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DEC - 7 serves

OIL CONSERVATION DIVN OF NEW MEXICO DEPT OF ENERGY AND MINERALS PO BOX 2088 SANTA FE NM 87501

THIS IS A CONFIRMATION COPY OF A PREVIOUSLY PHONE-DELIVERED TELEGRAM

WITH THIS TELEGRAM THE ATLANTIC RICHFIELD CO. IS FILING AN OBJECTION TO THE GRANTING OF AN UNORTHODOX LOCATION TO TEXAS OIL AND GAS CO. WE ARE OBJECTING BECAUSE OF THE PROXIMITY OF THIS LOCATION TO OUR LEASE LINE WHICH COULD RESULT IN POTENTIAL UNCOMPENSATED DRAINAGE. THIS IS FOR CASE 6398 ON DECEMBER 7TH 1978 DOCKET.

G REDMOND ATLANTIC RICHFIELD CO. PO BOX 1610 MIDLAND TX 79702

1038 EST

MGMCOMP MGM

Telegram Phoned In December 6, 1978

6398

From: Atlantic Richfield Company Midland, Texas

With this telegram the Atlantic Richfield Company is filing an objection to the granting of an unorthodox location to Texas Oil & Gas Company. We are objecting because of the proximity of this location to our lease line which could result in potential uncompensated drainage. This is for Case 6398 on the December 7, 1978 docket.

Signed/ G. Redmond

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Union Oil and Gas Division: Central Region

Union Oil Company of California 500 North Marienfeld, Midland, Texas 79701 Telephone (915) 682-9731 MAILING ADDRESS: P. O. Box 671 Midland, TX 79702

Midland District

December 1, 1978

Energy and Minerals Department Oil Conservation Division P. O. Box 2088 Santa Fe, NM 87501

Gentlemen:

Examiner Hearing - December 7, 1978 Case 6398, Unorthodox Gas Well Location <u>Catclaw Draw Field</u>, Eddy County, New Mexico

In the matter of the application of Texas Oil and Gas Corporation, requesting approval for an unorthodox location for its State Com Well No. 1, to be located 660 feet from the south and west lines of Section 18, T-21-S, R-26-E, Catclaw Draw Field, Eddy County; Union Oil Company of California supports Hanagan Petroleum Corporation's opposition to the granting of this application.

Union Oil Company of California is a Working Interest Owner in the Catclaw Draw No. 4 well operated by Hanagan Petroleum Corporation. The well is located in Section 24, T-21-S, R-25-E, a southwest offset to the proposed well.

Union Oil Company of California requests that the application for the unorthodox location be denied to protect our rights in Section 24. However, if the application is granted, we request the imposition of an allowable penalty. We recommend that the maximum allowable be limited to one fourth (1/4) of a standard allowable for the Catclaw Draw Field. We suggest that this penalty is reasonable in view of the apparently depleted well located at an approximately standard location out of the south and west corner of Section 18.

Respectfully, submitted,

anon

Lloyd F. Thompson District Operations Manager Midland District Union Oil Company of California

LFT-rh

copy to: Hanagan Petroleum Corp. Attn. Mr. Hugh Hanagan P. O. Box 1737 Roswell, NM 88201



November 30, 1978

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

Attn: Mr. Richard L. Stamets, Examiner Mr. Daniel S. Nutter, Alternate Examiner

> Re: Catclaw NM-115 Docket No. 39-78 Case No. 6398 T21S, R26E Section 18 Eddy County, New Mexico

Gentlemen:

Please accept this letter as a formal protest by Inexco Oil Company against Texas Oil & Gas Corporation's application for an unorthodox gas well location 660 feet from the South and West lines of Section 18, Township 21 South, Range 26 East, Catclaw Draw Field, Eddy County, New Mexico, as further set out in the above referenced case.

Inexco Oil Company contends that the unorthodox location applied for by Texas Oil & Gas if granted will result in the waste of resources, the violation of the correlative rights of the offset lessees; i.e., Inexco Oil Company, etal; and may also result in the drilling of unnecessary wells by offset lessees to prevent drainage of zones that are not yet being produced in the offset wells due to the offset wells operators desire to conduct sound production practices and produce and deplete the deepest productive zones in the offset wells before the shallower productive zones are produced.

