CASE 5532: HANAGAN PET. CORP. FOR COMPOLSORY POOLING AND AN UNORTHO-DOX LOCATION, EDDY COUNTY, NM

# CASE NO.

5532

APPlication, Transcripts,

Small ExhibiTs,

ETC.

## **Tenneco Oil Exploration and Production** A Tenneco Company

Southwestern Division

6800 Park Ten Blvd. • Suite 200 North San Antonio, Texas 78213 (512) 734-8161

December 30, 1980

Mr. Ernest Padilla General Counsel Oil Conservation Division Box 2088 Santa Fe, New Mexico 87501

Dear Mr. Padilla:

At the request of Hanagan Petroleum Corporation, by Order No. R-5078 in case no. 5532 issued the 12th day of August, 1975, the Commission force pooled all interests in the Pennsylvanian formation underlying the S/2 of Section 12, T21S R26E, Eddy County, New Mexico. At the time of force pooling, title to certain acreage lying within the S/2 was uncertain. As a result of this uncertainty the Commission ordered that revenues attributable to the acreage be placed in escrow in Eddy County, New Mexico.

Tenneco Oil Company recently purchased Hanagan Petroleum Corporation's interest in the S/2 of Section 12. In connection with this purchase Tenneco accepted all responsibility for monies held in escrow pursuant to the aforementioned Order.

Please accept this as notification to you that the money held in escrow by Tenneco has been placed in an account with the First National Bank of Artesia in the name of Tenneco Oil Exploration and Production Trust Account. Should you need any additional information to relieve Hanagan Petroleum Corporation of any responsibility with respect to these funds, please advise.

Sincerely,

Division Attorney

DLM/cw

cc: Mr. Hugh Hanagan

Mr. Mike Silva

LTOEP 111A 12/78



APR 1 2 1976

Santa Fe

PHONE BOS - 623-5083
J. P. WHITE BUILDING
POST OFFICE BOX 1737
ROSWELL, NEW MEXICO

April 9, 1976

American Bank of arlsbad P. O. Box 1689 Carlsbad, New Mexico 88220

Attn: Mr. Ralph Gardner

Re: Hanagan Petroleum Corporation Escrow-Savings Account #355348 Escrow Account for Hanagan Petroleum Corporation #1 Inexco Federal Com
as per New Mexico Oil Conservation Commission Order No. R-5078 Si Section 12, T-21-S, R-26-E, Eddy County, New Mexico

Dear Ralph:

Enclosed is the signature card which you sent regarding the opening of the captioned Escrow-Savings Account. Beginning in a month or so, a Hanagan Petroleum Corporation check payable to your bank for deposit to this account will be issued to cover certain monies from production from the captioned well attributable to certain royalties thereunder. There may or may not be additional funds deposited at a later date depending on the payout of certain working interest percentages under the captioned well. These funds and the cumulative interest will remain in said account until the ownership which is in dispute is determined. All of this is being done as required by Order No. R-5078 as rendered by the New Mexico Oil Conservation Commission.

Please have your bank furnish us with a deposit slip for the amount of each such check you receive for deposit to this account. Thank you for your cooperation in regard to this matter. By the way, our tax I.D. number is 85-0193938.

Very truly yours,

HANAGAN PETROLEUM CORPORATION

Robert G. Hanagan

RGH: ab

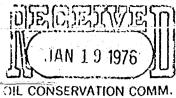
cc: New Mexico Oil Conservation Commission P. O. Box 2088
Santa Fe, New Mexico 87501

PHONE 505 -J. P. WHITE BUILDING POST OFFICE BOX 1787 ROSWELL, NEW MEXICO

R L' Stanets Examiner



January 16, 1976



Santa Fe

VIA CERTIFIED MAIL

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

Case #5532

Order #R-5078

Hanagan Petroleum Corporation

#1 Inexco Federal

Siz Section 12, T-21-S, R-26-E Eddy County, New Mexico

Gentlemen:

In accordance with OCC Order #5-5078, enclosed is an itemized schedule of actual well costs.

A copy of this schedule has already been sent to all other working interest owners, namely: Gulf Oil Company, Hanagan & Hanagan, Pecos Irrigation Company and Western Reserves Oil Company.

A copy of this letter and copy of this schedule are being sent to the Bureau of Reclamation in compliance with the above order.

Very truly yours,

HANAGAN PETROLEUM CORPORATION

Jahn A. Cotnes
P. Carnes

JPC:sjc Encls.

Bureau of Reclamation (w/encl.) Southwest Region Herring Plaza, Box H-4377 Amarillo, Texas 79101

NAGAN PETROLEUM NOITAROURGO

BILLING NUMBER #8-75

BILLING DATE 9-10-75

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WELL	#1 INEXCO	CCCCCAI
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INVOICE IUMBER	SUPPLIER	PURPOSE	INTANGIBLE	TANGIBLE
Prop. 443 Prop. 443	Currier Abstract Company Schultz Abstract Company:	Abstract of title Abstract of title	\$ 60.00 128.23	\$
	Robert Ely Insurance	Bond AE 130181 Lease #3607 (Prop. #443)	100.00	
#7-A	Hanagan & Hanagan	Expenses & services rendere during NMOCC hearing (1½ da	225.00	
08-08	Hinkle, Bondurant, Cox & Eaton	Rendation of title opinion, examination of abstracts etc.		
57165	Tidwell Drilling Bearing Service & Supply	Clean out well wtr. supply Trucking 16" csg. Artesia	520.00 73.38	
966	Oilfield Specialties	to location (Disc. \$1.50) Line reserve pits	1,108.64	
	Plastic Pit Liners Phil Withrow	Drlg. water	138.99	
BS 3182-6803 D. 4483-704	Phil Withrow Phil Withrow	Drlg. water Drlg. water	277.99 48.04	
	Ray Rayroux	Use of water well including all right of ways etc.	1,500.00	
7184 7202	Allstate Construction Allstate Construction	Dirt work Dirt work	3,072.92 174.72	
66-H 5-17221	Material Transfer (HPC) B. F. Walker, Inc.	New Hubco sample bags 9-5/8" Trucking Hobbs, to location	88.67 622.32	
	Phil Withrow Phil Withrow	Drlg. water Drlg. water	696.38 652.86	
D 4511-704	Phil Withrow Phil Withrow	Drīg. water Drīg. water	451.36 370.48	
KL 4835	Phil Withrow	Drlg. water	1,006.86	
BS JB 4495-630:	Phil Withrow Phil Withrow	Drlg. water Drlg. water	130.57 1,436.29	
	Phil Withrow Phil Withrow	Drlg. water Drlg. water	822.12 225.68	
	Credit on Ck. #3600 (Inv. #'s D 4483-704, JB 4718-		(28.17)	
8950	6303, BS 3182-6809) Runnels Mud Company	Brig. Mud	800.28	
8951 8952	Runnels Mud Company Runnels Mud Company	Drlg. mud Drlg. mud	2,018.83 1,557 <u>.</u> 86	
8953 8954	Runnels Mud Company Runnels Mud Company	Drlg. mud Drlg. mud	800.28 1,106.14	
8955 2490	Runnels Mud Company Man Welding Service	Drlg. mud Welding	1,891.86 66.64	
2491 2508	Man Welding Service Man Welding Service	Welding Welding	83.20 104.52	
2507 12568	Man Welding Service M & M Rental Tools	Welding Pump Rental for water	49.92 686.40	
72-H	Hanagan Petroleum Corporat	ion - Material Transfer	, , , , , , , , , , , , , , , , , , ,	2,922.49
-10.11	Hana and Datumi and Organia	Del. 5 jts. 160.60', left over 1 cut off 17.20' = 143.	40	00 755 65
73-H	Hanagan Petroleum Corporat	on - Material Iranster Del. 13 jts. 507' 47# Used All		29,765.28
44444		53 jts. 1980.85' 36# LT&C Used (47 jts. 1784.09')		•
	•	6 jts. 270' 36# ST&C Used Al 72 jts. 2757.85'		
**************************************		SUB-TOTAL	\$23,665.84	\$32,687.77
4962				



BILLING NUMBER #8-75

BILLING DATE 9-10-75

WELL _	#1 INEXCO FEDERAL			
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HVOICE RUMBER	SUPPLIER	PURPOSE	INTANGIBLE	TANGIBLE
74-H <	Hanagan Petroleum Corpora		\$ 175.00	\$
		1" Kobe Tubing rental 700' 0 .25		kan terapa
D 8-262	Dale Meyer Trucking Co.	Trucking Rental choke	84.32	1 - 1 - 1 - 1
	Byron Jackson, Inc.	Pump truck - 16" surf. csg.	269.36 520.34	$t = 1, \ldots, 1$
	Byron Jackson, Inc.	Cement 16" surf. casing	520.34	$I = \{i, j\}$
	Byron Jackson, Inc. Fannie Lee Mitchell	(CM) Credit 16" cmt. job Trucking 9-5/8" to location	(63.18) 313.85	
70001	Hanagan Petroleum Corporal	Hion - Drilling Overhead	1,219.26	
Harris III	I hanayan recroseum oo. po. a.	21 days	1,610,660	
: 2571	Man Welding Service	Welding	58.24	
2577	Man Welding Service	Welding	49.92	Property of the
365	World Plastics	Welding	199.68	$I_{ m color}$ in the $ au$ color $ au$
30-31663	Byron Jackson, Inc.	Temp. Survey	179.40	L = 0
75-644	H & R Testers, Inc.	Yellow Jacket	583.96	$I_{ij} \in \mathbb{R}^{n_i}$
	World Plastics	Welding	83.20	l marini
	Runnels Mud Company	Drig. mud	1,515.80	
	0 K Signs Harris & Son Enterprise	Well sign Roustabout & welding	13.00 663.00	$I_{i}$ , $I_{i}$ , $I_{i}$
	Byron-Jackson, Inc.	Pump Truck & float equip.	1,456.10	
	Byron Jackson, Inc.	1st stage - cmt. 9-5/8" csg		1
30-32002		Pump charge cmt. thru 1" of	2,288.00	1
	Historia de la calculação de la como dela como de la como dela como de la com	9-5/8"		1
	Byron Jackson, Inc.	Cmt. used 1" of 9-5/8"	3,083.38	<b>1</b>
30-32003	Byron Jackson, Inc.	Credit on conting.	(368.46)	1
30-32006	Byron Jackson, Inc.	Credit cmting. 8-5/8" Well sitting - 1½ days	(429.71) 225.00	1
	Hanagan & Hanagan		225.00 2,025.00	1
i	Hanagan & Hanagan	Engineering supervision 13½ days	2,025.00	
		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	1	1
		Take 1. (1) 1 数 1. (2)	\$41,755.73	\$32,687.77
		TOTAL AMOUNT OF BILLING		677 442 50
		101AL AMOUNT OF DILLING		\$74,443.50
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PHONE 503 - 823-5033
J. P. WHITE BUILDING
POST OFFICE BOX 1737
ROSWELL NEW MEXICO

