

Entered February 12, 1981

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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. 7136
Order No. R-6587

APPLICATION OF HANSON OIL CORPORATION
FOR THE CONTRACTION OF THE POTASH-OIL
AREA, OR IN THE ALTERNATIVE, AN EXCEPTION
TO THE CASING-CEMENTING RULES OF R-111-A,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on January 28, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 12th day of February, 1981, 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, Hanson Oil Corporation, seeks the contraction of the Potash-Oil Area as defined by Order No. R-111-A, as amended, by the deletion of the NE/4 of Section 26, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico, or, in the alternative, applicant seeks an exception to the casing-cementing rules prescribed by Order No. R-111-A for wells it proposes to drill in the NE/4 of said Section 26 to permit it to set surface casing at at least 600 feet and production casing at total depth in the Grayburg formation, circulating cement to the surface on both strings.

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(3) That while the evidence presented indicates that there are no present potash mining operations nor probable remaining deposits of commercial potash ore in the subject area, there is insufficient geological and engineering data available in the record of this case to justify deletion of the subject lands from the Potash-Oil Area, and the application for such deletion should be denied.

(4) That the proposed method of completion for shallow-zone wells in the subject area should be safe and should not result in endangerment of potash resources or operations, provided however,

(5) That the production casing should be cemented with a volume of cement sufficient to circulate back to the surface.

(6) That the applicant should report the following both to the district office of the Division and the U.S.G.S. and may be required to circulate cement to the surface around the production casing:

(a) Any water flows encountered:

(b) The top of the cement around the production casing as determined by temperature survey if such cement does not circulate.

(7) That approval of the subject application will protect correlative rights, will prevent waste and will not cause the waste of potash.

(8) The application should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, Hanson Oil Corporation, is hereby authorized an exception to the casing-cementing rules for the Oil-Potash Area as promulgated by Order No. R-111-A to permit the completion of several wells in the NE/4 of Section 26, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico, by setting surface casing at a depth of at least 600 feet and production casing at total depth with a volume of cement calculated to be sufficient to circulate back to the surface.

PROVIDED HOWEVER, that the applicant shall report the following, both to the district office of the Division and the U.S.G.S.:

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- (a) Any water flows encountered; and
- (b) The top of the cement around the production casing as determined by temperature survey if such cement does not circulate.

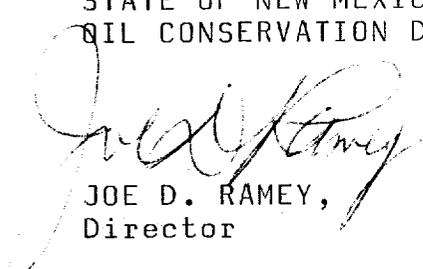
PROVIDED FURTHER, that the applicant may be required to re-cement the production casing to the surface if cement on said casing did not circulate to the surface.

(2) That the application to delete certain lands from the Potash-Oil Area is hereby denied.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY,
Director

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