

CASE 7079: HNG OIL COMPANY FOR THE
AMENDMENT OF ORDER NO. R-5727, EDDY
COUNTY, NEW MEXICO

Case No.

7079

Application

Transcripts

Small Exhibits

ETC

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. 7079
Order No. R-5727-A

APPLICATION OF HNG OIL COMPANY FOR
THE AMENDMENT OF ORDER NO. R-5727,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 12, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 25th day of November, 1980, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, HNG Oil Company, seeks the amendment of Order No. R-5727 to include the entire Pennsylvanian formation under the compulsory pooling order rather than only the Morrow formation as previously ordered.

(3) That said Order No. R-5727 compulsorily pooled a 320-acre gas spacing and proration unit consisting of the N/2 of Section 9, Township 24 South, Range 28 East, NMPM, for drilling to and production from the Morrow formation.

(4) That the applicant has completed a well at a standard location on said unit.

(5) That the applicant now seeks said amendment of Order No. R-5727 in order to permit it to complete its well in other productive zones in the Pennsylvanian formation.

-2-

Case No. 7079

Order No. R-5727-A

(6) That there is a single interest owner in five acres within said proration unit who cannot be found and cannot, therefore, agree to pool his interests in the Pennsylvanian formation.

(7) That approval of the application will prevent waste and protect correlative rights.

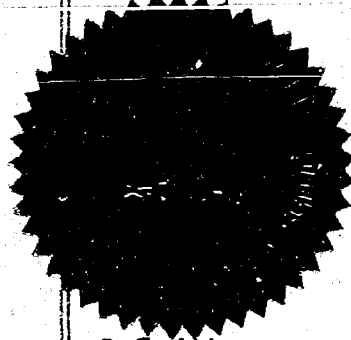
IT IS THEREFORE ORDERED:

(1) That the first paragraph of Order (1) of Division Order No. R-5727 entered May 12, 1978, is hereby amended in its entirety to read as follows:

"(1) That all mineral interests, whatever they may be, in the Pennsylvanian formation underlying the N/2 of Section 9, Township 24 South, Range 28 East, NMPM, West Malaga Field, 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 a standard location thereon."

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

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

fd/



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

November 26, 1980

Re: CASE NO. 7079
ORDER NO. R-5727-A

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

Applicant:

HNG Oil Company

Dear Sir:

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

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD _____ x
Artesia OCD _____ x
Aztec OCD _____

Other

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
12 November 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of HNG Oil Company for
the amendment of Order No. R-5727,
Eddy County, New Mexico.

CASE
7079

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

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

SALLY W. BOYD, C.S.R.
Rt. 1 Box 159-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

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I N D E X

RAYMOND PARKER

Direct Examination by Mr. Kellahin

3

STEWART MARTIN

Direct Examination by Mr. Kellahin

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Cross Examination by Mr. Stamets

10

E X H I B I T S

Applicant Exhibit One, Plat

5

Applicant Exhibit Two, Document

6

Applicant Exhibit Three, Plat

8

1
2 MR. STAMETS: We'll call next Case 7079.

3 MR. PADILLA: Application of HNG Oil
4 Company for the amendment of Order No. R-5727, Eddy County,
5 New Mexico.
6

7 MR. KELLAHIN: Tom Kellahin, appearing
8 on behalf of the applicant, and I have two witnesses to be
9 sworn.

10 MR. STAMETS: I'd like to have them both
11 stand and be sworn at this time, please.
12

13 (witnesses sworn.)

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15 RAYMOND PARKER

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17 BEING called as a witness and being duly sworn upon his oath,
18 testified as follows, to-wit:
19

20 DIRECT EXAMINATION

21 BY MR. KELLAHIN:

22 Q Mr. Parker, would you please state your
23 name and occupation?

24 A I'm Raymond Parker from Midland, Texas.
25 I'm a consultant in land matters for HNG Oil Company.
26

27 Q Mr. Parker, have you previously testi-
28 fied as a petroleum landman before the Oil Conservation Divi-

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2 sion?

3 A. Yes, I have.

4 MR. KELLAHIN: We tender Mr. Parker as
5 an expert landman.
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7 MR. STAMETS: Consider him qualified.

8 Q Mr. Parker, what brings about this case?

9 A. Well --

10 Q Why are we here?

11 A We're here because -- I don't recall
12 the date of our previous application for compulsory pooling,
13 May the 3rd, 1978. The application asked for compulsory
14 pooling of the Pennsylvanian formation in and under the north
15 half of Section 9, Township 24 South, Range 28 East, Eddy
16 County, New Mexico.
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18 The order issued in that case limited
19 the compulsory pooling to the Morrow formation.