BILLING NUMBER 10-75

BILLING DATE 11-10-75

WELL #1 INEXCO FEDERAL

	ا معقد در ما در المحسد عداد على الكرار مساورات و الأول الماري على			
INVOICE				
NUMBER	SUPPLIER	PURPOSE	TANGIBLE	INTANGIBLE
83-H	Hanagan Petroleum Corp.	Material Transfer - 10'	85.00	
1	nanagan PetroTeum Corp.	51/2" 20# N-80 LT&C	65.00	
9-75	Hanagan & Hanagan	Geological supervision & well sitting (14 days)		2,100.00
The second secon		Engr. supervision (2 days)		300.00
A 409	T & C Tank Rental & Ancho Service Corp.	r 4 guyline anchors		343.20
240	Roy's Tong Rental	Labor - change out tbg. cpl	gs.	1,911.32
863 1-47402	Harris & Son Enterprise Union Supply Company	Roustabout work Four csg. cplg four pipe	162.44	342.16 85.23
		dope (disc. \$3.19)	102.44	• 1
5-18018	B. F. Walker Inc.	Trucking 2-7/8" tbg. Hobbs to Lovington		513.09
29976	Mcranco	Credit on Drilling Bill		(796 <b>.26)</b> *
28453	The Western Company Hanagan Petroleum Corp.	500 gal. acetic acid October Administrative		1,737.75 ° 250.00
		Overhead		200.00
1-47419	Union Supply Company	Wrap around companion flange & fittings	376.73	
10-23	O'Briant Engineering Co.	Engineering services &		677.02
28771 .	The Western Company	expenses Pump truck		728.00
10 to	Eddy County Clerk	Recording fee for Communi-	•	19.75
12534	Dresser Industries	tization Agreement Rental PVT		· 355.68
12533 12532	Dresser Industries Dresser Industries	Rental adj. choke Rental flo sensor		842.40 355.68
1716	Jarrel Services	Set blank plug		380.64
215671 01009	Rucker Atlas Bradford Co. Nitrogen Oil Well Service		4,009.18	1,830.61
		ment (disc. \$37.84)		
28791 28943	The Western Company The Western Company	4500 gal. acid treatment Acetic acid		5,362.06 932.88
28792	The Western Company	Acetic acid		423.88
C 1075-067	The Rowland Trucking Co. Dale Moreau	Treated water Night watch duty 4 nights		3,064.88 200.00
	Anglia Busaka da a	@ \$50.00/night	11.11.11.11.11.11.11.11.11.11.11.11.11.	200.00
10-24	Union Supply Co.	Tbg. pup jts. & cplgs. (disc. \$.37)	195.62	
10-23	Jarrel Services Inc.	Wireline set-seat nipple	dw.	162.76
10-24 11257	Jarrel Services Inc. Baker Oil Tools	Wireline work set blank plu Model D production pkr. &	3,407.04	1,100.28
17059	Dresser Industries	assoc. equip.	03407.04	<b>30.00</b>
4-22909	Schlumberger Well Service			48.90 3,838.49
	Victor Rodriquez	Night watch 3 nights @ \$50/		150.00
t S	John Pinkerton	Night watch 3 nights @ \$50/		150.00
4-23694	Schlumberger Well Service	night Perf. upper zone	: : : : : : : : : : : : : : : : : : :	3,536.52
11215	Baker Oil Tools	Rental & service charges		1,349.35
70737 1-48237	Solt Well Service, INc. Union Supply Company	Workover Unit Tbg. pup jts.	346.55	8,637.49
1-48076	Union Supply Company	Chain & lock for wellhead (disc. \$.24)	23.22	
C 1075-221	Rowland Trucking Co.	Treated water		258.96
10-1262 11742	Land & Marine Rental Co. Baker Oil Tools	Rental BOP & etc. Lok set prk., blast jts. &	2,752.50	794.74 345.88
11/76	DUNCT UTT 10015	services	2,752.50	343.00
		SUB-TOTAL	\$ 11,358.28	\$ 42,333.34
		OGO TOTAL	7 11,000.20	9 44,000.09



BILLING NUMBER 10-75

BILLING DATE 11-10

WELL	#1 INEXCO FEDERAL		BILLING DA	ATE 11-10
NUMBER	SUPPLIER	PURPOSE	TANGIBLE	INTANGIB
8537 11809 MT-95 H MT-88 H 1-47792 15742 783572 4-21733	Schutz Abstract Co, Inc. Currier Abstract Company Dave Collier Supply Co. Baker Oil Tools Haragan Petroleum Corp. Eddy County Clerk Bureau of Land Management Hanagan Petroleum Corp. Union Supply Grant Oil Tool Co. Halliburton Schlumberger Well Service	(Credit Memo) 544' 2-7/8" 6.5# N-80 New Tbg. Misc. fittings Rental Drlg. Head & Assoc. Equipment DST #2		\$ 51. 95. 532. 7. 10. 2,015. 1,515. 10,647. \$ 57,207. \$ 67,433.
	YOUR INTEREST		YOUR AMOUNT	

WELL #1 INEXCO FEDERAL

BILLING DATE \_\_10-1-75

	3	Left Every		
INVOICE ·	SUPPLIER	PURPOSE	TANGIBLE	INTANGIBLE
H-81	Hanagan Petroleum Corp.	Material Transfer #81-H One complete Gulfo wellhead	\$12,348.96	\$
Н-82	Hanagan Petroleum Corp.	& assoc. equipment Material Transfer #82-H 3 jts. 5-1/2" 20# N-80	280.00	
5÷17720	B. F. Walker, Inc.	LT&C pup jts new Trucking 5-1/2" csg Hobb to location	<b>S</b>	906.09
	Hanagan & Hanagan	Proportionate share of insurance costs as follows		172.16
		Drlg. bond8-29-75 to 8-29-76 - Plugging bond 7-2-75 to 7-2-76 - Workmen's comp.		
H-80 &	Hanagan Petroleum Corp.	& liability 8-26-75 to 8- 26-76 Material Transfer #H-80 &	82,305.50	
H-83		#H-83 1629 40 jts. 5-1/2" 20# N-80 LT&C csg.		
		9792 245 jts. 5-1/2" 17# N-80 LT&C csg.		
45488	Fannie Lee Mitchell	Trucking 5-1/2" Lovington to location		784.66
<b>0</b> 9-08	Hanagan Petroleum Corp. Hinkle, Bondurant, Cox & Eaton	Sept. Administrative Overhe Legal Expense	ad .	99.96 15.78
08-08	Hinkle, Bondurant, Cox & Eaton	Legal Expense		286.00
20290	Star Tool Company	Rental Equipment		20.80
3295 3296	Rose Gravel Company Rose Gravel Company	6 yds. gravel 8 yds. gravel		51.90 265.20
3297	Rose Gravel Company	8 yds. gravel		239.20
3310 123962	Rose Gravel Company Halliburton	2 yds. gravel Open Hole DST #1		23.35
0751	Stevenson-Roack Tank Co.	Sandblast 5-1/2" csg.		1,477.84 242.06
9343	Runnels Mud Company	Drig. mud		5,070.08
9344 9345	Runnels Mud Company Runnels Mud Company	Drlg. mud Drlg. mud		1,235.62
9346	Runnels Mud Company	Drlg. mud		2,103.88 790.92
9347	Runnels Mud Company	Drlg. mud		2,134.11
95783 95782	Dresser Industries Dresser Industries	Rental Choke Rental flo sensor		93.60 56.16
95784	Dresser Industries	Rental pit leveller		56.16
68961	Hanagan Petroleum Corp.	Orlg. Overhead (18 days)		1,045.08
423	Hutchinson Bag co. World Plastics	Sample bags Rental gas separator		115.92 499.20
9369	Runnels Mud Co.	Drlg Mud		1,955.62
9370	Runnels Mud Co.	Drlg Mud		3,233.39(cr)
49355 29968	Drilprodco Moranco	Water Line Rental Orilling Contract		1,202.24 156,131.45
862	Harris & Sons	Roustabout labor		222.04
438	World Plastics	Welding		49.92
2899 7404	Man Welding Service Allstate Construction Inc.	Welding Partial Cleanup		49.92 99.84
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PHONE BOS - 623-5033 J. P. WHITE BUILDING POST OFFICE BOX 1737 ROSWELL, HEW MEXICO

BILLING NUMBER 9-75

BILLING-DATE 10.1-75

	SUPPLIER	PURPOSE	TANGIBLE	INTANGIBL
29968 29968 773913 773914	Hanagan Petroleum Corp. Moranco Moranco Halliburton Halliburton	Material transfer 11,450' 2 7/8" 6.5# N-80Tbg. 6 Hrs @ \$115.625/hr 16 Hrs @ 109.375/hr cmting 5½" csg temperature survey	\$ 45,800.00	721.50 1,820.00 7,672.52 535.39
		TOTAL	140,734.46	185,012.78
		INVOICE TOTAL		\$325,747.24
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PHONE 805 - 823-8053 J. P. WHITE BUILDING POST OFFICE BOX 1737 ROSWELL, NEW MEXICO

