

CASE 4734: Application of HANAGAN
FOR POOL EXTENSION, NON-STANDARD
SPACING UNIT AND UNORTH. LOCATION

Case Number
4734

Application

Transcripts

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
CONFERENCE HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
June 7, 1972

EXAMINER HEARING

IN THE MATTER OF:

Application of Hanagan Petroleum
Corporation for pool extension,
non-standard spacing unit, and
unorthodox location, Eddy County,
New Mexico.

CASE NO. 4734

BEFORE: Daniel Nutter
Examiner

TRANSCRIPT OF HEARING

1 MR. NUTTER: We'll call the next case, number
2 4734.

3 MR. HATCH: Application of Hanagan Petroleum
4 Corporation for pool extension, non-standard spacing unit, and
5 unorthodox location, Eddy County, New Mexico.

6 HUGH E. HANNAGAN,
7 appeared as a witness, and after being duly sworn, testified
8 as follows:

9 * * * * *

10 MR. MORRIS: Mr. Examiner, I am Dick Morris, of
11 Montgomery, Federici, Andrews, Hannahs, & Morris, Santa Fe,
12 appearing on behalf of the Applicant. We have one witness who
13 has been sworn.

14 MR. NUTTER: Proceed, Mr. Morris.

15 DIRECT EXAMINATION

16 BY MR. MORRIS:

17 Q Mr. Hanagan, will you state your name and where you
18 reside?

19 A My name is Hugh Hanagan and I reside in Roswell, New
20 Mexico.

21 Q And are you affiliated with the Applicant in this Case?

22 A I'm vice-president of Hanagan Petroleum Corporation.

23 Q Have you previously testified before the Commission
24 or its Examiner Hearings, and had your qualifications
25 as a petroleum geologist established as a matter of

1 record?

2 A Yes, sir.

3 Q What does the Applicant seek in this Case?

4 A The Hanagan Petroleum Corporation asks for approval
5 for an unorthodox -- first we ask for a pool extension
6 of the Catclaw Draw-Morrow Gas Field in Eddy County,
7 New Mexico, to include all of Section 24, Township 21
8 South, Range 25 East, and all of Section 19 and 21 South,
9 26 East.

10 We further ask for approval of an unorthodox
11 location for its recently completed Morrow well and
12 Hanagan Petroleum Corporation Number 1 Nan-bet, located
13 in Section 19, 1980 feet from the north line and 660
14 from the west line.

15 This well in the W/2 of Section 19, has been
16 dedicated as a normal 320-acre gas unit. Of course,
17 if we can get it into the Catclaw-Morrow Draw field
18 it would be 640 acres. Of course, it would be an un-
19 orthodox location.

20 We further ask for a non-standard surface unit in
21 the Catclaw-Morrow field on the Nan-bet Corporation
22 Number 1 -- Nan-bet in Section 19. The subsection
23 contains less than the normal 640 acres. It contains
24 636.38 acres, so we wish to dedicate this 636.38 acres
25 to the Nan-bet well in place of the 640.

1 Q Mr. Hanagan, would you refer to Exhibit Number 1, the
2 lease ownership map, and point out the features of that
3 Exhibit?

4 A On the lease ownership plat, you'll note a yellow outlined
5 area, there, roughly consisting of 10 and 1/2 sections
6 which is the Catclaw Draw unit. It's a federal and state
7 approved unit, the operator being Hanagan Petroleum
8 Corporation.

9 The red circled area consists of Section 23 and 26.
10 2,125 is the present acreage within the Catclaw-Morrow
11 gas fields. The section immediately east of 23, which
12 would be Section 24, is an undrilled location between
13 the Hanagan Petroleum Corporation Number 2 Catclaw gas-
14 oil Morrow gas well, and Section 23, and the recently
15 completed Hanagan Petroleum Corporation Number 1 Nan-bet
16 which is located in Section 19, 21, 26.