20 Q Pursuant to that order, what was the
21 order number of that first case, Mr. Parker?

22 A. The order number was R-5727.

23 Q Pursuant to that order, has HNG Oil Com-
24 pany drilled and completed a well to test the Morrow formation?
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26 A. We have.

27 Q And what are your current plans, then?

28 A. We drilled the well, completed in the

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2 Morrow; it is now depleted. We now plan to plug back the
3 hole -- we have, in fact, plugged the Morrow off and have moved
4 it back to the Atoka formation, perforated, and are ready to
5 complete the well.
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7 Q You seek, then, to amend the existing
8 order to allow you to compulsory pool that portion of the
9 Pennsylvanian formation above the Morrow, principally the
10 Atoka?

11 A That is correct.

12 MR. KELLAHIN: If the Examiner please,
13 we tender to you a copy of the order entered in the previous
14 hearing in this matter, which is Order R-5727.
15

16 Q Mr. Parker, what brings about the ne-
17 cessity for compulsory pooling application?

18 A The necessity of the compulsory pooling
19 is five mineral acres in and under this particular north half
20 of Section 9, owned by -- last known, by parties named Howard
21 Henry, last heard of in 1939, reportedly living in Los Angeles,
22 California.
23

24 Q Mr. Henry, is that the information
25 contained on Exhibit Number One?

26 A That's right.

27 Q And that identifies the non-consenting
28 party's mineral interest in this tract?

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2 A That is true.

3 Q What is Exhibit Number Two?

4 A Exhibit Number Two is merely a description
5 of the five acres in question, showing the last known mineral
6 owner and where they were last located, to our knowledge.
7

8 Q Were you responsible for attempting to
9 locate and notify Mr. Howard D. Henry in the first hearing?

10 A Yes.

11 Q And were you successful in the effort
12 to do so?

13 A No, we were not.

14 Q And pursuant to this application have
15 you made further efforts to locate and identify the current
16 address of Mr. Henry?
17

18 A We exhausted all possibilities.

19 Q All right, sir.

20 MR. KELLAHIN: That concludes my examin-
21 ation of Mr. Parker.

22 MR. STAMETS: Any questions of this
23 witness? He may be excused.
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26 STEWART MARTIN

27 being called as a witness and being duly sworn upon his oath,
28 testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q All right, sir, would you please state your name and occupation?

A I'm Stewart Martin, Vice President of exploration, HNG Oil Company, Midland, Texas.

Q Mr. Martin, have you previously testified before the Oil Conservation Division?

A Yes, sir.

Q And have your qualifications been accepted and made a matter of record?

A Yes, sir.

Q In fact you testified as an expert witness in the previous hearing that resulted in Order No. R-5727?

A Yes, sir.

MR. KELLAHIN: We tender Mr. Martin as an expert witness.

MR. STAMETS: How did Mr. Martin qualify himself in the original hearing, as an engineer, geologist, or an expert vice president?

A I'm a geologist.

MR. KELLAHIN: He's a geologist.

MR. STAMETS: All right, thank you.

A With an engineering background.

MR. STAMETS: The witness is considered qualified.

Q Mr. Martin, would you explain to us what HNG seeks to accomplish by this application?

A To produce the HNG Woods 9 Com No. 2 from the Atoka formation.

Q And from what formation has this well already produced?

A The well was originally completed in the Morrow from perforations 12,450 to 554; cumulative production before depletion was 154,806 Mcf.

On -- those perforations were squeezed off and on 10-6-80, of this year, this subject well was perforated from 11,278 to 86, and 11,371 to 79 in the Atoka formation. On a flow gauge it flowed 2300 Mcf per day on a 12/64ths inch choke; tubing pressure 3400 pounds; and a shut-in tubing pressure on the 29th of October of this year was 5300 pounds, and we're waiting on a 4-point test to file completion with the Conservation Commission.

Q Okay. Would you identify Exhibit Number Three for us, please?

A This is the plat of the Malaga Field

1
2 area and I circled with double circles all the Atoka comple-
3 tions in the area; the other wells are producing in the Morrow
4 formation.

5
6 Q What about this well in the south half
7 of this Section 9?

8 A It is also completed in this same Atoka
9 formation and was placed in the Malaga West Field by the Com-
10 mission and it is on production. It went on gas sales on the
11 26th of July of this year, and current production is about
12 2-1/2 million feet of gas per day; cumulative production to
13 the first of October was 195,206 Mcf.

14 Q That south half of the section was also
15 the subject of a compulsory pooling case, was it not?
16

17 A Yes, sir.

18 Q But that application and order included
19 the entire Pennsylvanian, didn't it?

20 A Yes, sir.

21 Q All right. Do you have anything else
22 you'd like to add to your testimony, Mr. Martin, concerning
23 this well?
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25 A Well, I'd like to say that the other
26 Morrow wells in Section -- or excuse me, Atoka wells in Sec-
27 tions 3, 11, and 22 are producing from a lower part of the
28 Atoka formation, about 300 feet lower stratigraphically than

our Woods 9.