BILLING NUMBER 11-75 BILLING DATE 12-5-75

WELL #1 INEXCO FEDERAL

INVOICE NUMBER	SUPPLIER	PURPOSE	TANGIBLE	INTANGIBLE
CN 3 MM 37156 1124 1075-078 3438 919 1175-067 10-6666 MT 96 H 34220 2702	Hanagan Petroleum Corp.  Byron Jackson O'Briant Engineering Eunice Rental Rose Gravel Co. Phil Withrow Rowland Trucking Tefteller, Inc. Hanagan Petroleum Corp.  New-Mex Construction Gas Treating Chemicals, In	Material Transfer - Nisc. fittings Volume discount for cement Services & Expenses Frac tank rental 3/4 pea gravel Trucking Trucking KCL wtr. 4 pt. test (66') 2 jts. 2-3/8" J-55 t (3) 2 x 8 nipples (2) 2" e Partial Cleanup Trucking KCL wtr. Partial Cleanup Trucking KCL wtr.	kg. 175.18 ls	\$ (21.08) 3,379.64 221.00 44.93 87.36 273.52 630.90  617.76 646.10
			\$257.99	\$5,880.13
		INVOICE TOTAL		\$ 6,138.12



PHONE 503 - 823-3053 J. P. WHITE BUILDING POST OFFICE BOX 1737 ROSWELL, NEW MEXICO

BILLING NUMBER 1-76

BILLING DATE 1-9-76

WELL #1 INEXCO FEDERAL

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INVOICE				
NUMBER	SUPPLIER	PURPOSE	TANGIBLE	INTANGIBLE
				and the second s
890 117-H	Harris & Son Enterprises Hanagan Petroleum Corp.	Rousabout Labor Material Transfer - (1)	\$ 37,000.00	\$ 150.80
11/-11	nanagam recroteum corp.	Sivalls 2,000,000 BTU Gas	37,000.00	
ski ji takin sa		Production Unit Heater/ Separator		
118-H	Hanagan Petroleum Corp.	Material Transfer - (1)	4,325.00	
	Richard Payne	CE Natco 400 bbl. tank 3 night watch duty @ \$50.00		150.00
1175-434	Rowland Trucking	Trucking		52.00
<b>3</b> 95 <b>9</b>	Hinkle, Bondurant, Cox & Eaton	First Supplemental title opinion		57,20
216667	Rucker	2-7/8" teflon seal rings	132.87	in en
A 578	T & C Tank Rental & Ancho Service	Anchors for pipeline hold down		478.40
1060	Stevenson Roach Tank Co.	Trucking & roustabout labor		70.72
1058 1056	Stevenson-Roach Tank Co. Stevenson-Roach Tank Co.	Trucking Roustabout work hook-up		70.72 1,060.80
		well		
1037	Stevenson-Roach Tank Co.	Trucking & setting gas Pro. Unit		343.20
11-75	0'Briant Engineering	Engineering services & expe		88.91
75-12135 23-7512	Nolan H. Brunson Marshall B. Morris	Trucking tank Hobbs to well Supervision hooking up well		383.39 78.00
3268	Gray's Welding Service	Welding hook-up well		698.88
75-1634 1274	Pumping Units Service Union Supply Co.	Trucking prod. gas unit Valves fittings & line pipe	2,076.46	562.52
34275	New Mex Construction Co.	Partial cleanup		184.08
			\$ 43,534.33	\$ 4,429.62
		TOTAL AMOUNT OF BILLING	\$ 47.963.95	
en e		TOTAL AMOUNT OF BILLING	<u> </u>	
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PHONE 503 - 623-3053 J. P. WHITE BUILDING POST OFFICE BOX 1737 ROSWELL, NEW MEXICO

BILLING	NUMBER	
BILLING	DATE	

WELL	#1 INEXCO FEDERAL		DIELIKO DA	116
				متاسیعات کی در ایستان کا میستان کی از ایستان کا از در ایستان کا این میستان کا از ایستان کا از میستان کا از می ترکیب در این از این می از این این میشان کا از این
INVOICE				
NUMBER	SUPPLIER	PURPOSE	TANGIBLE	INTANGIBLE
1445	Union Supply Co. Inc.	Valves, fittings, line pipe	\$ 2.023.74	* \$
3586	Union Supply Co., Inc. Rose Gravel Co.	Ready mix concrete	<b>γ 2,003.74</b>	82.56
3588	Rose Gravel Co.	Grushed rock	All Liter Le	54.60
1219	Union Supply Co., Inc.	Misc. fittings for Meter	62.84	
2 76 11	Harakan Dakustanin oesa	run inst.	1 444 02	
3-76-H	Hanagan Petroleum Corp.	Material Transfer - America flowmeter recorder Danels	n 1,444.83	
		Meter Run	in the second of	
			\$ 3,591.41	\$ 137.16
		TOTAL AMOUNT	\$ 3,728.57	
		TOTAL AMOUNT	\$ 3,720.37	
			**	
	TOTAL COST OF BILLINGS TO	DATE 1/16/76 \$525,464.43		
4		• • • • • • • • • • • • • • • • • • • •	1	3

PHONE BOR - 623-5053
J. P. WHITE BUILDING
POST OFFICE BOX 1737
ROSWELL, NEW MEXICO



January 6, 1976

R. L. Stamets Examiner

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

Re: Case #5532 Order #R-5078 Hanagan Petroleum Corporation #1 Inexco Federal S½ Section 12, T-21-S, R-26-E Eddy County, New Mexico

#### Gentlemen:

In accordance with the above captioned order the Escrow Agent will be: American Bank of Carlsbad
115 West Fox
Carlsbad, New Mexico 88220

Since no sale of gas has been made from this well this account has not as yet been opened but will be opened for Escrow funds as soon as the first sale of gas is made.

Ve y truly yours,

HANAGAN PETROLEUM CORPORATION

JPC:sjc

John P. Carnes





PHONE 505 - 623-5053
J. P. WHITE BUILDING
POST OFFICE BOX 1737
ROSWELL, NEW MEXICO

August 27, 1975

New Mexico 0il Conservation Commission P. O. Box 2088 Santa Fe, New Mexico 87501

Re: Case #5532
Order #R-5078
Hanagan Petroleum Corporation
#1 Inexco Federal
Standard Standard Technology
Eddy County, New Mexico

#### Gentlemen:

In accordance with OCC Order #5-5078, enclosed is an itemized schedule of estimated well costs (AFE).

A copy of this AFE has already been sent to all other working interest owners, namely: Gulf Oil Company, Hanagan & Hanagan, Pecos Irrigation Company and Western Reserves Oil Company.

A copy of this letter and copy of the AFE are being sent to the Bureau of Reclamation in compliance with the above order.

Very truly yours,

HANAGAN PETROLEUM CORPORATION

JPC:ab encls.

cc: Bureau of Reclamation (w/encl.)
Southwest Region
Herring Plaza, Box H-4377
Amarillo, Texas 79701

# A.F.E. HANAGAN PETROLEUM CORPORATION Detail Well Estimate

11,500' Morrow Test	PRODUCER  1,000 144,000 19,500 15,000 6,000 15,000 17,000 2,500 6,500 6,500 6,500 3,500 1,000 2,500 7,000 2,900 10,800 279,700 28,000 37,000 2,000 2,000	DRY HOLE \$ 1,000 144,000 19,500 13,000 6,000 6,000 15,000 15,000 500 500 5,000 4,000 3,000 1,500 1,000 4,500 2,600 \$ 249,200 \$ 7,000 28,000
RILLING INTANGIBLES:  Surface Damages & Location  Drilling Cost 11,500 Feet @ 12.50 Per Ft.  Day Work 7 days @ \$2775/day  Well Surveys  Testing 4 DST  Coring  Fuel Water X  Mud Logging Service  Cementing Service X Cement X Equip. X  Surf: X Intermed: X Prod: X  D. Labor Contractor Labor X  D. Labor Contractor Labor X  Right By Structuring Perforating X Fracturing Perforating X  Perforating X Fracturing Perforating X  Perforating X Fracturing Perforating X  Perforating Welding, Rental Equip. etc.  Miscellaneous Costs Drilling Well Overhead @ \$1800 per month (est. 45 days + 5 days completion) 4% TAX  TOTAL INTANGIBLES \$  ELL EQUIPMENT:  Casing 350 Feet of 16" (65# H-40) 20550 Feet of 9-5/8" (36 & 40 K-55) 11500 Feet of 55%" (17 & 20# N-80) 11500 Feet of 2-7/8" (6.5# N-80) 11500 Feet	PRODUCER  1,000 144,000 19,500 15,000 6,000 15,000 17,000 2,500 6,500 6,500 6,500 3,500 1,000 2,500 7,000 2,900 10,800 279,700 28,000 37,000 2,000 2,000	DRY HOLE \$ 1,000 144,000 19,500 13,000 6,000 6,000 15,000 15,000 15,000 500 500 500 5,000 1,500 1,000 1,500 1,000 2,600 \$ 249,200 \$ 7,000 28,000
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# BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION Santa Fe, New Mexico July 30. 1975

#### EXAMINER HEARING

IN THE MATTER OF:

Application of Hanagan Petroleum Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico

CASE NO. 5532

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

#### <u>APPEARANCES</u>

For the New Mexico Oil Conservation Commission:

William F. Carr, Esq.
Legal Counsel for the
Commission
State Land Office Building
Santa Fe, New Mexico 87501

For Hanagan Petroleum Corporation:

Paul Eaton, Esq.
HINKLE, BONDURANT, COX &
EATON
P. O. Box 10
Roswell, New Mexico

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						PAGE
HEIGH	HANAGAN					
Direct	Examinat	ion by	Mr. E	<b>ato</b> n		3

## EXHIBITS

Applicant's Exhibits 1 through 4 21

MR. STAMETS: Call Case 5532

MR. CARR: Case 5532. Application of Hanagan Petroleum Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico.

MR. STAMETS: We call for appearances in this case.

MR. EATON: Paul Eaton of the firm of Hinkle,
Bondurant, Cox and Eaton, Box 10, Roswell, representing the
Applicant, and we have one witness.

(Witness Sworn)

#### HEIGH HANAGAN

called as a witness, having been first duly sworn, was examined and testified as follows:

#### DIRECT EXAMINATION

#### BY MR. EATON:

- Q State your name, please?
- A Heigh Hanagan.
- Q By whom are you employed, and in what capacity?
- A I'm Vice-president of Hanagan Petroleum Corporation,
- Q Are you from Roswell, New Mexico?
- A Yes, I am.
- Q What are your duties with Hanagan Petroleum Corporation?
  - A Well, I'm a geologist by trade, and also supervise

the drilling and completion of wells.