17 The lighter blue shaded area in Section 19 -- or
18 is that green -- I think it's turquoise -- anyway, it
19 is the section that we wish to get that would be
20 dedicated to the Nan-bet well.

21 The yellow circled wells there are completed Morrow
22 gas wells.

23 Q Referring next to your Exhibit Number 2, the structure
24 map, would you describe the structure as shown from this
25 Exhibit?

dearnley, meier & mc cormick

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1 A This map, which would be Exhibit Number 2, is a sub-
2 surface structure map drawn on the top of the Morrow
3 sand as we picture it in the area and showing the tops
4 of all wells within the area and actually outside of
5 the area, directly.

6 Most all of these tops are shown just on top of
7 or to the right of each well. At the bottom of each
8 well is a figure running into 300 to 400 foot range.
9 That is a total section of the Morrow from what we call
10 the top of the Morrow down to the base of the Morrow, or
11 the top of the pool shale.

12 Also, the red outlined area, which is the present
13 Catclaw Morrow gas field, is along with the section that
14 we would like to include into the Catclaw Morrow field.
15 Underneath each well, you'll note that we have the
16 calculated flow based on tests on all three of the
17 subwells, at a perforated interval. Marked for
18 identification, we have the bottom hole pressure noted
19 interval. Marked for identification, we have the bottom
20 hole pressure noted and we have the dead weight test
21 noted.

22 Q Would you refer, now, to your Exhibit Number 3 and 4,
23 the well logs, and first identify the logs, please?

24 A Exhibit Number 3 is the perforating depth control log
25 which is the gammaray neutron on the Hanagan Petroleum

1 Corporation Number 1 Nan-bet located in Section 19
2 of 21, 26, and on this log, it is -- the section is
3 strictly through the Morrow section, and you'll note
4 that we have the top of the Morrow pictured and the base
5 of the Morrow which is noted to be the Barnett shale.

6 We have the red line in the center of the log,
7 there, which denotes the drill stem tests that were made
8 or taken in this well, and the solid red which is the
9 perforated interval. The yellow color denotes the sand
10 zone. The green next to the yellow is gas and the blue
11 next to the yellow is the water zone. We also have
12 noted, roughly, on our breakdown of the Morrow, you can
13 see on the outside corners of the log, I have the upper
14 Morrow, middle Morrow and lower Morrow pictured.

15 Q And what is your Exhibit Number 4?

16 A Exhibit Number 4 is a log on the Hanagan Petroleum
17 Corporation Number 2 Catclaw Draw unit which is west of
18 the Nan-bet well. We have the same color system that
19 we used on the Exhibit Number 3, as far as the top of
20 the Morrow and the perforated intervals.

21 Q Comparing these two logs, Exhibit Number 3 and 4, what
22 conclusion can you make as to the continuity of the
23 Morrow formation between these two wells?

24 A The top of the Morrow and the base of it, or the top
25 of the Barnett correlate very well, not only between these

1 two wells, but within the whole area. We have no
2 difficulty correlating the top of what we call the
3 Morrow and what we call the top of the Barnett. No
4 correlation problems as far as picturing the top and
5 bottom of the Morrow.

6 Q From the information that's presently available to you,
7 do you have an opinion as to whether the Nan-bet Number
8 1 and Section 19 of 21, 26, is producing from the same
9 common source of supply as the two wells presently
10 designated as being within the Catclaw Draw-Morrow pool?

11 A Well, that's kind of a -- that question is a -- both
12 wells are completed in the Morrow. That's correct. Now,
13 if you asked me if they were producing from the same sand,
14 then, I would have to say, perhaps not.

15 Q Would you classify them in the same pool?

16 A Yes, sir, in the same pool, and as you are probably aware,
17 the Catclaw Draw-Morrow field is not broken down into
18 the upper and middle and lower; it included one reservoir.
19 Therefore, to answer your question, yes, both wells are
20 producing from the Morrow horizon.