Q Okay. In your opinion, Mr. Martin, will approval of this application be in the best interests of conservation, the prevention of waste, and the protection of correlative rights?

A Yes, sir.

Q And was Exhibit Number Three prepared or compiled under your direction?

A Yes, sir.

MR. KELLAHIN: We move the introduction of Exhibits One through Three.

MR. STAMETS: These exhibits will be admitted.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Martin, even though this well is only producing -- or expected to produce now from the Atoka, I presume you want the rest of the Pennsylvanian approved so that --

A Yes.

Q -- if and when this zone depletes you'll be able to go in and perhaps --

A Yes, sir.

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2 Q -- complete and produce other zones in
3 the Pennsylvanian.

4 A That's correct.

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6 MR. STAMETS: Any other questions of the
7 witness? He may be excused.

8 Anything further in this case?

9 The case will be taken under advisement.

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11 (Hearing concluded.)
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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 191-B
Santa Fe, New Mexico 87501
Phone (505) 435-7419

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. _____, heard by me on _____ 19____.

_____, Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
12 November 1980

EXAMINER HEARING

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| 5 | RAYMOND PARKER | | |
| 6 | Direct Examination by Mr. Kellahin | | 3 |
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| 16 | | | |
| 17 | Applicant Exhibit One, Plat | | 5 |
| 18 | Applicant Exhibit Two, Document | | 6 |
| 19 | Applicant Exhibit Three, Plat | | 8 |
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witness? He may be excused.

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(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

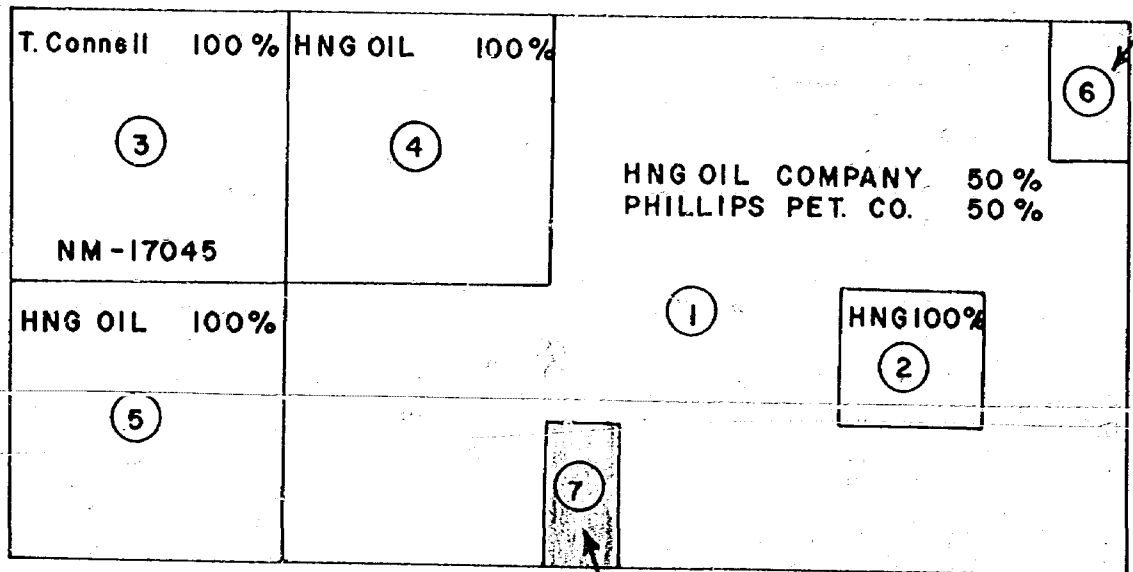
Sally W. Boyd C.S.R.

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7419

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7079 heard by me on 11-12 1980.
Richard L. Stanta Examiner
Oil Conservation Division

N/2 Sec.9 T-24-S R-28-E
EDDY COUNTY, NEW MEXICO

HNG OIL 25 %
Roy Barton, Jr. 75 %



BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

HNG EXHIBIT NO. 1

CASE NO. 7079

Submitted by

Hearing Date 12 Nov 80

EDDY COUNTY, NEW MEXICO

T-24-S, R-28-E
N/2 of Section 9

W/2 SW/4 SW/4 NE/4

Mineral Owner --- Howard D. Henry, et ux, Katie H. Henry

Last known to be in Los Angeles, California
in 1939. Unable to locate.