- Q Have you previously testified before this Commission, and were your qualifications accepted?
  - A Yes.
  - Q Are you familiar with the Application in this case?
  - A Yes, I am.
- Q What does Hanagan Petroleum Corporation seek by its Application?
- A Hanagan Petroleum Corporation asks for an unorthodox location and seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the south half of Section 12, 21 South, 26 East, Burton Flat-Morrow Beds, Eddy County, New Mexico.
- Q Mr. Hanagan, referring you to what has been marked for identification as Exhibit 1, I ask you to state what that Exhibit represents?

A Well, Exhibit 1 is a lease-ownership map of the area in question and the surrounding area. The subject, Section 12 of 21, 26, the south half of 12, is outlined in yellow. A proposed location, has a red dot, is located 1650 feet from the south line, 660 feet from the east line of Section 12. The ownership of that south half, which we wish to dedicate to the well, is owned -- the drill site, 40

acres, by Hanagan and Hanagan; 200 acres by Inexco 011 Company, on which we have obtained a farm out.

The west 80-acre tract, in other words, the west half of the southwest quarter, is split up due to the lake, and it is owned -- there's approximately 8-1/2 acres of fee leased by City Service and Gulf. City Service has two-thirds of it; Gulf has one-third. We have negotiated to purchase City Service's part of the acreage; Gulf has agreed to join as a working partner. We have 5-1/2 acres north of the dam which is owned by the United States Government Bureau of Reclamation; they're the ones that control it.

Pecos Irrigation Company has approximately 5 acres.

Western Reserve and Pecos Irrigation has agreed to join as a working-interest partner. Western Reserve has 61 acres, approximately, which they have agreed to join as a working-interest party.

Q Mr. Hanagan, before you get off of this one point, you said that City Service has agreed to sell its lease on the two-thirds interest in approximately 8-1/2 acres to Hanagan. At the time this Application was filed, had such a sale been negotiated?

A No, at the time when this Hearing was set, City

Service had refused to do anything. They would not join or farm out. They were offered both choices, and they would not agree to either.

Q Now, has the sale of City Service lease been consummated?

A It has not been consummated because of technicalities. One is we're not absolutely sure about the exact number of acres that they own.

Q Now, one other question. You said that approximately 5-1/2 acres north of the dam is owned by the United States.

Isn't it true that actaully there's a title uncertainty, in that Pecos Irrigation Company also claims ownership of that tract?

A Yes, as you can see on the map, the Avalon
Reservoir, as it's stated on there, that reservoir extends
down into the south half of 12, and in that -- particularly
in the northwest corner of that 80 acre tract on the west
side; in other words, the west half of the southwest quarter,
gets complicated, in that some of the legal title to the
acreage is based upon the location of the old original
Pecos River channel, and that channel has changed through
the years, and we've looked at maps as far back as 1890 on
it. And there is a question along that whole river bed

there, including the reservoir dam area, and there's a canal that runs through there, and it is fairly complicated. The 5-1/2 acres, approximately, that we mentioned owned by the United States Government, if they own it -- and they claim to own it -- then it is not leased; it's not under lease, and so that portion there, as operator of the well, we're not -- I mean, we don't feel like it's our duty to try to establish ownership, but that ownership will probably be rather lengthy in determining. Same way on the Pecos River Irrigation's portion in there; the Government, again, says they own it, and Pecos River Irrigation says that they own it.

- Q Mr. Hanagan, what is the projected depth of this well?
- A The projected depth would be an 11,500-foot
  Morrow test.
- Q Now, I note that on Exhibit 1, you have some yellow lines, and blue lines, and green lines; what do those lines indicate?
- A The yellow lines, roughly the productive outline of the Burton Flat-Morrow wells, the blue lines to the west there is the approximate productive limits to date of the Avalon Morrow field, and the green on the western-most

side of the plat is the Catclaw Draw field, Morrow.

Q All right. Now, turning, Mr. Hanagan, to what has been marked for identification as Exhibit No. 2, would you please state what that Exhibit portrays?

A Exhibit No. 2 is a sub-surface structural map contoured on top of what we call the Morrow B zone, which would also be roughly the top of the middle part of the Morrow. This map is the -- the yellow outline again on the proposed proration unit, which would be the south half of Section 12, the proposed location is spotted. The yellow wells colored in are the offset wells or nearest producing Morrow wells in the area. The green line marked "AA Prime," is a cross section which will be Exhibit No. 3, and the blue lines BB Prime will be the cross section Exhibit No. 4.

You will note on this structural map that we have a nosing or a ridge, narrow ridge, trending in a north-south direction in the area with the producing wells to date being near or on the east flank of this nosing. Now, there have been enough wells drilled in the area to give us fairly good control. Very good on the east side and somewhat less densely drilled, of course, on the left side. The nosing carrying on down into Section 24 South, is

again, they plugged it.

Page.....

postulated in that that is not as well controlled, but from the north half of 13 on northward we have very good control. You can see the, like I said, the production to date and the best sand development appears to be just east of the crest, and on down eastward you get your good production. There is one dry hole in the offset. The proposed gas unit which is the Monsanto Well located in Section 13 of 21, 26. That well, we feel, was awful close to production, and evidently Monsanto did too. They went in and whip-stocked that well after they drilled it. They whip-stocked it approximately 310 feet northeast, and,

- Q What is the meaning of the data shown in connection with each well?
- A Well, under each well would be the minus-data point, which would be the top of the "B" zone used to contour the plat. The TD's on each well is noted, and the calculated-absolute open flow on each well is noted, and the names of the wells are all on the plat there.
- Q All right. Now, please refer to what has been marked for identification as Exhibit No. 3, and state what this Exhibit is intended to show?
  - A Exhibit No. 3, is a stratographic cross section

based on electric logs. In this case, it would be a northsouth section marked "AA Prime," and the northern-most well would be the Mobil Well located in the northeast quarter of Section 12, 21, 26. This well would be a direct offset to the proposed location. The second well on the section is located in Section 7 of 21, 27. That well is the Monsanto No. 1 Avalon Hills located in the southwest quarter of Section 7. The third well on the section is the south offset of Monsanto Well; it is located in Section 18 of 21, 27. It is the No. 1 -- No. 2, excuse me, No. 2 Federal operated by Mobil. Those wells are presently in the Burton Flat-Morrow field. They are producing, and to my knowledge, they are hooked up to Llano as a gas purchaser. On this section, we have colored in close to the green line at the top of the section, would be the top of the B zone and would be the equivalent marker used in contouring our Exhibit No. 2.

The yellow on the left-hand side of the log sections are sand zones or sandy zones. The red zones marked on the left-hand side of the logs, with the little dots, are the perforated intervals and producing intervals in each of those wells. The red on the right is the cross B indication from the log or the poorest sections in the Morrow. The

logs are just -- these sections are just Morrow, the complete
Morrow section in the area. It goes from the A zone or
top of the Morrow through the Barnett shale or into the
Barnett shale.

At the bottom of each log, again, is the calculated-absolute open flow. The little dots on the right-hand side of each log, colored in green, are the possible gas zones. The ones that are just dashed inside of the circle are questionable, very questionable gas zones. You will note just below where we have what we call the of the Morrow, a massive shale zone which is a little blue check mark there. That indicates that evidently the operators or the people that drilled so far in the field consider that zone wet. It has produced or it has recovered water on one well in there. We question whether it is all wet or not, but anyway we have it marked as a possible productive zone. You will note on all three wells are what we call the B zone, the lower B zone, or the middle Morrow, is perforated in all three offset wells, plus the basal part of the C zone or lower Morrow is perforated in all three wells.

Q All right. Now, would you refer to what has been marked for identification as Exhibit No. 4, which is your east to west cross section, and state what this Exhibit is

intended to show?

Well, the east-west cross section. Exhibit No. 4. is colored with the same colored code as Exhibit No. 3. It runs across the nose of the structure with the western-most well being the Monsanto dry hole in Section 13 of 21, 26. The east well on the cross section is the Mobil Well located in Section 18 of 21, 27. You will note as you go west of the productive well, that the middle Morrow or B sands are breaking up and are tight, and do not appear to be productive. The C sand, it has the questionable water zone at the top of the C. It has what we feel like may be a gas zone at the base, that hasal C-member, which is productive in the Mobil Well, but the B-prime well -- and is the pay in the area -- that well was drill-stem tested covering both or all of the C zone, and recovered water with some gas. The zones were not tested separately, therefore, we do question that possibly the lower sand there may be gas productive, in our opinion.

We wish to point out, due to the lack of possible productive sands in the Morrow B Zone, as you go westward, this is based on reasonable work that we've done also, but we feel like the -- as you go westward on our proposed gas unit -- that the B sands will probably not be productive.

Therefore, we'll lose -- by moving it; we have to move west-ward -- we would lose the productive B sand. Whereas at our proposed location we feel that both the B and the C would be productive. We do feel, however, that over the whole 320 acres the C sand, the lower-most sand, would be productive.

Q Do you have, Mr. Hanagan, any background or other information with respect to the location of the proposed well?

A Yes. Again, the lake or the presence of Lake Avalon, or Avalon Reservoir, does enter into the picture as to where you can drill a well in that section. For example, the original well or the original proposed well by Mobil was to be drilled within a hundred feet of where we wish to drill right now. Mobil came to us sometime ago and asked us to join in the well, which we were in favor of, and agreed to join. They were going to propose the east half of Section 12 as being the gas unit there, which would have been a normal location. Roughly, I think it was around 1300 or 1400 feet from the south, 660 from the east. It would have been an unorthodox location, but it would have been due to the presence of the lake and, therefore, I'm sure they would have gotten a topographic

exception to that or they wouldn't have had to had a hearing, but when they proposed that to some of the other owners in the section, well, they immediately objected because it was quite obvious that practically the rest of the west half there was only a very limited place they could drill. Almost the whole north half is covered by water, and a good part of the south half is covered by the lake; therefore, Mobil said, "Okay, we'll drill up in the northeast corner," and again you can see they have an unorthodox location there. Their location is a 660 from the north and the east, again, due to the presence of that lake you have to be in that area 300 feet away from the high-water mark, and the high-water mark there is a 3180 feet, a 3180 elevation. That's your high-water mark. Our proposed location is 425 feet south of the high-water mark. We have already processed, and has been approved, all the drilling papers, the environmental statements, the Bureau of Reclam ion has approved it, the location as such. We have our papers ready to drill the well. We'll have a rig within a week, and so we are in shape to drill right now. The Application to drill and the environmental papers, and stuff, were approved the 25th of July.

