

CASE 6279: HANAGAN PETROLEUM CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

Continued to

August 2

Quilley

CASE NO.

6279

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
730 Bishop's Lodge Road • Phone (505) 988-3404
Santa Fe, New Mexico 87501

Page 1

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
16 August 1978

EXAMINER HEARING

IN THE MATTER OF:

Application of Hanagan Petroleum
Corporation for compulsory pooling, Corp. CASE 6279
Eddy County, New Mexico.

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For Hanagan Petroleum
Corporation:

W. Thomas Kellahin, Esq.
KELLAHIN & FOX
500 Don Gaspar
Santa Fe, New Mexico 87501

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MR. STAMETS: Call next Case 6279.

MS. TESCHENDORF: Case 6279. Application of
Hanagan Petroleum Corporation for compulsory pooling, Eddy
County, New Mexico.

MR. STAMETS: Call for appearances in this
case?

MR. KELLAHIN: Tom Kellahin of Kellahin and Fox
appearing on behalf of Hanagan Petroleum Corporation.

They ask that this case be dismissed at this
time.

MR. STAMETS: Case 6279 will be dismissed.
(Hearing concluded.)

REPORTER'S CERTIFICATE

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

Sally Walton Boyd CSR
 Sally Walton Boyd, C.S.R.

I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the Examiner hearing of Case No. 6279
 heard by me on 8-16 1978
Richard R. [Signature], Examiner
 New Mexico Oil Conservation Commission

SALLY WALTON BOYD
 CERTIFIED SHORTHAND REPORTER
 730 Bishop's Lodge Road • Phone (505) 988-3404
 Santa Fe, New Mexico 87501



JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

August 25, 1978

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Re: CASE NO. 6279
ORDER NO. R-5783

Mr. Tom Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico


Applicant:

Hanagan Petroleum Corporation

Dear Sir:

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

Yours very truly,

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC	<u>X</u>
Artesia OCC	<u>X</u>
Aztec OCC	

Other _____

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. 6279
Order No. R-5783

APPLICATION OF HANAGAN PETROLEUM
CORPORATION FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 16,
1978, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 25th day of August, 1978, the Division
Director, having considered the record and the recommendations
of the Examiner, and being fully advised in the premises,

FINDS:

That the applicant's request for dismissal should be
granted.

IT IS THEREFORE ORDERED:

That Case No. 6279 is hereby dismissed.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



Joe D. Ramey
JOE D. RAMEY,
Director

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
2 August 1978

EXAMINER HEARING

IN THE MATTER OF:

Application of Hanagan Petroleum
Corporation for compulsory pooling,
Eddy County, New Mexico.

CASE 6279

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Building
Santa Fe, New Mexico 87501

SALLY WALTON BOYD

CERTIFIED SHORTHAND REPORTER

730 Bishop's Lodge Road • Phone (505) 988-3404
Santa Fe, New Mexico 87501

1 MR. NUTTER: Call now Case 6279.

2 MS. TESCHENDORF: Case 6279. Application of
3 Hanagan Petroleum Corporation for compulsory pooling,
4 Eddy County, New Mexico.

5 The Applicant has requested that the case be
6 continued to the August 16th Examiner Hearing.

7 MR. NUTTER: Case Number 6279 will be continued
8 to the Examiner Hearing scheduled to be held at this same
9 place at 9:00 a.m. August 16th, 1978.

10 (Hearing concluded.)
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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
700 Bishop's Lodge Road • Phone (505) 988-3404
Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

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

Sally W. Boyd CSR

SALLY WALTON BOYD
 CERTIFIED SHORTHAND REPORTER
 730 Bishop's Lodge Road • Phone (505) 988-3404
 Santa Fe, New Mexico 87501

I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the Examiner hearing of Case No. 6279
 heard by me on Aug 2, 1978.
[Signature] Examiner
 New Mexico Oil Conservation Commission

Dockets Nos. 28-78 and 29-78 are tentatively set for hearing on August 30 and September 13, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 16, 1978

9 A.M. - OIL CONSERVATION DIVISION 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:

- ALLOWABLE:
- (1) Consideration of the allowable production of gas for September, 1978, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for September, 1978, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6290: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit R. A. Crane, Jr., Great American Insurance Co., and all other interested parties to appear and show cause why the Donella Well No. 1 located in Unit P of Section 3, Township 29 North, Range 15 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6291: Application of Mesa Petroleum Co. for a triple completion, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the triple completion (conventional) of its State Com S Well No. 15A located in Unit D of Section 36, Township 32 North, Range 12 West, San Juan County, New Mexico, to produce gas from an undesignated Fruitland pool, the Blanco-Pictured Cliffs Pool, and the Blanco Mesaverde Pool thru two strings of tubing and the casing-tubing annulus.