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

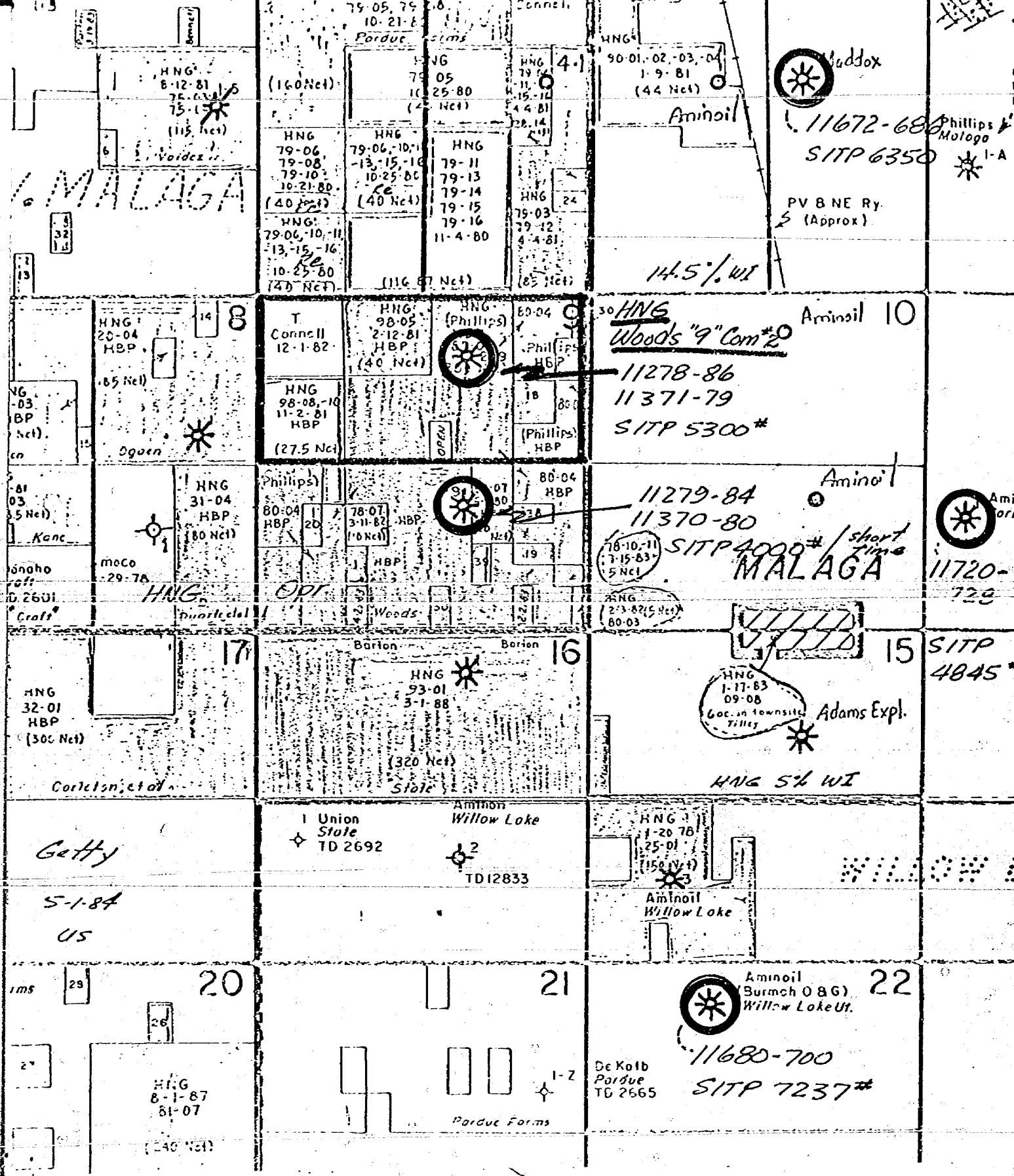
HNS EXHIBIT NO. 2

CASE NO. 2079

Submitted by _____

Hearing Date 12 Nov 80

MALAGA



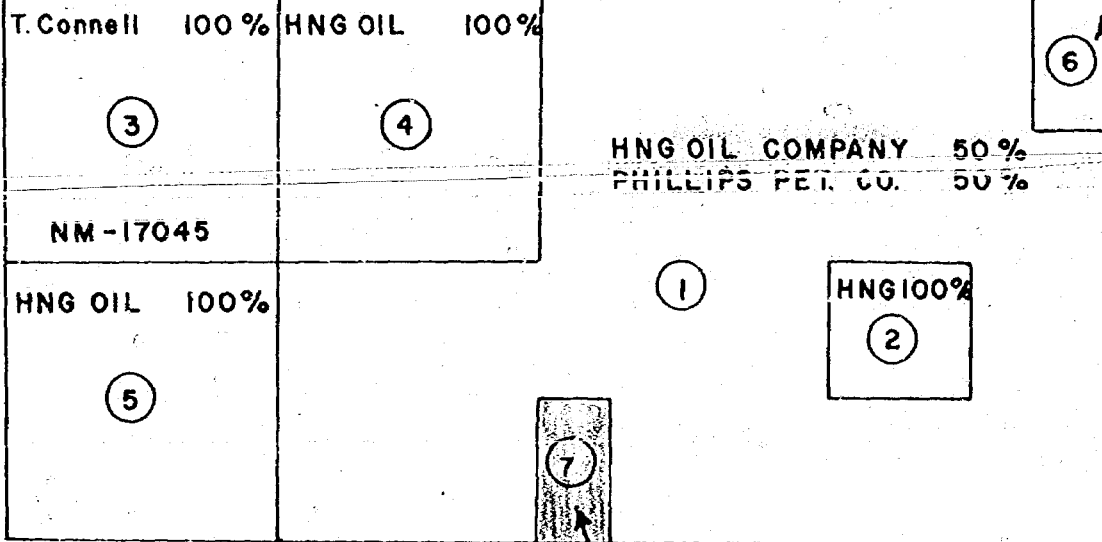
ATOKA
COMPLETION

HNG OIL COMPANY
Wood's "9" Corn #2

Sec. 9, 245-28E
Eddy Co., NM
J.S. Martin 11-11-8

EDDY COUNTY, NEW MEXICO

HNG OIL 25 %
Roy Barton, Jr. 75 %



case 7079

EDDY COUNTY, NEW MEXICO

T-24-S, R-28-E
N/2 of Section 9

W/2 SW/4 SW/4 NE/4