Q Mr. Hanagan, were all of the offset operators

notified or furnished copies of your Application?

A Yes, on July the 9th, the Application and all were sent in.

Q What, if anything, has resulted from the giving notice to those operators?

The offset operators were all notified and were requested to either send us a letter or send a letter directly to the Commission stating whether they objected or not objected. We received three letters which are from Mobil Oil Corporation, and as you can see, Mobil probably has the most interest in that area. They have two wells, offset and proposed wells. They have a substantial interest in both of Monsanto's Wells in Section 7, so we have a letter stating that they do not oppose the location. City Service, which between them and Gulf, again, own acreage in the southeast of the proposed unit, which would be in Section 14 of 21, 26. City Service did not send a letter, but we did talk to them by phone, and they said that they would not oppose the proposed location. Gulf, they have sent us a letter not to oppose; they're not in opposition. Inexco, which also owns offset acreage, does not oppose. They did not send us a letter, but we, again, told them by phone, and they said they would not oppose it. Western Regerve,

we have a letter saying they will not oppose. Monsanto, we contacted them, and they said they would oppose, so all of the offset operators, and also Arco -- I beg your pardon Arco has, again, has a pretty good interest in the area, and they have a substantial interest, again, in both of Monsanto's Wells in Section 7. In fact, probably Monsanto's Wells are owned more by Mobil and Arco. They have a larger interest together than Monsanto would probably, but they do have substantial interests in those two wells.

Q All right. Would the well at the proposed location effectively and efficiently drain the south half of Section 12, in your opinion?

A Yes.

Q At that location, will the well be in the interest of conservation and prevention of waste and the protection of correlative rights?

A Definitely it will. It will recover the gas that it should.

Q Now, Mr. Hanagan, in connection with your request for compulsory pooling of all mineral interests in the south half of 12, I believe you testified earlier that at the time your Application was filed, the interest of City Service was not committed to the proposed well, and that

there are also title uncertainties with respect to some 5-1/2 acres in the northwest corner of the proposed drilling unit. is that correct?

- A That's correct.
- Q And I believe you have testified that since then you have hopefully worked out a purchase of the City Service interest?
  - A That's right.
- Q But with respect to the other acreage on which there are title uncertainties, you have not been able to get any lease or you have not been able to get whoever the owners are to join in the drilling of the well, is that correct?
  - A That's correct.
- Q Do you have an opinion as to what the cost will be to drill the well, and if it's determined to be productive, what the cost would be of completing the well?
- A Yes. We believe that a dry hole will cost \$290,000; a completed well \$475,000.
- Q What is the basis for your mentioning that statement?
- A We actually sent out an AFE. It's been circulated to the working-interest partners, mainly Gulf. In fact,

offhand, Western Reserve, and that AFE was in the amount of \$288,700.

Q Do you consider those estimated costs to be reasonable?

A Yes. We've drilled 15 wells or better in the area, and we are drilling one right now; in fact, approximately three or four miles southwest of that proposed location, so we're pretty much aware of what those wells cost.

Q Now, I believe that you have also asked that a charge for supervision be provided. What charges do you desire?

A We asked for a drilling-well rate, per month per well, at \$1800; a producing-well rate per month of \$250.

Q Are those amounts in your opinion customarily charged in the Eddy County area for Pennsylvanian gas wells?

A Yes, they are. In fact, the operating agreement that we proposed, and which we have circulated, most of the people involved are operating under that operating agreement at the present time in some other wells of ours.

Q Do you consider those charges to be fair and reasonable?

A Yes.

Q I believe you've also requested that this Commission

consider a charge for the risk involved in drilling the well, have you not?

- A Yes. I think there is a risk there.
- Q Do you have an opinion of what the risk charge should be?

It has been our policy for years -- and we've argued it enough I guess -- but our policy is that we always ask for the maximum, 200-percent. We think that any person that is given the opportunity to join or to farm-out or to -- after they're given that opportunity, and they do not do it, then actually all they're doing is sitting there and getting a free ride. If that well is dry, it doesn't cost them one penny; it costs the operator that much more. If it's a good well, they can do one of two things: They can pay up their money right there within, I think, thirty or ninety days with no penalty whatsoever, and then -unless the Commission gives the penalty ahead of time, then I understand that, but they have thirty days or better, thirty or ninety -- whatever it is -- before they have to come under the penalty. Then they can sit there even if you have a poor well, and you can take their cost out of production, which you may not ever recover. So that as far as we're concerned there should be a penalty in that case.

Q What about the risk involved in connection with this well?

A The risk, as you can see, we do -- we are offsetting a dry hole, the Monsanto Well in 13. That is
certainly a risk. The Morrow, as we all know, is a high
risk in that the sands change both in character and thickness
drastically over a short distance. The risk of getting a
dry hole is just pretty high when you're talking about
strictly the Morrow; you're talking zones anywhere from
3-feet thick to 20-feet or so. So we do think that we are
risking a dry hole there drilling.

Q Have you also requested that any force put in the Order designate Hanagan Petroleum Corporation as the operator of the well?

Yes

Q All right. In your opinion, will the entry of an Order force pooling all mineral interests in the Pennsylvanian Formation avoid the drilling of unnecessary wells?

A Yes, it would.

Q Would such an Order protect the correlative rights and afford to each owner the opportunity to recover his fair share of the gas under the south half Section 12 drilling unit?

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- A Yes, it would.
- Q Were these Exhibits 1 through 4 prepared by you?

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A Yes, they were.

MR. EATON: We offer Exhibits 1 through 4 into evidence, and we have no further evidence.

MR. STAMETS: The exhibits will be admitted.

(Whereupon, Applicant's Exhibits

1 through 4 were admitted into evidence.)

MR. STAMETS: Are there any questions of the Witness? You may be excused. Anything further in this case

MR. CARR: We have a telegram, Mr. Examiner, from
Monsanto expressing their opposition to the unorthodox
location requested in this case. They state, however (Reading)
If the Commission should see fit to grant Hanagan's request,
Monsanto recommends an allowable penalty be imposed
commensurate with the quarter-mile structural gain (End of
Reading). Signed by E. M. Scholl.

MR. EATON: Mr. Examiner, we would suggest that in view of what Mr. Hanagan said earlier about the fact that they do have a rig essentially ready to move onto the location, that we would appreciate an expediting of the Order.

MR. STAMETS: Anything further in this case? I will take the case under advisement.

THE NYE REPORTING SERVICE STATE-WIDE DEPOSITION NOTARIES 225 JOHNSON STREET SANTA FE, NEW MEXICO 87501 TEL. (505) 982-0386 STATE OF NEW MEXICO )

COUNTY OF SANTA FE )

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

COURT REPORTER

i do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5532.

New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE
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# OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO P. O. BOX 2088 SANTA FE 87501 August 13, 1975

Mr. Paul Eaton	Re: CASE NO. 5532 ORDER NO. R-5078
Hinkle, Bondurant, Cox & Eat Attorneys at Law Post Office Box 10 Roswell, New Mexico 88201	Applicant:  Hanagan Petroleum Corporati
Dear Sir:	
Enclosed herewith are two co Commission order recently en	pies of the above-referenced tered in the subject case.
Yours very truly	
JOE D. RAMEY Secretary-Director	
JDR/fd	
Copy of order also sent to:	
Hobbs OCC X Artesia OCC X Aztec OCC	
Other	

dr/

Expidite

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. 5532

Order No. R- 5078

APPLICATION OF HANAGAN PETROLEUM CORPORATION FOR COMPULSORY POOLING AND AN UNORTHODOX LOCATION, EDDY COUNTY, NEW MEXICO.

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ORDER OF THE COMMISSION

## BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 30 , 10 at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this day of August , 1975, 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 pooling all mineral interests in the

  Pennsylvanian formation underlying the S/2

  of Section 12 , Township 21 South , Range 26 East ,

  NMPM, Burton Flat-Morrow Gas Pool , Eddy County, New Mexico.

(3) That the applicant has the right to drill and proposes at an unorthodox location 1650 feet from the South to drill a well /line and 660 feet from the East line of said Section

(4) That a well drilled at the proposed location would enjoy a better structural position there and the potential for encountering there productive money than a well drilled at standard location

and objected to the proposed remort ho der location.

(6) That the morthoder location should be approved.

withheld from production his share of the reasonable well costs plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well.

That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(13) That following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

-3Case No.
Order No. R

per month should be fixed as a reasonable charge, for supervision (combined fixed rates) that the operator should be authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(15) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(16) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before November 1, 1975, the order pooling said unit should become null and void and of no effect whatsoever.

### IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Pennsylvanian formation underlying the S/2 of Section 12, Township 21 South, Range 26 East, NMPM,

Burton Flat-Morrow Gas Pool, Eddy County, New Mexico, are hereby pooled to form a standard 320 - acre gas spacing and proration unit to be dedicated to a well to be drilled at an unorthodox location 1650 feet from the South line and 660 feet from the East line of said Section 12.

hereby d,

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the /s day of November, 1975, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Pennsylvanian formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the star day of November, 1975, Order (1) of this order shall be null and void and of no effect whatsoever;

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Commission and show cause why Order (1) of this order should not be rescinded.

- (2) That Hanagan Petroleum Corporation hereby designated the operator of the subject well and unit.
- (3) That after the effective date of this order and within 30 days prior to commencing said well, the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of estimated well costs.
- (4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.
- (5) That the operator shall furnish the Commission and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Commission and the Commission has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Commission will determine reasonable well costs after public notice and hearing.
- (6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs in advance as provided

-5-Case No. Order No. R-

above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

- (7) That the operator is hereby authorized to withhold the following costs and charges from production:
  - (A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.
  - (B) As a charge for the risk involved in the drilling of the well, 200 of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.
- (8) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.
- per month as hereby fixed as a reasonable charge for supervision (combined fixed rates) that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

-6-Case No. Order No. R-

- (10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.
- (11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.
- (12) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in <a href="Eddy">Eddy</a> County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Commission of the name and address of said escrow agent within 90 days from the date of this order.
- (13) 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 hereinabove designated.