21 Q What is the ownership of the lands in Section 24 of 21, 25?

22 A Section 24, of course, is in the unit, and, therefore, is
23 part of the unit. Hanagan Petroleum Corporation is the
24 operator of the unit. The way the unit is set up, each
25 section or each well that's drilled in a section, does

1 have different ownership. In other words, it is not
2 a fully participating unit as we call it. However, it
3 is not a fully participating area.

4 Q What is the status of the lease ownership in Section 19,
5 21, 26?

6 A We have already communitized the whole section as far
7 as royalty ownership is concerned. The working owner
8 in there is Gulf Oil Corporation, Anex Company, Superior,
9 Sun, R.N. Richardson, and Hanagan, et al..

10 Q So, if the Commission should see fit to extend this
11 pool, and thereby apply 640 acre surfacing to the pool
12 and establish the non-standard unit that you are
13 requesting, there would be no problem as far as
14 communitization of ownership in Section 19?

15 A That's correct. That well, as you'll see, on the map,
16 there, the actual drill site was on state land, and the
17 state has also already approved the communitization of
18 it. Of course, based on that, it will be communitized
19 on 640 acres, only. In other words, as soon as we get
20 approval, here, if we should, they would be in agreement.

21 Q Mr. Hanagan, do you have some testimony that you wish
22 to offer as to the manner in which this field was
23 developed and the history of the production from the
24 field?

25 A Yes, sir. I think, possibly, a little, short history of

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1 it might be in order. The first well, or discovery well,
2 was drilled by Hanagan Petroleum. The Number 1 which is
3 Catclaw Section 26 of 21, 25, was completed in May
4 of 1971. We later drilled, and it was completed for
5 a calculated 2800 MCF from the Morrow. The Number 2 well
6 was drilled by Hanagan Petroleum; the Number 2 Catclaw
7 Draw unit well. It was drilled on a 1650 location which
8 is the normal location surfacing for the Catclaw-Morrow
9 field and it was potentialed for 27,000 MCF.

10 MR. NUTTER: When was that?

11 THE WITNESS: It was completed in -- that's a good
12 question, Dan. It should have been on there, but -- Number 2
13 well was completed in 10/28/71.

14 MR. NUTTER: Thank you.

15 A (continuing) Then, here, just within the last week, we
16 completed the Number 1 Nan-bet which is outside the unit
17 area in Section 19, of 21, 26, of which we had a
18 potential of 84,000 MCF. This well was completed in
19 6/1/72. We are presently drilling in Section 36, the
20 Number 3 Catclaw Draw unit well. One other well is
21 presently drilling in the area which is north. Offset
22 to the Nan-bet well, is the next company, oil company
23 well, being drilled in Section 18 of 21, 26. The
24 status of the field at the present time includes Section
25 23, 26, of 21, 25. The field has been shut-in waiting on

1 pipeline connections. Just within the last week, the
2 actual construction of that pipeline has begun.

3 We have signed a contract with Southwestern Public
4 Service Company, at least in the unit area, for the
5 purpose of the gas. The transporter will be Lanal and
6 we expect to be selling gas, possibly, the middle of
7 July to the first of August. This field appears to be --
8 look like it's going to be a pretty good one; pretty good
9 sand development.

10 As you can see on the structure map, there, we have
11 considerable east dip. We have approximately 310 foot of
12 dip between our Number 2 Catclaw and the well located in
13 Section 23, and our Nan-bet well over to the east in
14 Section 19, of 21, 26. Again, we have no problems
15 correlating the sand. We have, in the Number 2 Catclaw
16 well, we have one sand opened and we have one sand that
17 has flowed, and we haven't even perforated, yet.

18 We have one sand open in the Nan-bet and two others
19 that we have not.

20 Q Mr. Hanagan, were Exhibits 1 and 2 prepared by you,
21 and was the information shown on Exhibits 3 and 4 placed
22 on there by you?