Mineral Owner --- Howard D. Henry, et ux, Katie H. Henry

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Exhibit 2
Case 7079

N/2 Sec.9 T-24-S R-28-E
EDDY COUNTY, NEW MEXICO

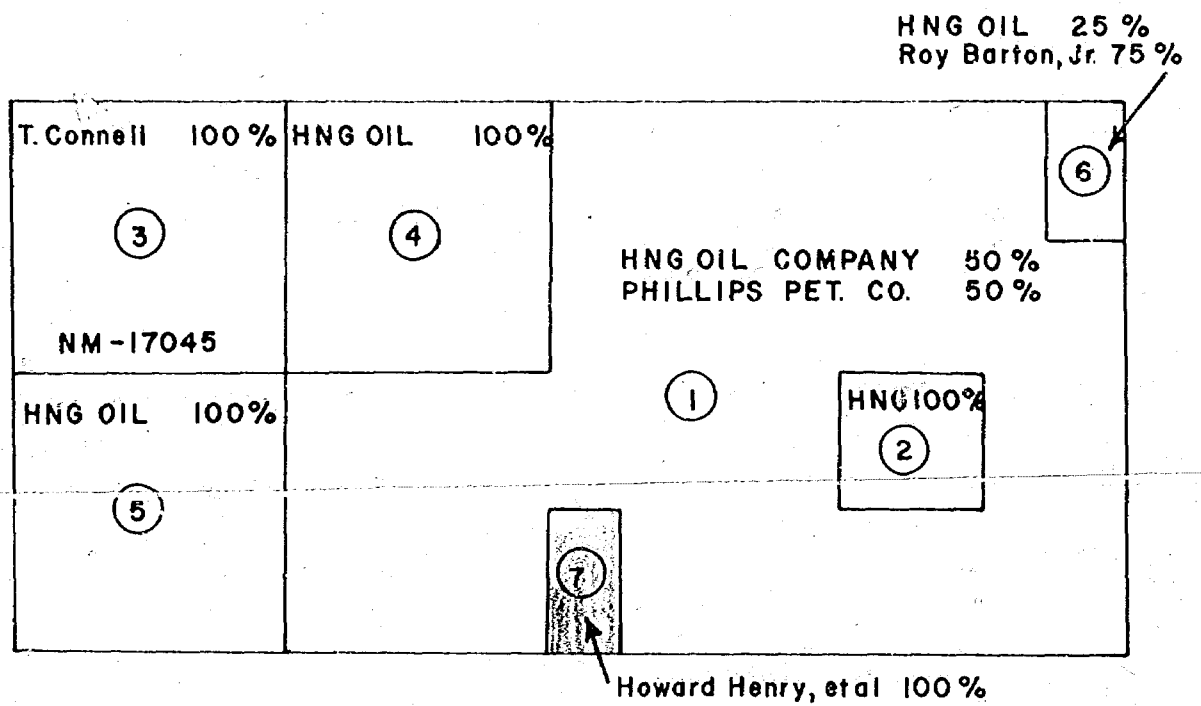


Exhibit 1
Case 7079

EDDY COUNTY, NEW MEXICO

T-24-S, R-28-E
N/2 of Section 9

W/2 SW/4 SW/4 NE/4

Mineral Owner --- Howard D. Henry, et ux, Katie H. Henry

Last known to be in Los Angeles, California
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Exhibit 2
Case 7079