CASE 6292: Application of Amoco Production Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Teledyne Federal Gas Com. Well No. 1 to be drilled 660 feet from the South line and 330 feet from the East line of Section 4, Township 23 South, Range 29 East, Eddy County, New Mexico, the E/2 of said Section 4 to be dedicated to the well.

CASE 6293: Application of Cities Service Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Polk "A" Well No. 1 located in Unit B of Section 17, Township 23 South, Range 28 East, Eddy County, New Mexico, to produce gas from the Strawn and Morrow formations thru parallel strings of tubing.

CASE 6279: (Continued from August 2, 1978, Examiner Hearing)

Application of Hanagan Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the N/2 of Section 28, Township 21 South, Range 26 East, Avalon Hills-Morrow Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6288: (Continued from August 2, 1978, Examiner Hearing)

Application of Dorchester Exploration, Inc., for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order creating a new oil pool in the Strawn formation for its Wilson State Com Well No. 1 located in Unit I of Section 13, Township 21 South, Range 34 East, Lea County, New Mexico, and for promulgation of special pool rules, including provision for 160-acre spacing;

in the alternative, applicant seeks approval of 80-acre spacing for said pool. (This case will be dismissed.)

CASE 6294: Application of El Paso Natural Gas Company for an exception to Rule 2(A) of Order No. R-1670, as amended, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 2(A) of Order No. R-1670, as amended, for the Blanco Mesaverde Pool to approve the unorthodox location of its EPNG "B" Well No. 1, located in Unit O of Section 28, Township 32 North, Range 6 West, San Juan County, New Mexico, as an off-pattern well in said pool.

CASE 6286: (Continued from August 2, 1978, Examiner Hearing)

Application of El Paso Natural Gas Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Blanco Mesaverde and Basin-Dakota gas production in the wellbore of its EPNG "B" Well No. 1 located in Unit O of Section 28, Township 32 North, Range 6 West, San Juan County, New Mexico.

CASE 6287: (Continued from August 2, 1978, Examiner Hearing)

Application of Jack A. Cole for an unorthodox gas well location, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of his Apache Flats Well No. 11, located 1712 feet from the South line and 1223 feet from the East line of Section 28, Township 23 North, Range 4 West, Ballard-Pictured Cliffs Pool, Sandoval County, New Mexico.

CASE 6295: Application of Yates Petroleum Corporation for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Austin-Mississippian Gas Pool, Lea County, New Mexico, to provide for 320-acre spacing rather than 160 acres. In the absence of objection, this pool will be placed on the standard 320-acre spacing for deep gas pools.

In the alternative, the applicant seeks to limit the 160-acre spacing rules of said Austin-Mississippian Gas Pool to the present horizontal limits of the pool.

CASE 6296: Application of Texaco Inc. for an unorthodox location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its A. H. Blinbry Fed. (NCT-4) Well No. 3 located 700 feet from the South line and 2100 feet from the East line of Section 31, Township 22 South, Range 38 East, Tubb Gas Pool, Lea County, New Mexico, the S/2 S/2 of said Section 31 to be simultaneously dedicated to the aforesaid well and to applicant's A. H. Blinbry Fed. (NCT-4) Well No. 1 located in Unit P of said Section 31.

CASE 6297: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, contracting, and extending certain pools in Chaves, Eddy, and Lea Counties, New Mexico:

(a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Indian Flats-Atoka Gas Pool. The discovery well is Perry R. Bass Big Eddy Unit Well No. 41 located in Unit J of Section 35, Township 21 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM
Section 35: E/2

(b) CREATE a new pool in Chaves County, New Mexico, classified as an oil pool for San Andres production and designated as the South Lonesome-San Andres Pool. The discovery well is Flag-Redfern Oil Company Wilson Well No. 1 located in Unit A of Section 31, Township 8 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 8 SOUTH, RANGE 32 EAST, NMPM
Section 31: NE/4

(c) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Morrow production and designated as the Many Gates-Morrow Gas Pool. The discovery well is Amoco Production Company State DQ Well No. 1 located in Unit C of Section 32, Township 9 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 30 EAST, NMPM
Section 32: N/2