23 A Right. Yes, sir.

24 MR. MORRIS: We offer Exhibits 1 through 4.

25 MR. NUTTER: Applicant's Exhibits 1 through 4 will

1 be admitted into evidence.

2 Q (By Mr. Morris, continuing) Do you have anything
3 further to offer?

4 A No, I don't believe so, at this time.

5 MR. NUTTER: Mr. Hanagan, I believe you stated that
6 the red on these two logs, the red is perforations, the blue
7 is water and the green is gas, and what's the yellow?

8 MR. HANAGAN: The yellow is the sand; it's the sand
9 development as distinguished between the lime and the shale.
10 Now, the test intervals, you can see, I don't have the
11 royalties of them, but they are public information, and they
12 are on file with the Commission. I do have a list of them,
13 here, if you care to look at them or ask me about any
14 particular tests.

15 MR. NUTTER: Now, what zone is this unit, Number 1,
16 producing from?

17 MR. HANAGAN: The one in Section 26, Number 1
18 Catclaw?

19 MR. NUTTER: Yes.

20 MR. HANAGAN: Actually, it was perforated in three
21 zones. The actual perforation was in the upper, middle and
22 lower Morrow.

23 MR. NUTTER: Number 2 is way at the top of the
24 Morrow?

25 MR. HANAGAN: Number 2, yes, sir, it is. We

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1 perforated in the Number 1 well, but it's tied, and we don't
2 really think that the upper or the middle sand is contributing
3 much to that well. The Number 2 well, to the west of us,
4 this whole section, is gas productive. There is no water
5 production on either the Number 1 or Number 2 Catclaw. There
6 is no water, and both the Number 1 and the Number 2 are
7 perforated in that entire sand section, whereas, in the Nan-bet,
8 you can set roughly half of it, the bottom half is watered out.

9 The Number 2 well is not perforated in either the upper
10 or the middle Morrow.

11 MR. NUTTER: Do you have any immediate plans for
12 a well in Section 24?

13 MR. HANAGAN: Yes, sir, we do. We'll probably
14 move the rig that is in Section 36, at the present time, up
15 there.

16 MR. NUTTER: Where would your location be, there?

17 MR. HANAGAN: We haven't decided on the exact
18 footage, in that we have been running the detimeter, and so
19 forth, and we haven't decided on the footage.

20 MR. NUTTER: Now, over here, in Section 19, you
21 mentioned that the well was state land. Which is the state
22 land in that section, Mr. Hanagan?

23 MR. HANAGAN: The state land in there is, let's
24 see here. The state land -- that well is owned -- that
25 well is on the north half of the NW/4 and the SW of the NW/4;

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1 that 120 acres is the lease that covers the drill site. The
2 complete state lease, though, as I remember, is all of the
3 NW/4 of 19 and the W/2 of the SW/4 of 19. The remainder of
4 the land, in other words, the E/2 of 19 and the E/2 of the
5 SW/4 is federal.

6 MR. NUTTER: Are there any other questions of this
7 witness?

8 (No response)

9 MR. NUTTER: You may be excused.

10 (Witness excused.)

11 MR. NUTTER: Do you have anything further, Mr.
12 Morris?

13 MR. MORRIS: No, sir.

14 MR. NUTTER: We'll take the case under advisement
15 and call Case Number 4736.

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STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, ROSALIE E. CLAUSSEN, a Shorthand Reporter, in and for
the County of Bernalillo, State of New Mexico, do hereby
certify:

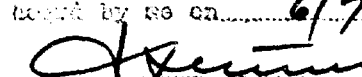
That the foregoing and attached Transcript of Hearing
before the New Mexico Oil Conservation Commission was reported
by me;

That the same is a true and correct record of the said
proceedings to the best of my knowledge, skill and ability.



ROSALIE E. CLAUSSEN

Dated at Albuquerque, New Mexico,
this 31st day of July, 1972.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Hearing of Case No. 4734,
heard by me on 6/7, 1972.