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. 6219
Order No. R-5727

APPLICATION OF HNG OIL CO. 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 May 3, 1978,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 12th day of May, 1978, the Division Director,
having considered the testimony, the record, and the recommen-
dations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Division has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, HNG Oil Co., seeks an order
pooling all mineral interests in the Morrow formation underlying
the N/2 of Section 9, Township 24 South, Range 28 East, NMPM,
West Malaga-Morrow Gas Pool, Eddy County, New Mexico.

(3) That the applicant has the right to drill and proposes
to drill a well at a standard location thereon.

(4) That there are interest owners in the proposed proration
unit who have not agreed to pool their interests.

(5) 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.

-2-
Case No. 6219
Order No. R-5727

(5) That the applicant should be designated the operator of the subject well and unit.

(7) 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.

(8) 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.

(9) 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.

(10) 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.

(11) That \$1978.00 per month while drilling and \$263.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges 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.

(12) 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.

(13) 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 July 1, 1978, 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,

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Case No. 6219
Order No. R-5727

in the Morrow formation underlying the N/2 of Section 9, Township 24 South, Range 28 East, NMPN, West Malaga-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 a standard location thereon.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the first day of July, 1978, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Morrow formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the first day of July, 1978, Order (1) of this order shall be null and void and of no effect whatsoever; unless said operator obtains a time extension from the Division for good cause shown.

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 Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That HNG Oil Co. 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 Division 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 Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well;

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Case No. 6219
Order No. R-5727

that if no objection to the actual well costs is received by the Division and the Division 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 Division 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 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 \$1978.00 per month while drilling and \$263.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges 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

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Case No. 6219
Order No. R-5727

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.

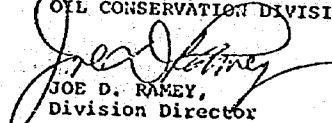
(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(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 Division 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 Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY,
Division Director

S E A L

dt/

Dockets Nos. 37-80 and 38-80 are tentatively set for November 25 and December 10, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 12, 1980

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 December, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for December, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 7076: Application of Vista Resources, Inc. for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its John H. Dashko Federal Well No. 1 to be drilled 2510 feet from the South line and 790 feet from the East line of Section 11, Township 24 North, Range 7 West, Basin-Dakota Pool, the E/2 of said Section 11 to be dedicated to the well.
- CASE 7077: Application of Threshold Development Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Conoco "10" State Com Well No. 1 located in Unit I of Section 10, Township 19 South, Range 29 East, Turkey Track Field, to produce oil from the Wolfcamp formation and gas from the Atoka formation through parallel strings of tubing.
- CASE 7046: (Continued from October 15, 1980, Examiner Hearing)
- Application of Cotton Petroleum Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Chacra and Pictured Cliffs production in the wellbores of wells in the South Blanco-Pictured Cliffs Pool located in Sections 1, 2, 3, 4, 9, 10, 11, 13, 23, and 24, Township 24 North, Range 4 West.
- CASE 7078: Application of Conoco Inc. for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Warren Unit Well No. 82 located in Unit G of Section 35, Township 20 South, Range 38 East, to produce oil from the Blinberry Oil and Gas or Warren-Tubb Pools and the D-K Abo Pool.
- CASE 7079: Application of HNG Oil Company for the amendment of Order No. R-5727, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5727 to include the entire Pennsylvanian formation under the compulsory pooling order rather than only the Morrow formation as previously ordered.
- CASE 7080: Application of Franks Petroleum, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the North and East lines of Section 9, Township 21 South, Range 32 East, Hat Mesa-Morrow Gas Pool, the E/2 of said Section 9 to be dedicated to the well.
- CASE 7081: Application of Belco Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 19, Township 23 South, Range 28 East, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7070: (Continued from October 29, 1980, Examiner Hearing)
- Application of Tesoro Petroleum Corporation for a pilot caustic flood project, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a one-acre pilot caustic flood project in the Hospah Field by the injection of caustic fluid into the Seven Lakes Sand of the Upper Hospah Field at an approximate depth of 300-500 feet through four injection wells in Unit K of Section 1, Township 17 North, Range 9 West.
- CASE 7082: Application of Maralo, Inc. and Dalport Oil Corporation for a waterflood project, Lea County, New Mexico. Applicants, in the above-styled cause, seek authority to institute a joint waterflood project on Dalport's Winters Lease offsetting Maralo's Jalmat Yates Unit waterflood project by the injection of water into the Yates-Seven Rivers-Queen formations through a well to be jointly drilled at an unorthodox location 1260 feet from the South line and 1250 feet from the West line of Section 7, Township 25 South, Range 36 East, Jalmat Pool.