(d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Millman-Wolfcamp Gas Pool. The discovery well is Depco, Inc. DHY State B Well No. 1 located in Unit L of Section 11, Township 19 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 11: W/2

(e) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the South Shoe Bar-Morrow Gas Pool. The discovery well is HNG Oil Company Shoe Bar Ranch "3" Well No. 1 located in Unit C of Section 3, Township 17 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 3: N/2

(f) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Strawn production and designated as the Wilson-Strawn Pool. The discovery well is Dorchester Exploration, Inc. Wilson State Com Well No. 1 located in Unit I of Section 13, Township 21 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 13: SE/4

(g) CONTRACT the vertical limits of the Wilson-Pennsylvanian Gas Pool in Township 21 South, Range 34 East, Lea County, New Mexico, to the Morrow formation only, and redesignate said pool as the Wilson-Morrow Gas Pool. This contraction is necessary because of the completion of a Strawn oil well in same pool acreage.

(h) EXTEND the Austin-Mississippian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 36 EAST, NMPM
Section 16: SW/4
Section 17: SE/4

(i) EXTEND the Avalon-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 10: W/2

(j) EXTEND the Avalon-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 3: S/2
Section 10: W/2

(k) EXTEND the South Bell Lake-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 34 EAST, NMPM
Section 7: S/2
Section 18: N/2

(l) EXTEND the Blinebry Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 29: NE/4

(m) EXTEND the Buffalo-Pennsylvanian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 5: SW/4
Section 6: SE/4

(n) EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 14: E/2

(o) EXTEND the East Burton Flat-Atoka Gas Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 16: E/2
Section 20: N/2
Section 21: N/2

(p) EXTEND the South Carlsbad-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 29: E/2

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
Section 21: N/2

(q) EXTEND the Cato-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 30 EAST, NMPM
Section 32: SW/4

(r) EXTEND the Cemetery-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 20: S/2
Section 21: S/2
Section 28: N/2

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM
Section 36: N/2

- (s) EXTEND the Comanche Stateline-Yates Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM
Section 28: N/2

- (t) EXTEND the Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 7: E/2 and SW/4

- (u) EXTEND the Eagle Creek-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 5: W/2
Section 6: E/2

- (v) EXTEND the E K-Bone Springs Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 32: NE/4
Section 33: W/2

- (w) EXTEND the Grayburg Jackson Seven Rivers-Queen-Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM
Section 31: N/2

- (x) EXTEND the Hoag Tank-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 15: S/2

- (y) EXTEND the Justis-Blinebry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 3: E/2 SE/4

- (z) EXTEND the West King-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 37 EAST, NMPM
Section 8: NW/4

- (aa) EXTEND the South Leonard-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM
Section 13: NW/4
Section 14: W/2

- (bb) EXTEND the Maljamar-Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 11: SE/4

- (cc) EXTEND the South Millman-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 20: S/2
Section 29: N/2

- (dd) EXTEND the Red Lake Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 13: W/2 SE/4 and NE/4 SE/4

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 18: SW/4

(ce) EXTEND the Revelation-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 25 EAST, NMPM
Section 10: E/2

(ff) EXTEND the Sand Springs-Devonian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM
Section 2: SE/4

(gg) EXTEND the North Teague-Devonian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 27: NE/4

(hh) EXTEND Tom-Tom San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 31 EAST, NMPM
Section 33: W/2

(ii) EXTEND the Wantz-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 3: NE/4

(jj) EXTEND the Wantz-Granite Wash Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 35: NE/4

(kk) EXTEND the Warren-Tubb Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 28: NW/4
Section 29: NE/4

(ll) EXTEND the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Section 8: All

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 4: All
Section 10: All

Docket No. 25-78

DOCKET: COMMISSION HEARING - WEDNESDAY - AUGUST 9, 1978

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6222: (Rehearing)

Application of Paul Hamilton for salt water disposal well shut-in, Lea County, New Mexico. Upon application of Paul Hamilton there will be a rehearing of Case No. 6222, Order No. R-5753. This case involves the application of Paul Hamilton for an order shutting down salt water disposal operations in the Texaco, Inc., New Mexico State "BO" SWD Well No. 3, located in Unit D of Section 24, Township 11 South, Range 32 East, Moore-Devonian Pool, Lea County, New Mexico. Pursuant to Commission Order No. R-5753-A, evidence at said rehearing shall be limited to evidence relating to data regarding water quality and water level obtained from an observation well completed next to the aforesaid SWD Well No. 3, and to other new evidence unavailable at the time of the original hearing of this case on May 31, 1978. (This case will be continued to August 23.)