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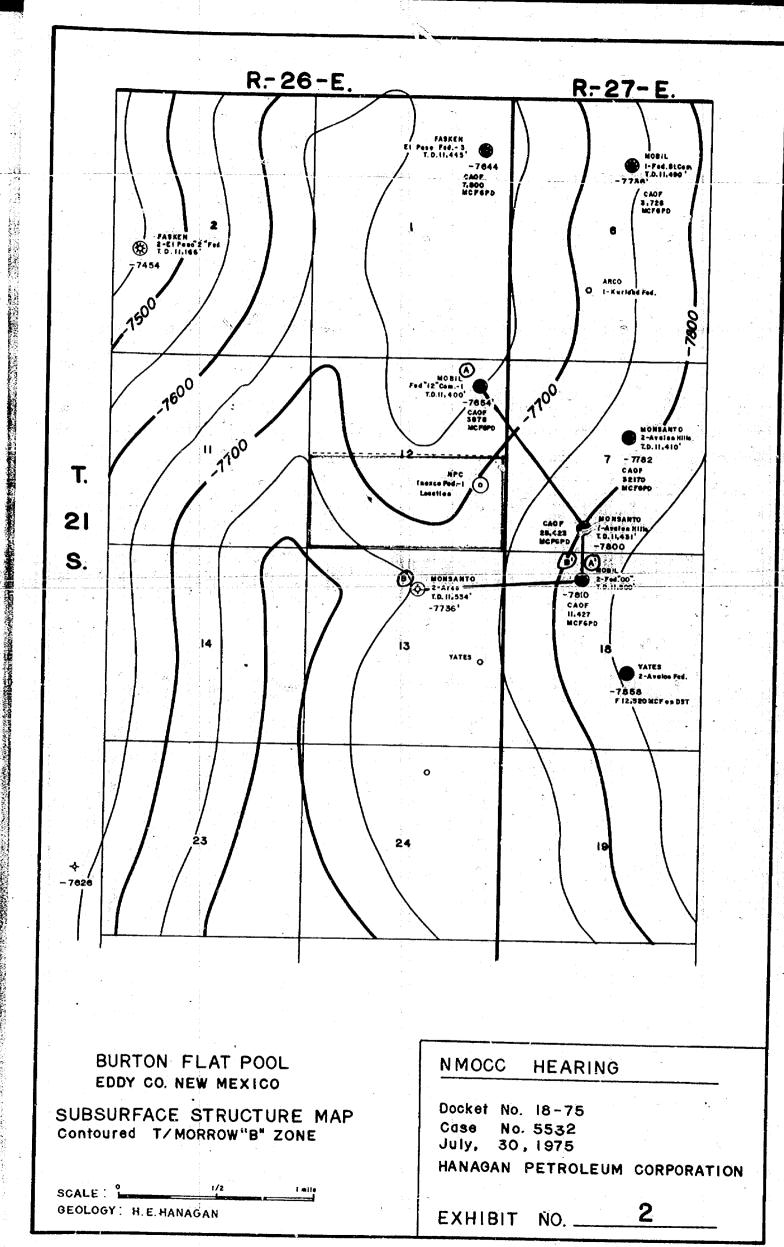
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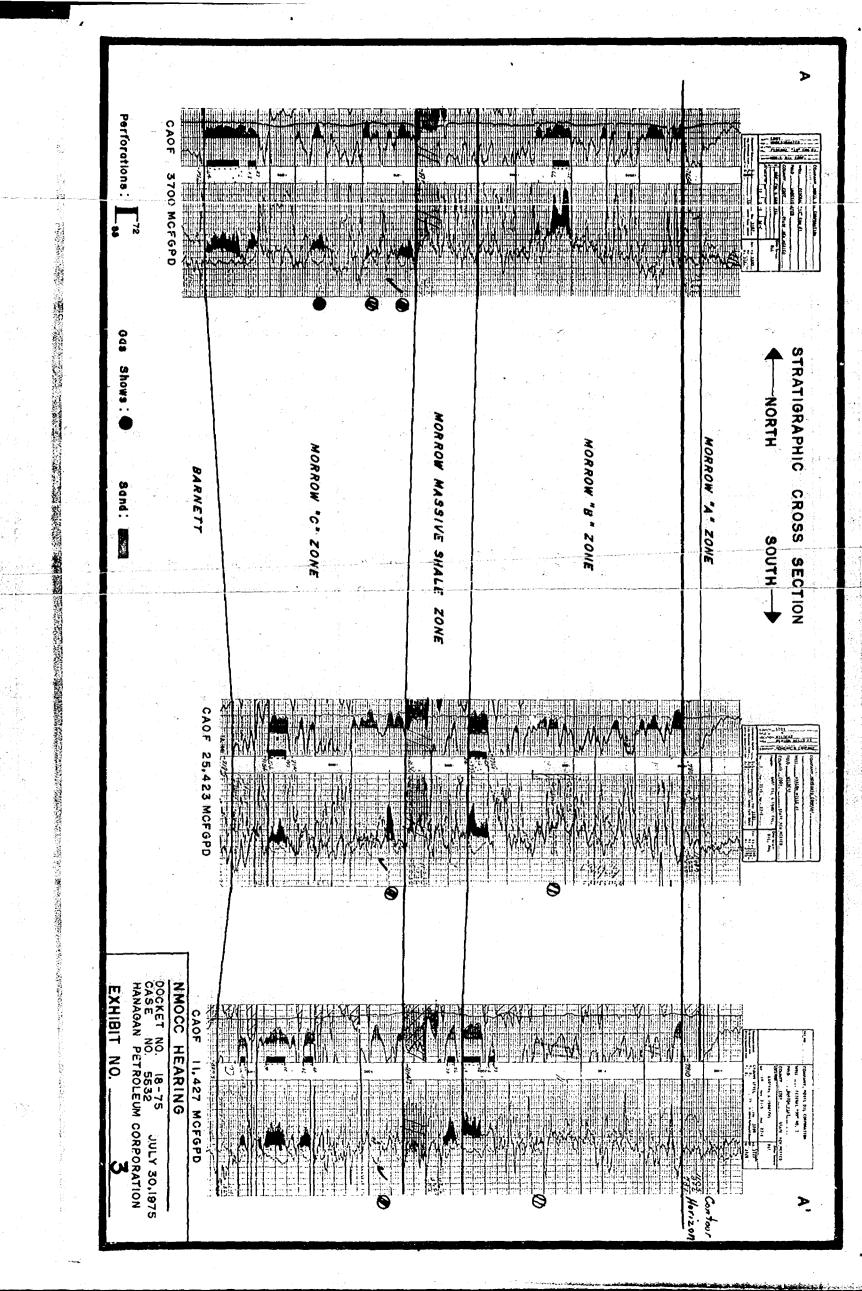
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SANTA FE NM 87501
REGARDING CASE 5532 JULY 30 DOCKET MONSANTO COMPANY IS AN OFFSET
OPERATOR TO THE UNORTHODOX BOCATION REQUESTED IN CASE 5532
AN UNORTHODOX LOCATION WOULD THERINGE ON THE CORRELATIVE RIGHTS OF
OFFSET OPERATORS PARTICULABLY SINCE THERE IS AN AVAILABLE ORTHODOX
LOCATION THAT IS FAVORABLE FROM BOTH THE TOPOGRAPHICAL AND
GEOLOGICAL STANDPOINT AN THE SOUTHEAST QUARTER OF SECTION 12.
MONSANTO COMPANY STRONGLY RECOMMENDS THAT HANAGHAN PETROLEUM
CORPORATIONS APPLICATION BE DENIED. HOWEVER, IF THE COMMISSION
SHOULD SEE FIT TO GRANT HANAGHANS REQUEST WE RECOMMEND AN ALLOWABLE
RENALTY BE IMPOSED COMMENSURATE WITH THE QUARTER MILE STRUCTURAL
GAIN. CAIN. E M SCHOLL

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Dockets Nos. 19-75 and 20-75 are tentatively set for hearing on August 13 and August 27, 1975. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 30, 1975

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

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

CASE 5490: (Continued from the May 28, 1975 Examiner Hearing)

Application of Tenneco Oil Co. for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water by injection into the Strawn formation through the perforated interval from 11,164 feet to 11,470 feet in its Jones Federal "D" Well No. 1, located in Unit E of Section 24, Township 19 South, Range 31 East, Lusk-Strawn Pool, Eddy County, New Mexico.

CASE 5517: (Continued & Readvertised)

Application of Petro-Lewis Corporation for an unorthodox oil well location, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 1335 feet from the North line and 1980 feet from the East line of Section 22, Township 19 North, Range 3 West, Media Entrada Oil Pool, Sandoval County, New Mexico.

CASE 5532:

Application of Hanagan Petroleum Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 12, Township 21 South, Range 26 East, Burton Flat-Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 1650 feet from the South line and 660 feet from the East line of said Section 12. 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 the applicant as the operator of the well and a charge for the risk involved in drilling said well.

NOTICE

Please note the correction of the day shown on Docket No. 16-75 for the hearing of Case No. 5493 DE NOVO. This case will be heard <u>FRIDAY</u> July 25, 1975. The hearing day was erroneously identified as Wednesday, July 25, 1975. No change of date is involved.

July 7, 1975

For July 30 Examiner Hearing

Hanagan Petroleum Corporation

Application for an unorthodox gas well location and compulsory pooling, Eddy County, New Mexico, for a well to be drilled 1650 feet from the South line and 660 feet from the East line of Section 12, Township 21 South, Range 26 East, NMPM, Eddy County, to test the Pennsylvanian formation. The south half of said Section 12 will be dedicated to the well. They seek to force pool all mineral interests in the south half of Section 12.