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN

Attorneys at Law

500 Don Gaspar Avenue
Post Office Box 1769
Santa Fe, New Mexico 87501

RECEIVED

OCT 21 1980

OIL CONSERVATION DIVISION
October 17, 1980

Telephone 982-4285
Area Code 505

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

Case 7079

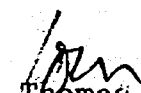
Re: HNG Oil Company

Dear Joe:

Please find enclosed an amended application for HNG Oil Company that replaces one I filed by letter dated October 14, 1980.

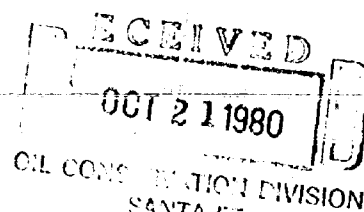
The first application named the right acreage, but the wrong non-consenting parties. The enclosed Amended Application corrects that error.

Very truly yours,


W. Thomas Kellahin

Encl.
cc: Mr. Raymond Parker

WTK:jm



STATE OF NEW MEXICO

DEPARTMENT OF ENERGY AND MINERALS

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF HNG OIL COMPANY FOR AMENDMENT
TO DIVISION ORDER NO. R-5727 TO
AUTHORIZE THE COMPULSORY POOLING
OF THE STRAWN AND ATOKA FORMATIONS,
EDDY COUNTY, NEW MEXICO

CASE: 7079

AMENDED APPLICATION

COMES NOW HNG OIL COMPANY and applied to the Oil Conservation Division of New Mexico for an amendment to Division Order R-5727, entered on May 12, 1978 in Case 6219 to authorize the addition of all other Pennsylvanian formations to the subject compulsory pooling order and in support thereof would show:

1. Applicant is the operator of the N/2 of Section 9, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico.
2. On May 12, 1978, the applicant obtained Division Order No. R-5725 in Case 6219 which designated the applicant as operator and compulsory pooling all mineral interest in the Morrow formation.
3. Applicant has drilled and completed a well pursuant to said order in the Morrow formation which is not depleted and applicant desires to plug back and recompleate said well for production of other Pennsylvanian aged formations including but not limited to the Atoka and Strawn formations.
4. Applicant has obtained leases or participation in the recompletion of said well from all interest owners in said 320 acre unit with the exception of the following persons

whose interest, names and addresses, to the best of applicant's information and belief are as follows:

Howard D. Henry and Katie H. Henry of
Los Angeles, California (no other address available)
Owners of a five acre tract consisting of the
W/2SW/4SW/4NE/4 of said Section 9.

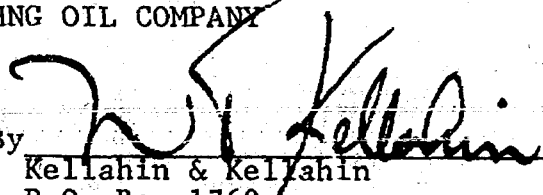
5. Applicant has made diligent effort to locate and contact Howard D. Henry and Katie H. Henry, but has been unable to find any address for them other than that shown above.

WHEREFORE, applicant prays the Commission to compulsory pool all of the mineral interests to the Pennsylvanian formations underlying the above tract, designating applicant as operator, and making provision in such order for applicant to recover out of production its costs of drilling, completing and equipping the proposed well, with costs of supervision while drilling, together with provisions for recovery of the costs of operation, including costs of supervision, upon completion of well, and for a risk factor of 200% for the risk assumed in drilling the well, and for such other and further relief as proper.

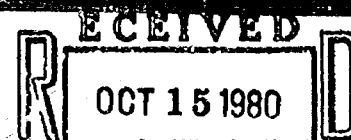
Respectfully submitted,

HNG OIL COMPANY

By


Kellahin & Kellahin
P.O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT



KELLAHIN and KELLAHIN OIL CONSERVATION DIVISION
SANTA FE

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

Attorneys at Law
500 Don Gaspar Avenue
Post Office Box 1769
Santa Fe, New Mexico 87501

Telephone 982-4285
Area Code 505

October 14, 1980

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

Re: HNG Oil Company

Dear Joe:

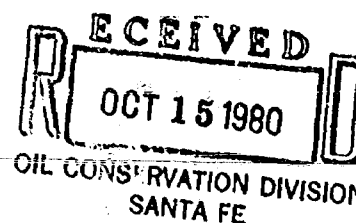
Please set the enclosed application for hearing
on the next available examiner docket on November
12, 1980.