New Mexico Oil Conservation Commission

I N D E XWITNESS:PAGEHUGH E. HANAGAN

Direct Examination by Mr. Morris

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E X H I B I T SAPPLICANT'SOFFEREDADMITTED

Exhibit Number 1

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Exhibit Number 2

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Exhibit Number 3

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Exhibit Number 4

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OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

June 15, 1972

GOVERNOR
BRUCE KING
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMJO
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

Mr. Richard S. Morris
Montgomery, Federici, Andrews,
Hanna & Morris
Attorneys at Law
Post Office Box 2307
Santa Fe, New Mexico

Re: Case No. 4734
Order No. R-4324
Applicant:
Hanagan Petroleum Corp.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x

Artesia OCC x

Aztec OCC

Other _____

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. 4734
Order No. R-4324

NOMENCLATURE

APPLICATION OF HANAGAN PETROLEUM
CORPORATION FOR POOL EXTENSION,
NON-STANDARD SPACING UNIT, AND
UNORTHODOX LOCATION, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 7, 1972,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 15th day of June, 1972, 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, Hanagan Petroleum Corporation,
seeks an order extending the horizontal limits of the Catclaw
Draw-Morrow Gas Pool, to include all of Section 24, Township 21
South, Range 25 East, NMPM, and all of Section 19, Township 21
South, Range 26 East, NMPM, Eddy County, New Mexico.

(3) That the applicant further seeks approval of a 636.38-
acre non-standard gas spacing proration unit comprising all of
the above-described Section 19 to be dedicated to its Nan-Bet
Well No. 1 located at an unorthodox location, for the Catclaw
Draw-Morrow Gas Pool, 1980 feet from the North line and 660 feet
from the West line of said Section 19.

(4) That the Nan-Bet Well No. 1 was drilled at a standard
gas well location to test the Morrow formation and was completed
as a gas well in the Morrow formation.

(5) That the Nan-Bet Well No. 1 is producing from the same
common source of supply that is designated as the Catclaw Draw-
Morrow Gas Pool.

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CASE NO. 4734
Order No. R-4324

(6) That the above-described Section 24 is situated between the present horizontal limits of the Catclaw Draw-Morrow Gas Pool and the location of the Nan-Bet Well No. 1; that said Section 24 can reasonably be presumed to be productive of gas from the same common source of supply that is designated as the Catclaw Draw-Morrow Gas Pool.

(7) That the unorthodox size of the above-described Section 19 is due to a variation in the legal subdivision of the U. S. Public Land Surveys.

(8) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Catclaw Draw-Morrow Gas Pool, will prevent the economical loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the Catclaw Draw-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM
Section 24: All

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 19: All

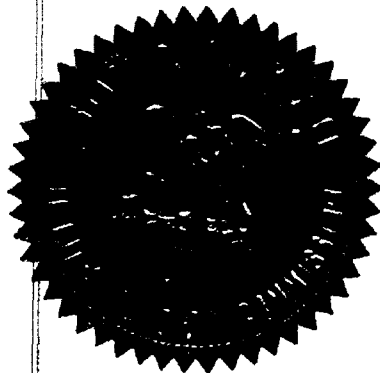
(2) That an unorthodox location is hereby approved for the Hanagan Petroleum Corporation Nan-Bet Well No. 1, located 1980 feet from the North line and 660 feet from the West line of Section 19, Township 21 South, Range 26 East, Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico.

(3) That a 636.38-acre non-standard gas proration unit in the Catclaw Draw-Morrow Gas Pool comprising all of Section 19, Township 21 South, Range 26 East, Eddy County, New Mexico, is hereby established and dedicated to the aforesaid Nan-Bet Well No. 1.

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

-3-
CASE NO. 4734
Order No. R-4324

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Bruce King
BRUCE KING, Chairman

Alex J. Armijo
ALEX J. ARMILLO, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary

S E A L

dr/

(Case 4729 continued)

of Federal, State and Fee lands in Sections 19, 20, 21, 28, 29, 30, 31, 32, and 33, Township 21 South, Range 25 East, Eddy County, New Mexico.

