

Entered April 25, 1977
JCR

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."

-2-

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

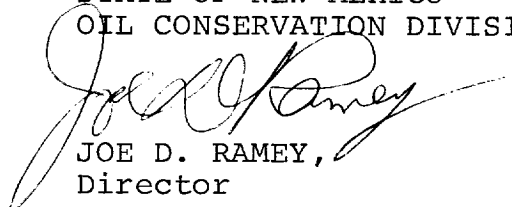
Order No. R-5989

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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY,
Director

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