Very truly yours,


W. Thomas Kellahin

Encl.
cc: Mr. Raymond Parker

WTK:jm



STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF HNG OIL COMPANY FOR AMENDMENT
TO DIVISION ORDER NO. R-5727 TO
AUTHORIZE THE COMPULSORY POOLING
OF THE STRAWN AND ATOKA FORMATIONS,
EDDY COUNTY, NEW MEXICO

application amended
CASE: *OK* *Oct 17*

A P P L I C A T I O N

COMES NOW HNG OIL COMPANY and applies to the Oil Conservation Division of New Mexico for an amendment to Division Order R-5727, entered on May 12, 1978 in Case 6219 to authorize the addition of all other Pennsylvanian formations to the subject compulsory pooling order and in support thereof would show:

1. Applicant is the operator of the N/2 of Section 9, Township 24 South Range 28 East, NMPM, Eddy County, New Mexico.
2. On May 12, 1978 the applicant obtained Division Order No. R-5727 in Case 6219 which designated the applicant as operator and compulsory pooling all mineral interest in the Morrow formation.
3. Applicant has drilled and completed a well pursuant to said order in the Morrow formation which is nor depleted and applicant desire to plug back and recomplete said well for production of other Pennsylvanian aged formations including but not limited to the Atoka and Strawn formations.
4. Applicant has obtained leases or participation in the recompletion of said well from all interest owners in said 320 acre unit with the exception of the following persons.

whose interest, names and addresses, to the best of applicant's information and belief are as follows:

Naomia Brown, mineral interest underlying
E/2NE/4SW/4SE/4, five acres, Address, Kokomo,
Indiana, otherwise unknown.

A. P. Willard, mineral interest underlying
W/2NW/2SE/4SW/4, five acres, address, Wichita,
Kansas, otherwise unknown.

Richard Rowan & Associates, Mid-America Building,
Midland, Texas 79701, fifteen acres.

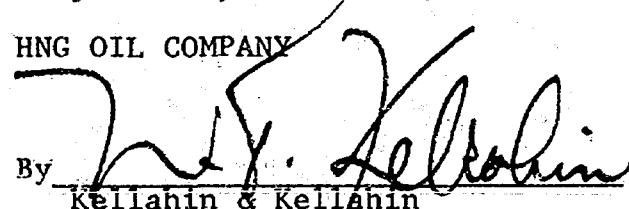
5. Applicant has made diligent effort to obtain the participation of Rowan & Associates in the drilling of the proposed well, or, in the alternative, obtain a lease or farmout from them, but has been unable to do so. Applicant has made diligent effort to locate and contact Naomi Brown, and A. P. Willard, but has been unable to find any address for them other than that shown above.

WHEREFORE, applicant prays the Commission to compulsory pool all of the mineral interests to the Pennsylvanian formation underlying the above tract, designating applicant as operator, and making provision in such order for applicant to recover out of production its costs of drilling, completing and equipping the proposed well, with costs of supervision while drilling, together with provisions for recovery of the costs of operation, including costs of supervision, upon completion of the well, and for a risk factor of 200% for the risk assumed in drilling the well, and for such other and further relief as proper.

Respectfully submitted,

HNG OIL COMPANY

By


Kellahin & Kellahin
P.O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

ROUGH

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. 7079

Order No. R-5727-A

APPLICATION OF HNG OIL COMPANY FOR
THE AMENDMENT OF ORDER NO. R-5727,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 12
19 80, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this _____ day of November, 19 80, the
Division Director, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required
by law, the Division has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, HNG Oil Company, seeks the amendment
of Order No. R-5727 to include the entire Pennsylvanian formation under
the Compulsory pooling order rather than only the Morrow formation
as previously ordered.

a 320-acre gas spacing and production unit
consisting of

(3) That said Order No R-5727 compulsorily pooled the North half of Section 9, Township 24 South, Range 28 East, NMPM for drilling to and ~~at~~ production from the Morrow Formation.

(4) That the applicant has completed a well at a standard location on said unit.

(5) That the applicant ~~is~~ now seeks said amendment of Order No R-5727 in order to permit it to complete its well in other productive zones in the Pennsylvanian formation.

(6) That there is a single interest owner in five acres within said production unit who cannot be found and cannot, therefore, agree to pool his interests in the Pennsylvanian formation.

(7) That approval of the application will ~~should~~ ~~serve to~~ prevent waste and protect correlative rights.

It is therefore Ordered:

(1) That the first paragraph of Order (1) of Division Order No R-5727 entered May 12, 1928, is hereby amended in its entirety to read as follows:

(1) That all mineral interests, whatever they may be,

Pennsylvanian
in the formation underlying the N/2 of Section 9,
Township 24 South, Range 28 East, NMPM, West Malaga
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 a standard
location thereon. 1)

Field

(2) *Jurisdiction*