CASE 4730: Application of Stoltz, Wagner & Brown for salt water disposal, Lea County, New Mexico. Applicants, in the above-styled cause, seek authority to dispose of produced salt water into the Devonian formation in the interval from 11224 to 11234 feet in their Soldier Hill State AE Well No. 1 located 800 feet from the North line and 1800 feet from the West line of Section 23, Township 12 South, Range 32 East, East Caprock Devonian Pool, Lea County, New Mexico.

CASE 4731: Application of Continental Oil Company for rededication of acreage and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dedicate a standard 640-acre gas proration unit comprising all of Section 14, Township 20 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to its Sanderson "A" Wells Nos. 12 and 13 located, respectively, in Units P and G of said Section 14. Applicant further seeks authority to produce the allowable for the unit from either well in any proportion. Applicant further seeks the establishment of a procedure whereby the allowable for the above-described proration unit may be produced by any or all Eumont gas wells located within said unit without the necessity of notice and hearing.

CASE 4732: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Skaggs-Glorieta, East Weir-Blinbry, and Skaggs-Drinkard Pools in the wellbore of its Skaggs "B" Well No. 5 located 900 feet from the North line and 1700 feet from the West line of Section 12, Township 20 South, Range 37 East, Lea County, New Mexico.

CASE 4709: (Continued from the May 5, 1972, Examiner Hearing)

Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Eumont Gas Pool and the Penrose Skelly Oil Pool in the wellbore of its Lockhart A-17 Well No. 1 located in Unit L of Section 17, Township 21 South, Range 37 East, Lea County, New Mexico.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 7, 1972

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

The following cases will be heard before DANIEL S. NUTTER, Examiner,
or ELVIS A. UTZ, Alternate Examiner:

CASE 4716 (Readvertised):

Application of Union Oil Company of California for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Owens Well No. 2, having a surface location in Unit I of Section 34, Township 14 South, Range 35 East, East Morton-Wolfcamp Pool, Lea County, New Mexico. Applicant proposes to set a whipstock at approximately 7200 feet and to directionally drill to bottom the well in the Wolfcamp formation within 100 feet of a point in Unit H 1730 feet from the North line and 560 feet from the East line of said Section 34. Applicant proposes to dedicate the E/2 NE/4 of Section 34 to the well. In the absence of objection an order will issue based upon testimony received in this case on May 17, 1972.

CASE 4726: Application of Shenandoah Oil Corporation for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg-San Andres formations through one well located in the SE/4 NW/4 of Section 27, Township 18 South, Range 31 East, Shugart Pool, Eddy County, New Mexico.

CASE 4727: Application of Harper Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle oil production from the Blinbry, Drinkard, and Wantz-Abo Pools in the wellbore of its S. J. Sarkey Well No. 2 located in Unit H of Section 26, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 4728: Application of Texaco Inc. for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the East Weir-Tubb Pool, Lea County, New Mexico, including provisions for 80-acre proration units and a limiting gas-oil ratio limitation of 4000 cubic feet of gas per barrel of oil.

CASE 4729: Application of American Trading and Production Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Round Mountain Unit Agreement comprising 5,757 acres, more or less,

CASE 4733: Application of David Fasken for pool contraction and creation of a new gas pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the horizontal limits of the Indian Basin-Morrow Gas Pool, Eddy County, New Mexico, by the deletion therefrom of all of Sections 4 and 5, Township 21 South, Range 24 East. Applicant further seeks the creation of a new gas pool with horizontal limits comprising all of said Section 4 and 5 for the production of gas from the Morrow formation.

CASE 4734: Application of Hanagan Petroleum Corporation for pool extension, non-standard spacing unit, and unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order extending the horizontal limits of the Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico, to include all of Section 24, Township 21 South, Range 25 East and all of Section 19, Township 21 South, Range 26 East. Applicant further seeks approval of a 636.38-acre non-standard gas spacing unit comprising all of said Section 19 to be dedicated to its Nan-Bet Well No. 1 located at an unorthodox location for said pool 1980 feet from the North line and 660 feet from the West line of said Section 19.