Inexco Oil Company contends that Texas Oil & Gas should be denied the unorthodox location and should be required to conduct operations at a legal location. Inexco Oil Company also contends that operations by Texas Oil & Gas at a legal location will result in the same benefits to Texas Oil & Gas as the unorthodox location applied for, yet will not cause the drilling of unnecessary wells by offset lessees and that the said legal location will promote the prevention of waste and the protection of the correlative rights of the area operators. New Mexico Oil Conservation Commission November 30, 1978 Page 2

The attached plat shows the offset gas wells in red and the unorthodox location applied for in green. The proximity of the producing wells and the unorthodox location further support the contentions set out above.

This letter is being furnished the Commission in quadruplicate for your files.

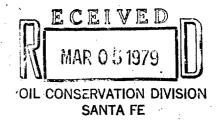
Very truly yours,

INEXCO OIL COMPANY Jom L. Dodds

Tom L. Dodds Area Landman

TLD:jt Attach.

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IPMFEKA SANA A-060797E064 03/05/79 ICS IPMBNGZ CSP 7136513428 TDBN HOUSTON TX 158 03-05 0443P EST PNS MR. JOE D. RAMEY, DIRECTOR, REPORT DELIVERY BY MAILGRAM, DLR NEW MEXICO OIL CONSERVATION DIVISION

STATE LAND OFFICE BLDG ROOM 205 Santa FE NM 87501 Subject Cat Claw - NM115 Case Number 6398 (De NOVO) Township 21 South Range 26 East Section 18 EDDY County New Mexico

GENTLEMEN THIS WILL SERVE AS A FORMAL PROTEST BY INEXCO OIL COMPANY AGAINST TEXAS OIL AND GAS CORPORATION APPLICATION FOR AN UNORTHODOX GAS WELL LOCATION 66D FEET FROM THE SOUTH AND WEST LINES OF SECTION IS TOWNSHIP 21 SOUTH RANGE 26 EAST CAT CLAW DRAW FILLED EDBY COUNTY NEW MEXICO WHICH IS SET FOR A SECOND HEARING AT SAM MARCH 7 1979 THE INEXCO OIL COMPANY CONTINGENT ORIGINALLY SET OUT IN ITS LETTER TO THE COMMISSION OF NOVEMBER JOTH 1978 WITH ATTACHED PLAT RELATIVE TO THIS MATTER REMAIN PERTINENT INEXCO OIL COMPANY CONTENDS THAT IF TEXAS OIL AND GAS COMPANY IS GRANTED THE UNORTHODOX LOCATION IT VILL RESULT IN THE WASTE OF RESOURCES AND THE VIGLATION OF CORRELATIVE RIGHTS OF OFFSET LESSEES INCLUDING INEXCO OIL COMPANY THIS TELEGRAM IS BEING FURNISHED IN QUADRUPLICATE FOR YOUR FILES. SAN S. REEVES, JR., AREA LAND MAN INEXCO OIL COMPANY 1100 MILAM BUILDING

SUITE 1988 HOUSTON TEXAS 77882

CC MR. NUGH HANAGAN, HANAGAN AND HANAGAN, PO BOX 1737, ROSVELL NEW NEXICO 88201

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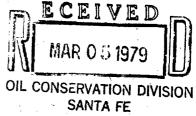
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CC MR. HUGH HANAGAN, HANAGAN AND HANAGAN, PO BOX 1737, ROSVELL NEW MEXICO 85201

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IPMPEKA SANA



IPMFEKA SANA A-OCOEGEEGEA B3/05/79 ICS IPMBNGZ CSP 7136513428 TDBN HOUSTON TX 158 83-85 8444P EST PMS MR. JOE D. RAMEY, DIRECTOR, REPORT DELIVERY BY MAILGRAM, DLR NEW MEXICO OIL CONSERVATION DIVISION

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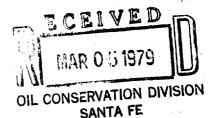
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INEXCO OIL COMPANY 1100 MILAM BUILDING SVITE 1900 Houston Texas 77002

CC MR. HUGH HANAGAN, NANAGAN AND HANAGAN, PO BOX 1737, ROSWELL NEW MEXICO 88201

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SUITE 1986 Houston Texas 77802

CC MR. HUGH HANAGAN, HANAGAN AND HANAGAN, PO BOX 1737, ROSVELL NEW MEXICO 85201

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