S, R26E.

The change in spacing to 320 acres would also put this pool under the present applicable statewide spacing rule for a Wolfcamp gas well, and should not adversely affect any of the offset operators.

Yours truly,

HANAGAN PETROLEUM CORPORATION

*Hugh E. Hanagan*  
Hugh E. Hanagan  
Vice President

HEH/pjt

ROUGH

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. 6517

Order No. R-5989

APPLICATION OF HANAGAN PETROLEUM  
CORPORATION FOR SPECIAL POOL RULES,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 11  
19 79, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter

NOW, on this        day of April, 19 79, 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, Hanagan Petroleum Corporation, is the  
owner and operator of a certain gas well in the ~~Buffalo-Avalon-~~  
Wolfcamp ~~Pennsylvanian~~ Gas Pool, ~~La~~ Eddy County, New Mexico.

(3) That said ~~Buffalo-Pennsylvanian~~ Avalon-Wolfcamp Gas Pool was created  
and designated by the Division by Order No. ~~R-1559~~ R-4937, effective  
~~December 18, 1959.~~ February 1, 1975.

(4) That by Division Order No. ~~R-2707~~ R-5113, dated ~~May 25, 1964~~ October 22, 1975,  
Rule 104 of the Division Rules and Regulations was amended to  
provide that all gas pools of ~~Pennsylvanian~~ Permian age or older in  
Southeast New Mexico which were created and defined ~~June 1, November~~  
1975, 1964, or later shall have 320-acre spacing and proration units,  
inasmuch as it was found that in Southeast New Mexico, "...a  
gas well completed in the ~~Pennsylvanian~~ Permian formation or a deeper  
formation will efficiently and economically drain and develop  
a 320-acre tract."

*Avalon-Wolfcamp*

(5) That the applicant in the instant case seeks the promulgation of rules including a provision for 320-acre spacing for the ~~Buffalo-Pennsylvanian~~ Gas Pool in ~~Lea~~ *Eddy* County, New Mexico, inasmuch as that pool was excluded from the provisions of Order No. ~~R-2707~~, because it was created and defined prior to the cut-off date of ~~June 1, November 1, 1964.~~ *1975.*

*Avalon-Wolfcamp*

(6) That no appearances were made at the hearing of the instant case, and no objection was received to the inclusion of the ~~Buffalo-Pennsylvanian~~ Gas Pool under the provisions of Rule 104 of the Division Rules and Regulations for gas pools of ~~Pennsylvanian~~ age or older.

*Wolfcamp*

*Avalon-Wolfcamp*

*Eddy* (7) That one well in the ~~Buffalo-Pennsylvanian~~ Gas Pool in ~~Lea~~ County, New Mexico, will efficiently and economically drain and develop 320 acres, and the inclusion of said pool under the 320-acre provisions of Rule 104 for pools of ~~Pennsylvanian~~ *Wolfcamp* age or older will not cause waste nor violate correlative rights, and should be approved.

IT IS THEREFORE ORDERED:

(1) That effective ~~November 1, 1975~~ *May 1, 1979*, each well completed or recompleted in the ~~Buffalo-Pennsylvanian~~ *Avalon-Wolfcamp* Gas Pool or in the ~~Pennsylvanian~~ formation within one mile thereof shall be subject to the provisions of Rule 104 of the Division Rules and Regulations notwithstanding the fact said pool was created and defined prior to ~~June 1, 1964.~~ *November 1, 1964.*

IT IS FURTHER ORDERED:

(2) *Wolfcamp* That the locations of all wells presently drilling to or completed in the ~~Buffalo-Pennsylvanian~~ *Avalon-Wolfcamp* Gas Pool or in the ~~Pennsylvanian~~ formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the ~~Lea~~ District Office of the Division in writing of the name and location of the well by ~~December 1, 1978.~~ *June 1, 1978.*

*Artesia*

(3) That pursuant to Paragraph A. of Section ~~65-3-14.5~~ *70-2-18*, NMSA ~~1953~~, existing wells in the ~~Buffalo-Pennsylvanian~~ Gas Pool shall have dedicated thereto 320 acres in accordance with Rule 104 of the Division Rules and Regulations; or pursuant to Paragraph C. of said Section ~~65-3-14.5~~, existing wells may have non-standard units dedicated thereto.

*70-2-18,*



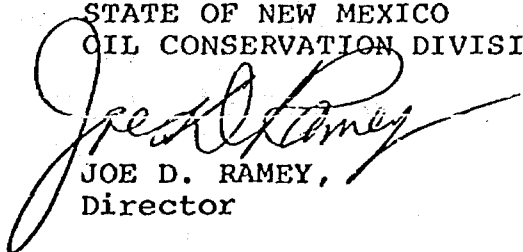
Case No. 6361 6517  
Order No. R-5850

Failure to file new Forms C-102 with the Division dedicating 320 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the effective date of this order shall subject the well to cancellation of allowable.

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

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

dr/

DAN NUTTER

Hugh Hagan

chg spec in Avalon  
Walfcamp Gas Pool  
to 320. (NW 1/4 Sec  
21, T21S, R26E)

Should be automatic-  
this was an old WC  
Pool on 160 before  
the rules were chgd  
to 320 for <sup>new</sup> Walfcamp  
wells and pools.