CASE 6289: Application of Bill Taylor for enforcement and amendment of Order No. R-5332, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination of well costs, an accounting of expenditures and costs withheld from production, and the amendment of Order No. R-5332 to remove the present operator of the pooled proration unit comprising the N/2 of Section 13, Township 22 South, Range 26 East, South Carlsbad Field, Eddy County, New Mexico, and designate another operator for said unit.

Docket No. 27-78

DOCKET: COMMISSION HEARING - WEDNESDAY - AUGUST 23, 1978

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6222: (Rehearing) (Continued from August 9, 1978, Commission Hearing)

Application of Paul Hamilton for salt water disposal well shut-in, Lea County, New Mexico. Upon application of Paul Hamilton there will be a rehearing of Case No. 6222, Order No. R-5753. This case involves the application of Paul Hamilton for an order shutting down salt water disposal operations in the Texaco, Inc., New Mexico State "BO" SWD Well No. 3, located in Unit D of Section 24, Township 11 South, Range 32 East, Moore-Devonian Pool, Lea County, New Mexico. Pursuant to Commission Order No. R-5753-A, evidence at said rehearing shall be limited to evidence relating to data regarding water quality and water level obtained from an observation well completed next to the aforesaid SWD Well No. 3, and to other new evidence unavailable at the time of the original hearing of this case on May 31, 1978.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
19 July 1978

EXAMINER HEARING

IN THE MATTER OF:

Application of Hanagan Petroleum
Corporation for compulsory pooling,
Eddy County, New Mexico.

CASE 6279

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Building
Santa Fe, New Mexico 87501

SALLY WALTON BOYD

CERTIFIED SHORTHAND REPORTER

730 Bishop's Lodge Road • Phone (505) 988-3404
Santa Fe, New Mexico 87501

1 MR. STAMETS: Call next Case 6279.

2 MS. TESCHENDORF: Case 6279. Application of
3 Hanagan Petroleum Corporation for compulsory pooling, Eddy
4 County, New Mexico.

5 The Applicant has requested that the case be
6 continued to the August 2nd Examiner Hearing.

7 MR. STAMETS: The case will be so continued.

8 (Hearing concluded.)
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SALLY WALTON BOYD

CERTIFIED SHORTHAND REPORTER

730 Bishop's Lodge Road - Phone (505) 988-3404
Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

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

Sally Walton Boyd CSR
 Sally Walton Boyd, C.S.R.

I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the Examiner hearing of Case No. 6279
 heard by me on 7-19, 1978
Richard L. Hume, Examiner
 New Mexico Oil Conservation Commission

SALLY WALTON BOYD
 CERTIFIED SHORTHAND REPORTER
 730 Bishop's Lodge Road • Phone (505) 988-3404
 Santa Fe, New Mexico 87501

Dockets Nos. 25-78 and 26-78 are tentatively set for hearing on August 16 and 30, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 2, 1978

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

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

CASE 6238: (Continued from June 21, 1978, Examiner Hearing)

Application of Barber Oil, Inc., for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Saladar Unit Area comprising 240 acres, more or less, of Federal and fee lands in Township 20 South, Range 28 East, Eddy County, New Mexico.

CASE 6226: (Continued from June 21, 1978, Examiner Hearing)

Application of Barber Oil, Inc., for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Saladar Unit, by the injection of water into the Yates formation through five wells located in Units K, L, N and O of Section 33, Township 20 South, Range 28 East, Saladar-Yates Pool, Eddy County, New Mexico.

CASE 6283: Application of Texas Oil & Gas Corporation for a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard gas proration unit comprising the W/2 of Section 16, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon.

CASE 6276: (Continued from July 19, 1978, Examiner Hearing)

Application of Jerome P. McHugh for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of his Chris Well No. 4 to be drilled 1902 feet from the South line and 1650 feet from the East line of Section 9, Township 27 North, Range 3 West, Blanco Mesaverde Pool, Rio Arriba County, New Mexico, the S/2 of said Section 9 to be dedicated to the well.

Applicant further seeks authority to commingle Blanco Mesaverde and Gavilan-Pictured Cliffs production in the wellbore of said well.