### 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. 5532 Order No. R-5078

APPLICATION OF HANAGAN PETROLEUM CORPORATION FOR COMPULSORY POOLING AND AN UNORTHODOX LOCATION, EDDY COUNTY, NEW MEXICO.

### ORDER OF THE COMMISSION

#### BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 30, 1975, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 12th day of August, 1975, 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 pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 12, Township 21 South, Range 26 East, NMPM, Burton Flat-Morrow Gas Pool, Eddy County, New Mexico.
- (3) That the applicant has the right to drill and proposes to drill a well at an unorthodox location 1650 feet from the South line and 660 feet from the East line of said Section 12.
- (4) That a well drilled at the proposed location would enjoy a better structural position and the potential for encountering more productive zones than a well drilled at a standard location.
- (5) That no offset operator appeared and objected to the proposed unorthodox location.
  - (6) That the unorthodox location should be approved.
- (7) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.

-2-Case No. 5532 Order No. R-5078

- (8) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.
- (9) That the applicant should be designated the operator of the subject well and unit.
- (10) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.
- (11) That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.
- (12) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that actual well costs should be adopted as the reasonable well costs in the absence of such objection.
- (13) That following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.
- (14) That \$1800.00 and \$250.00 per month should be fixed as reasonable charges for supervision (combined fixed rates) while drilling and producing, respectively; that the operator should be authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.
- (15) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.
- (16) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before November 1, 1973, the order pooling said unit should become null and void and of no effect whatsoever.

-3-Case No. 5532 Order No. R-5078

## IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Pennsylvanian formation underlying the S/2 of Section 12, Township 21 South, Range 26 East, NMPM, Burton Flat-Morrow Gas Pool, Eddy County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to a well to be drilled at an unorthodox location, hereby approved, 1650 feet from the South line and 660 feet from the East line of said Section 12.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 1st day of November, 1975, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Pennsylvanian formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of November, 1975, Order (1) of this order shall be null and wold and of no effect whatsoever;

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Commission and show cause why Order (1) of this order should not be rescinded.

- (2) That Hanagan Petroleum Corporation is hereby designated the operator of the subject well and unit.
- (3) That after the effective date of this order and within 30 days prior to commencing said well, the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of estimated well costs.
- (4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.
- (5) That the operator shall furnish the Commission and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Commission and the Commission has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Commission will determine reasonable well costs after public notice and hearing.

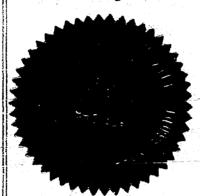
Case No. 5532 Order No. R-5078

- (6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.
- (7) That the operator is hereby authorized to withhold the following costs and charges from production:
  - (A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.
  - (B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.
- (8) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.
- (9) That \$1800.00 and \$250.00 per month are hereby fixed as reasonable charges for supervision (combined fixed rates) while drilling and producing, respectively; that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.
- (10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.
- (11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

-5-Case No. 5532 Order No. R-5078

- (12) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Eddy County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Commission of the name and address of said escrow agent within 90 days from the date of this order.
- (13) 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 hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Member

JOE D. RAMEY, Member & Secretary

SEAL

ase 5532

LAW OFFICES

HINKLE, BONDURANT, COX & EATON

600 HINKLE BUILDING

POST OFFICE BOX 10

MR. ISBELL LICENSED

IN TEXAS ONLY

ROSWELL, NEW MEXICO. 8

LAND, TEXAS OFFICE PIDLAND TOWER (PS) 683-4691

July 7, 1975

OIL CONSERVATION COMM.

Santa Fe

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

Gentlemen:

W. E. BONDURANT, JR. (1914-1975)

LEWIS C. COX.JR.

PAUL W. EATON, JR.

STUART D. SHANOR C.D.MARTIN

PAUL J. KELLY, JR. JAMES H. BOZARTH RONALD G. HARRIS

JAMES H, ISBELL

CONRAD E.COFFIELD

HAROLD L.HENSLEY, JR.

We enclose triplicate copies of Application of Hanagan Petroleum Corporation for an unorthodox gas well location and compulsory pooling. Please set the matter for hearing on July 30.

Yours very truly,

HINKLE, BONDURANT, COX & EATON

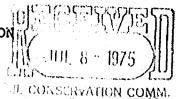
Paul W. Eaton,

PWE/jw Enclosure

cc: Hanagan Petroleum Corporation

# BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO



Santa Le

APPLICATION OF HANAGAN PETROLEUM CORPORATION FOR AN UNORTHODOX GAS WELL LOCATION AND FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

### APPLICATION

- 1. Hanagan Petroleum Corporation, acting by and through its undersigned attorneys, hereby makes application for an unorthodox gas well location and for compulsory pooling of all mineral interests in the Pennsylvanian formation underlying the St Section 12, Township 21 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.
- 2. Applicant desires to drill a well to test the Pennsylvanian formation, the well to be located 1,650 feet from the south line and 660 feet from the east line of Section 12, Township 21 South, Range 26 East, N.M.P.M. The St Section 12, Township 21 South, Range 26 East, N.M.P.M. will be dedicated to the well. The unorthodox location is desired for the reason that it is in a better stratigraphic position to obtain production from the Pennsylvanian formation. Approval of the unorthodox location will be in the interest of conservation, prevention of waste and protection of correlative rights.
- 3. (a) Applicant is the owner of oil and gas leases covering lands in St Section 12, Township 21 South, Range 26 East, N.M.P.M. and has agreed with other lease owners or mineral owners to drill the aforesaid well.
- (b) Cities Service Oil Company is the owner of an oil and gas lease covering an undivided 2/3 interest in 8.47 acres lying in the SW\s\s\s\s\Section 12, Township 21 South, Range 26 East, N.M.P.M. west of the east bank of the Pecos River. Applicant has requested Cities Service Oil Company to join in drilling of the well, but it has so far refused to do so. The address of Cities Service Oil Company is Box 1919, Midland, Texas.

(c) Applicant has been unable to secure an oil and gas lease on approximately 7.625 acres located in that part of the NW\s\S\S\S\S\S\S\Section 12, Township 21 South, Range 26 East which lies west of the Pecos River. The ownership of said 7.625 acres is uncertain, the oil and gas being owned either by Pecos Irrigation Company or the United States of America. The addresses of said parties are as follows:

Pecos Irrigation Company P. O. Box 1718 Carlsbad, New Mexico 88220 Bureau of Reclamation U. S. Department of the Interior Herring Plaza - Box H-4377 Amarillo, Texas 79101

Attention: Mr. J. A. Bradley Regional Director

- (d) The pooling of all interests in the St of said Section 12 will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.
- (e) Applicant requests that the Oil Conservation Commission consider the cost of drilling and completing said well, the proper allocation of said costs as well as actual operating costs, charges for supervision and charges for the risk involved in drilling the well. Applicant also requests that it be designated as operator of the well.
- 4. There is attached hereto as Exhibit "A" a plat showing the proposed spacing unit and the proposed unorthodox well location and as Exhibit "B" a list of all offset operators insofar as is known to applicant. Applicant is furnishing said offset operators a copy of this application.
- 5. Applicant requests that this matter be set down for the last examiner's hearing in July 1975.

Respectfully submitted,

HINKLE, BONDURANT, COX & EATON

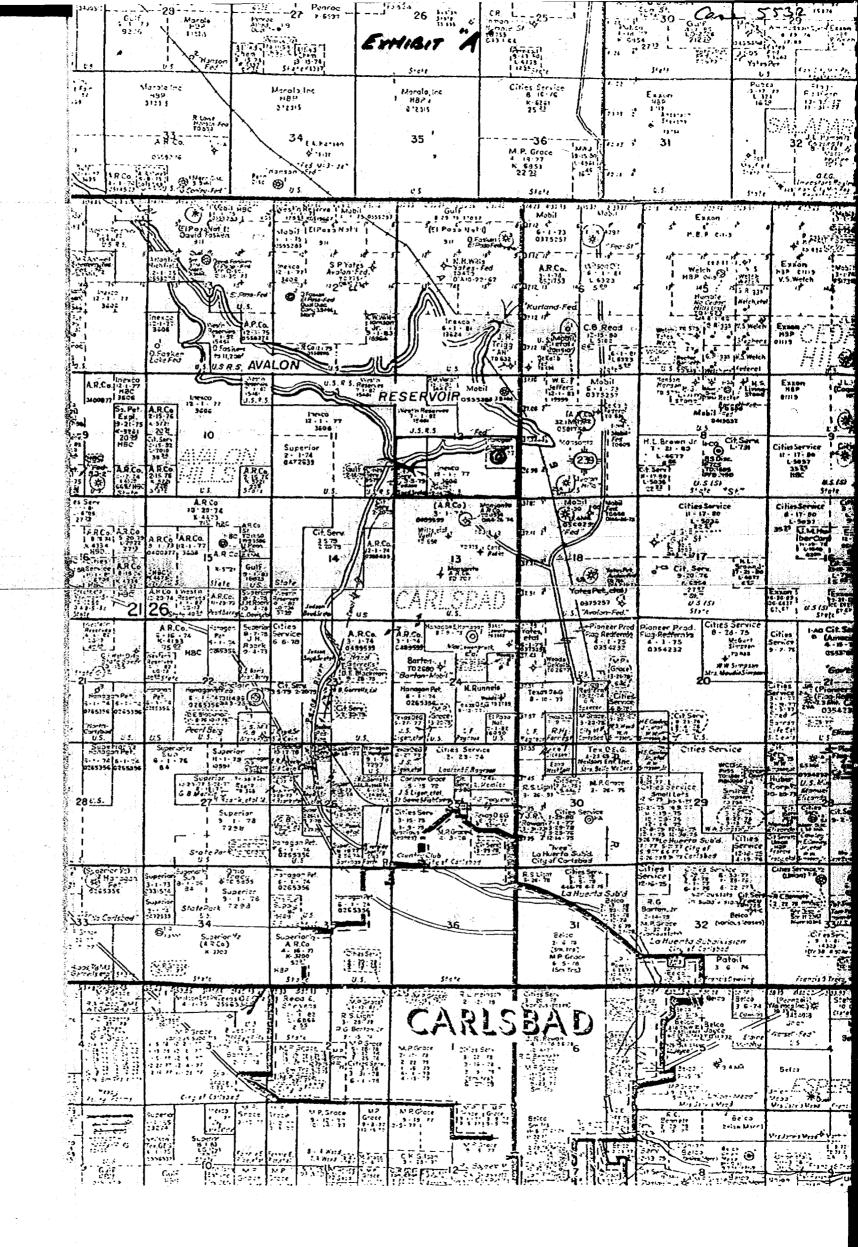
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7/22/75

P. O. Box 10

Roswell, New Mexico 88201 Attorneys for Hanagan Petroleum

Corporation



Atlantic Richfield Company P. O. Box 1610 Midland, Texas 79701

Cities Service Oil Company P. O. Box 1919 Midland, Texas 79701

Gulf Oil Company-USA P. O. Box 1150 Midland, Texas 79701

Inexco Oil Company 1100 Milam Building, Suite 1900 Houston, Texas 77002

Monsanto Company 101 North Marienfeld Street Midland, Texas 79701

Mobil Oil Corporation P. O. Box 633 Midland, Texas 79701

Pecos Irrigation Company P. O. Box 1718 Carlsbad, New Mexico 88220

Bureau of Reclamation U.S. Department of the Interior Herring Plaza - Box H-4377 Amarillo, Texas 79101

Attention: Mr. J. A. Bradley Regional Director

Western Reserves Company P. O. Box 993 Midland, Texas 79701

DIL CONSERVATION COMM.