CASE 4735: Application of El Paso Natural Gas Company for capacity production, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rules 14 (A) 15 (A), and 15 (B) of the General Rules and Regulations for the prorated gas pools of Northwest New Mexico, to produce six wells located in Sections 29, 30, 31, and 32 of Township 32 North, Range 8 West and Section 36, Township 32 North, Range 9 West, Blanco-Mesaverde Pool, San Juan County, New Mexico, at full capacity for approximately one year from February 1, 1972.

Applicant further seeks authority to offset any overproduction accrued to the above-described six wells during the one-year period by underproduction attributable to any underproduced wells or marginal wells located within the participating area of the San Juan 32-9 Unit.

CASE 4736: Application of Dalport Oil Corporation for an exception to Order No. R-3221, as amended, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, to dispose into an unlined surface pit water produced from its Todhunter-Federal Well No. 1 located in the SE/4 NW/4 of Section 22, Township 15 South, Range 29 East, Double L Field, Chaves County, New Mexico.

MONTGOMERY, FEDERICI, ANDREWS, HANNAHS & MORRIS

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May 4, 1972

Case 4734

New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87501

Gentlemen:

Enclosed is an Application of Hanagan Petroleum Corporation for approval of an unorthodox location and a nonstandard spacing unit in the Catclaw Draw-Morrow Gas Pool, which Application also requests extension of that Pool to include Section 19 of Township 21 South, Range 26 East, Eddy County, New Mexico.

We would appreciate your setting this Application for hearing before an examiner on June 7, 1972.

Very truly yours,

Richard S. Hanagan

RSM:F
Encls.

cc &
Encl: Mr. Bob Hanagan
Hanagan Petroleum Corporation
J. P. White Building
Roswell, N.M. 88201

DOCKET HANAGAN

Date 5-24-72

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

APPLICATION OF HANAGAN PETROLEUM)
CORPORATION FOR EXTENSION OF THE)
CATCLAW DRAW-MORROW GAS POOL, FOR)
APPROVAL OF AN UNORTHODOX LOCATION)
AND FOR APPROVAL OF A NONSTANDARD)
GAS SPACING UNIT, EDDY COUNTY,)
NEW MEXICO.)

Case No. 4734

APPLICATION

Comes now Hanagan Petroleum Corporation by its attorneys and applies to the New Mexico Oil Conservation Commission for an order extending the horizontal limits of the Catclaw Draw-Morrow Gas Pool, approving an unorthodox location and approving a nonstandard gas spacing unit, and in support of its application states:

1. The Catclaw Draw-Morrow Gas Pool was established by Order No. R-4157, Case No. 4548, on June 21, 1971 and presently is comprised of Sections 23 and 26, Township 21 South, Range 25 East, Eddy County, New Mexico. Special Rules and Regulations for the Catclaw Draw-Morrow Gas Pool were established by the said Order No. R-4157, including provisions for 640 acre spacing units and well location requirements no nearer than 1650 feet to the outer boundary of the Section and no nearer than 330 feet to any governmental quarter-quarter section line.

2. Applicant presently is completing its Nan-Bet Well No. 1 located on State of New Mexico Oil and Gas Lease L-6815, 1980 feet from the North line and 660 feet from the West line of Section 19, Township 21 South, Range 26 East, Eddy County, New Mexico. The said well is not governed by the Special Rules and Regulations for the Catclaw Draw-Morrow Gas Pool, but was drilled at a location in conformity with the Commission's Rules and Regulations for the Morrow formation.