CASE 6277: (Continued from July 19, 1978, Examiner Hearing)

Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gavilan Pictured Cliffs and Blanco Mesaverde production in the wellbores of his Chris Wells Nos. 3 and 3A, located in Units H and I of Section 21, Township 27 North, Range 3 West, Rio Arriba County, New Mexico.

CASE 6279: (Continued from July 19, 1978, Examiner Hearing)

Application of Hanagan Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the N/2 of Section 28, Township 21 South, Range 26 East, Avalon Hills-Morrow Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6284: Application of Harvey E. Yates Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Welch "A" Well No. 1 located 480 feet from the North line and 500 feet from the West line of Section 9, Township 18 South, Range 29 East, Eddy County, New Mexico, the W/2 of said Section 9 to be dedicated to the well.

CASE 6285: Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Atoka and Permo-Penn gas production in the wellbore of its Federal "HQ" Well No. 1 located in Unit O of Section 5, Township 21 South, Range 22 East, Little Box Canyon Field, Eddy County, New Mexico.

CASE 6241: (Continued from July 19, 1978, Examiner Hearing)

Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Eagle Creek Permo-Penn and West Atoka-Morrow gas production in the wellbore of its Powell DG Well No. 1 located in Unit O of Section 35, Township 17 South, Range 25 East, Eddy County, New Mexico.

Western Union
Telegram
Western Union

Case 6279
Spec

Oil Conservation Commission

JUL 18 1978

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1978 JUL 18 PM 3:35

IPMFEKA SANA
4-064318E199 07/18/78
ICS IPMBNGZ CSP
9156825772 TDBN MIDLAND TX 144 07-18 0400P CDT
PMS OIL CONSERVATION DIVISION, DLR
STATE LAND OFFICE BLDG
SANTA FE NM 87501

RE: YOUR LETTER OF APRIL 27 1978, AND OUR LETTER OF JULY 14 1978,
REGARDING YOUR PROPOSAL TO DRILL A 11200 FOOT BARNETT TEST AT A
LOCATION IN THE NE/4 NW/4 SECTION 28, T-21-S, R-26-E, EDDY COUNTY
NEW MEXICO. THE SUPERIOR OIL COMPANY IS AGREEABLE AND WILL FARMOUT
TO HANAGAN OUR INTEREST IN THE NE/4 SECTION 28, PROVIDED THE
APPROVED PRORATION UNIT INCLUDES THE N/2 SECTION 28, AND RESERVE OUR
PROPORTIONATE SHARE OF AN OVERRIDING ROYALTY EQUAL TO THE DIFFERENCE
BETWEEN THE BASIC ROYALTY AND 25 0/0. HANAGAN WILL EARN OUR INTEREST
OF 100' BELOW THE DEPTH DRILLED AND MUST COMMENCE THE TEST WELL
WITHIN 90 DAYS FROM THE DATE OF A MUTUALLY AGREEABLE FARMOUT
AGREEMENT. PLEASE REMOVE SUPERIOR'S NAME FROM YOUR APPLICATION FOR
FORCED COOLING WITH THE NEW MEXICO OIL CONSERVATION DIVISION.
E J WENTWORTH, DIVISION LAND MANAGER SUPERIOR OIL CO

1634 EST

IPMFEKA SANA

THE SUPERIOR OIL COMPANY

P. O. BOX 1900
MIDLAND, TEXAS 79702

EXPLORATION OFFICE
(915) 683-5251

July 14, 1978



Mr. Robert G. Hanagan
Hanagan Petroleum Corporation
P. O. Box 1737
Roswell, New Mexico 88201

Re: Case 6279
Superior NM-1301
N/2 Section 28, T-21-S, R-26-E
Eddy County, New Mexico

Dear Mr. Hanagan:

Reference is made to Hanagan Petroleum Corporation's letters dated April 27, 1978, and July 7, 1978, wherein we were asked to farmout or join in the drilling of the proposed test.

The Superior Oil Company is agreeable to farmout our undivided interest in the NE/4 of Section 28, T-21-S, R-26-E, retaining the deep rights and 1/8 overriding royalty as offered. We will also retain the option to convert said overriding royalty to our proportionately reduced fifty percent (50%) working interest at payout.

By tendering this offer to farmout, we request that our name be removed from the captioned application for compulsory pooling.