Santa Fe

# BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION OF HANAGAN PETROLEUM )
CORPORATION FOR AN UNORTHODOX GAS )
WELL LOCATION AND FOR COMPULSORY )
POOLING, EDDY COUNTY, NEW MEXICO )

٦.

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- 3. (a) Applicant is the owner of oil and gas leases covering lands in S\2 Section 12, Township 21 South, Range 26 East, N.M.P.M. and has agreed with other lease owners or mineral owners to drill the aforesaid well.
- (b) Cities Service Oil Company is the owner of an oil and gas lease covering an undivided 2/3 interest in 8.47 acres lying in the SW4SW4 Section 12, Township 21 South, Range 26 East, N.M.P.M. west of the east bank of the Pecos River. Applicant has requested Cities Service Oil Company to join in drilling of the well, but it has so far refused to do so. The address of Cities Service Oil Company is Box 1919, Midland, Texas.

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U. S. Department of the Interior
Herring Plaza - Box H-4377
Amarillo, Texas 79101

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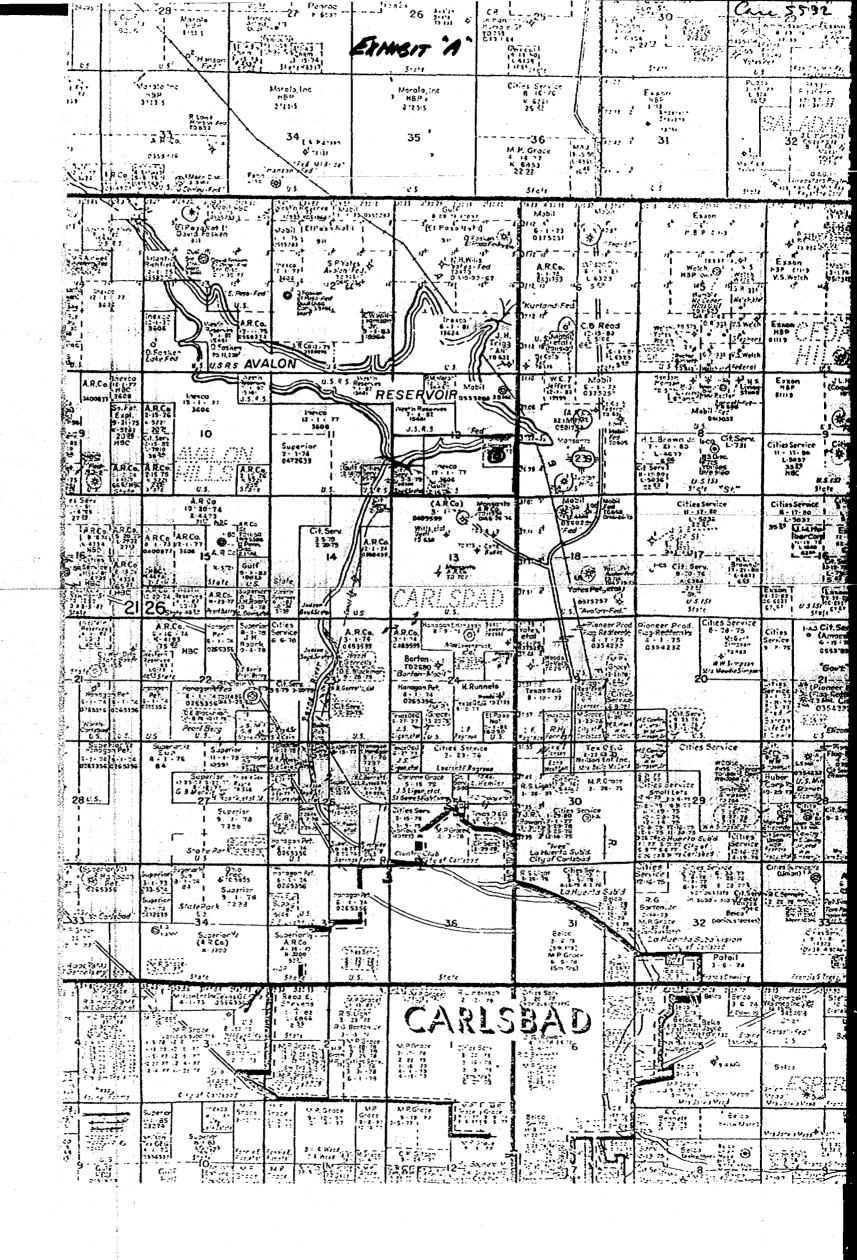
HINKLE, BONDURANT, COX & EATON

P. O. Box 10

Roswell, New Mexico \$8201

Attorneys for Hanagan Petroleum

Corporation



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Mobil Oil Corporation P. O. Box 633 Midland, Texas 79701

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Bureau of Reclamation U.S. Department of the Interior Herring Plaza - Box H-4377 Amarillo, Texas 79101

Attention: Mr. J. A. Bradley Regional Director

Western Reserves Company P. O. Box 993 Midland, Texas 79701

## BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IIII 8 - 1975

AL CONSERVATION COMM.

Santa Fe

APPLICATION OF HANAGAN PETROLEUM )
CORPORATION FOR AN (INORTHODOX GAS )
WELL LOCATION AND FOR COMPULSORY )
POOLING, EDDY COUNTY, NEW MEXICO )

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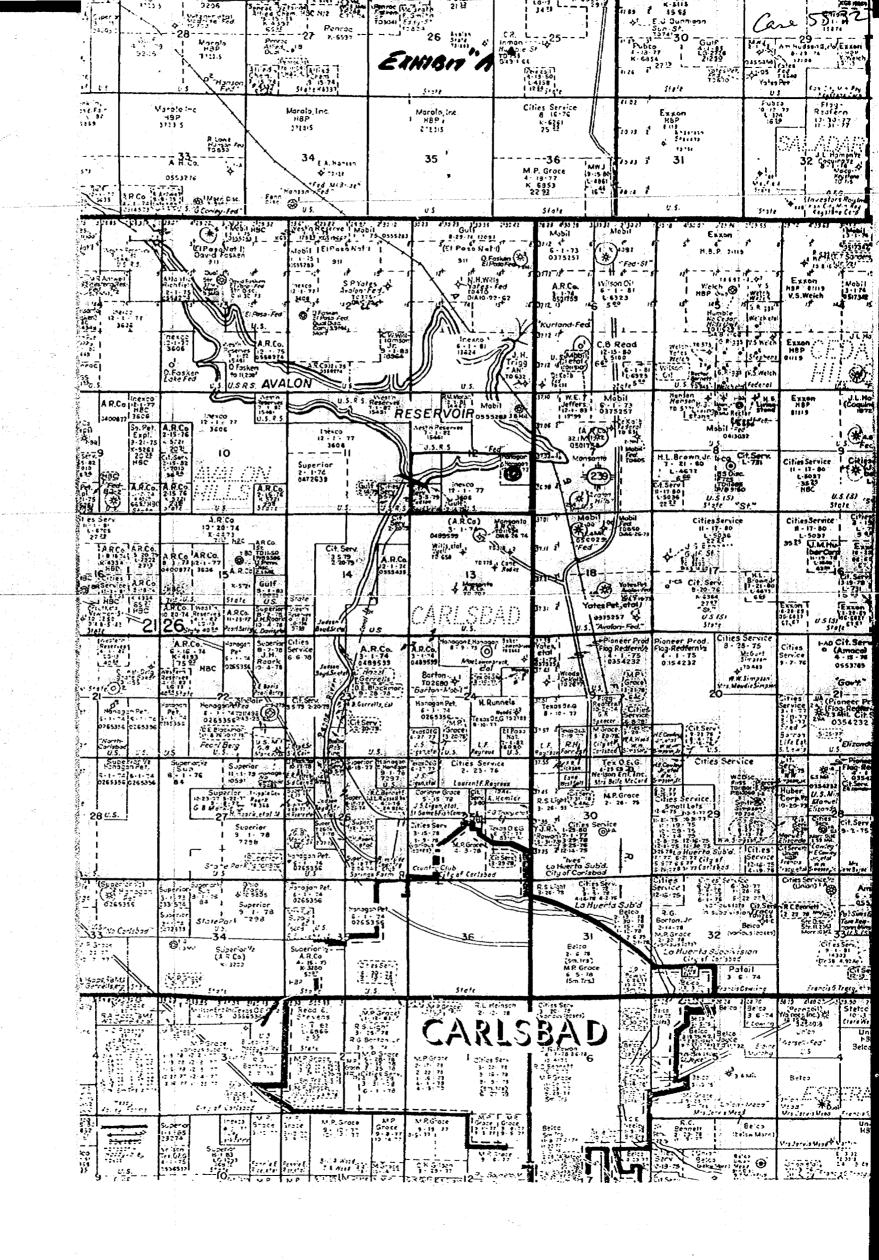
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