3. The said Nan-Bet Well No. 1 is being completed in the Morrow formation, and, accordingly, applicant seeks extension of

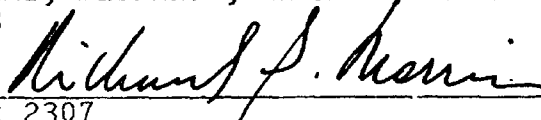
the Catclaw Draw-Morrow Gas Pool to include Section 24 of Township 21 South, Range 25 East and Section 19 of Township 21 South, Range 26 East, Eddy County, New Mexico. Applicant further seeks approval of the above described location of the said Nan-Bet Well No. 1 as an unorthodox location under the Special Rules and Regulations for the Catclaw Draw-Morrow Gas Pool. Applicant further seeks approval of a nonstandard gas spacing unit consisting of 636.38 acres, more or less, comprising all of Section 19, Township 21 South, Range 26 East, Eddy County, New Mexico, the said unit to be dedicated to the Nan-Bet Well No. 1.

4. Approval of this application will neither cause waste nor impair correlative rights.

WHEREFORE, applicant requests that this application be set for hearing before the Commission, or one of its examiners, and that the Commission enter its order approving this application.

MONTGOMERY, FEDERICI, ANDREWS, HANNAHS
& MORRIS

By



P.O. Box 2307

Santa Fe, N.M. 87501

Attorneys for Applicant Hanagan
Petroleum Corporation.

DRAFT

GMH/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:

APPLICATION OF HANAGAN PETROLEUM
CORPORATION FOR POOL EXTENSION,
NON-STANDARD SPACING UNIT, AND
UNORTHODOX LOCATION, EDDY COUNTY,
NEW MEXICO.

CASE No. 4734

Order No. R-4324

NOMENCLATURE

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 7, 1972,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of June, 1972, 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, Hanagan Petroleum Corporation, seeks
an order extending the horizontal limits of the Catclaw Draw-
Morrow Gas Pool, to include all of Section 24, Township 21 South,
Range 25 East, ^{NMPM,} and all of Section 19, Township 21 South, Range 26
East, ^{NMPM,} Eddy County, New Mexico.

(3) That the applicant further seeks approval of a 636.38-acre non-standard gas spacing proration unit comprising all of the above-described Section 19 to be dedicated to its Nan-Bet Well No. 1 located at an unorthodox location, for the Catclaw Draw-Morrow Gas Pool, 1980 feet from the North line and 660 feet from the West line of said Section 19.

(4) That the Nan-Bet Well No. 1 was drilled at a standard gas well location to test the Morrow formation and was completed as a gas well in the Morrow formation.

(5) That the Nan-Bet Well No. 1 is producing from the same common source of supply that is designated as the Catclaw Draw-Morrow Gas Pool.

(7) ~~in~~ That the unorthodox size of the above-described Section 19 is due to a variation in the legal subdivision of the U. S. Public Land Surveys.

(6) That the above-described Section 24 is situated between the present horizontal limits of the Catclaw Draw-Morrow Gas Pool and the location of the Nan-Bet Well No. 1; that said Section 24 can reasonably be presumed to be productive of gas from the same common source of supply that is designated as the Catclaw Draw-Morrow Gas Pool.

(8) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Catclaw Draw-Morrow Gas Pool, will prevent the economical loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the Catclaw Draw-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM
Section 24: All

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 19: All

(2) That an unorthodox location is hereby approved for the Hanagan Petroleum Corporation Nan-Bet Well No. 1, located 1980 feet from the North line and 660 feet from the West line of Section 19, Township 21 South, Range 26 East, Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico.

(3) That a 636.38-acre non-standard gas proration unit in the Catclaw Draw-Morrow Gas Pool comprising all of Section 19, Township 21 South, Range 26 East, Eddy County, New Mexico, is hereby established and dedicated to the aforesaid Nan-Bet Well No. 1.

(4) 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 herein-above designated.

CASE 4735: Appli. of EL PASO
NATURAL GAS COMPANY FOR CAPACITY
PRODUCTION, SAN JUAN COUNTY, N.M.