Yours very truly,

THE SUPERIOR OIL COMPANY

W. R. Lewis
W. R. Lewis

WRL:nd

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

CERTIFIED MAIL - RRR

JASON W. KELLAHIN
ROBERT E. FOX
W. THOMAS KELLAHIN
KAREN AUBREY

KELLAHIN and FOX
ATTORNEYS AT LAW
P. O. BOX 1769
SANTA FE, NEW MEXICO 87501
July 7, 1978

TELEPHONE 982-4315
AREA CODE 505

Mr. Joe Ramey, Director
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Ramey:

Enclosed please find the application of Hanagan
Petroleum Corporation for Compulsory pooling, Eddy County.
We would appreciate this being set for the next available
hearing.

Sincerely,

Karen Aubrey
Karen Aubrey

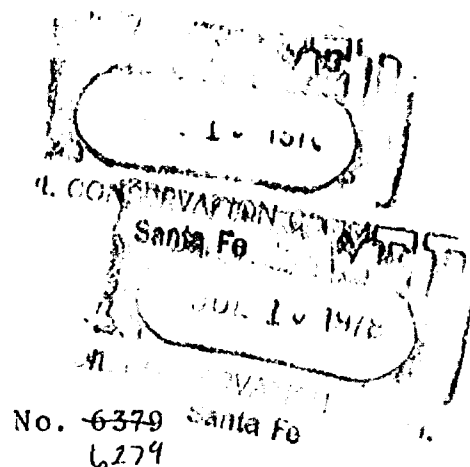
CC: Mr. Hugh Hanagan

KA:kfm

Enclosure

BEFORE THE
OIL CONSERVATION DIVISION
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF HANAGAN PETROLEUM CORPORATION
FOR COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO



A P P L I C A T I O N

COMES NOW, Hanagan Petroleum Corporation, and as provided by Section 65-3-14, New Mexico Statutes Annotated, 1953 Comp., as amended, applies to the Oil Conservation Division of New Mexico for an order pooling all the mineral interest in and under the N/2 of Section 28, Township 21 South, Range 26 East, NMPM, Eddy County, New Mexico, Avalon Hills Morrow Pool and in support thereof would show the Division:

1. Applicant is an operator in the N/2 of said section.
2. Applicant has obtained voluntary agreement for pooling from all but the following:

<u>Name</u>	<u>Interest</u>
Atlantic Richfield Company P. O. Box 1610 Midland, Texas 79701 Attn: Mr. Curt Krehbiel	5.254035
Sun Oil Company P. O. Box 1861 Midland, Texas 79701 Attn: Mr. Bill Johnson	3.629030
The Superior Oil Company P. O. Box 1900 Midland, Texas 79701 Attn: Mr. E. J. Wentworth	33.052420
Mountain Fuel Supply Co. P. O. Box 11368 Salt Lake City, Utah 84100 Attn: Mr. G. A. Peppinger	.806450

3. Applicant proposes to dedicate the N/2 of said Section 26 and to drill a Morrow Test at a standard location

within the N/2 of said section.

4. Applicant has been unable to obtain voluntary agreement for the pooling of the unpooled interests indicated in paragraph 2 above, and in order to avoid the drilling of unnecessary wells, to protect correlative rights, and to prevent waste, the Division should pool all interests in the spacing or proration unit as a unit.

WHEREFORE, Applicant respectfully requests that the Division set this matter for hearing before the Division duly appointed examiner, and that after notice and hearing as required by law the Division enter its order pooling all interest underlying the N/2 of Section 28, Township 21 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, and designating applicant operator of the pooled unit, together with provision for applicant to recover its costs out of production including a risk factor to be determined by the Commission and with provisions for the payment of operating costs and costs of supervision out of production to be allocated among the owners as their interest may appear and for such further orders as may be proper in the premises.

Respectfully submitted,

HANAGAN PETROLEUM CORPORATION

By Karen Aubrey
Kellahin & Fox
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

Hanagan Petroleum Co.

Case 6279

Force Pooling

Eddy Co.

N1/2 28-T215-R26E

Avalon Hills-Morrow Pool

Morrow test

Called in by Tom Kellakin

6/29/78

DRAFT

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

dr/

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

[Handwritten signature]

CASE NO. 6279

Order No. R- 5783

APPLICATION OF HANAGAN PETROLEUM
CORPORATION FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

[Handwritten signature]

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 16,
19 78, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this _____ day of August, 19 78, the Division
Director, having considered the record and the recommendations of
the Examiner, and being fully advised in the premises,

FINDS:

That the applicant's request for dismissal should be granted.

IT IS THEREFORE ORDERED:

That Case No. 6279 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year hereinabove
designated.