

Case Number

4674

Application

Transcripts

Small Exhibits

ETC.

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
CONFERENCE ROOM, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
March 1, 1972

EXAMINER HEARING

IN THE MATTER OF:

Application of Hanagan
Petroleum Corporation for an
unorthodox gas well location,
Eddy County, New Mexico.

Case No. 4674

BEFORE: Richard L. Stamets
Examiner

TRANSCRIPT OF HEARING

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1 MR. STAMETS: This will be Case No. 4674.

2 MR. HATCH: Case No. 4674 is the application of
 3 Hanagan Petroleum Corporation for an unorthodox gas well
 4 location, Eddy County, New Mexico.

5 MR. MORRIS: I am Dick Morris of Montgomery,
 6 Federici, Andrews, Hannahs and Morris, appearing on behalf
 7 of the Hanagan Petroleum Corporation.

8 MR. STAMETS: Are there any other appearances in
 9 Case 4674?

10 (No response)

11 MR. STAMETS: You may proceed, Mr. Morris.

12 HUGH HANAGAN,
 13 appeared as a witness, and after being duly sworn, testified
 14 as follows:

15 DIRECT EXAMINATION

16 BY MR. MORRIS

17 Q Mr. Hanagan, will you please state your name and where
 18 you reside?

19 A Hugh Hanagan, and I live in Roswell, New Mexico.

20 Q What is your position with Hanagan Petroleum Corporation?

21 A I am Vice-President of Hanagan Petroleum Corporation.

22 Q Have you previously testified before the Commission, or
 23 one of the Commissioners and had your qualifications as
 24 a geologist accepted as a matter of record?

25 A I have.

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1 MR. MORRIS: Are the witness' qualifications
 2 accepted?

3 MR. STAMETS: They are.

4 Q (By Mr. Morris) Mr. Hanagan, what does Hanagan Petroleum
 5 Corporation seek by this application?

6 A We have asked for approval of an unorthodox gas well
 7 location in an undesignated Morrow gas pool, and we
 8 have further asked for an exception to Rule 104, by
 9 dedicating the east half of Section 4, Township 19 South,
 10 Range 28 East, to the well.

11 Q Have you prepared exhibits in support of this application?

12 A Yes, they have been marked Exhibit A and Exhibit B.

13 Q What are those exhibits?

14 A Exhibit A is the ownership plat, and Exhibit B is
 15 the location of the Morrow.

16 Q Could you refer first to Exhibit A and point out the
 17 location of the subject well?

18 A Hanagan Petroleum Corporation Number One well is located
 19 660 feet from the north line, and 1924 feet from the
 20 east line of Unit B in Section 149 South, 28 East,
 21 Eddy County, New Mexico. It is colored yellow on
 22 Exhibit A.

23 Q Where is this well located geologically with respect
 24 to the other producers and in particularly, the other
 25 Morrow producers?

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- 1 A The well is located sixteen miles southeast of Artesia,
2 New Mexico. It is situated approximately 2 1/2 miles
3 northeast of the Millman Field Number One, and a half
4 a mile northwest of the East Millman Field.
- 5 Q Would you give us some history in connection with this
6 well concerning when it was drilled?
- 7 A The Hanagan Petroleum Corporation Number One Millman
8 Deep Well was drilled as a wildcat, and was an orthodox
9 40-acre Devonian oil well drilled to a total depth of
10 11,050 feet into the upper Mississippian line, at which
11 point it was decided that its structural position did
12 not warrant going onto the Devonian sub. The well
13 reached a total depth of 11,050 feet on 12/31/71. Open
14 hole electric logs were run to the total depth. On
15 Exhibit B, you will find the drill stem tests intervals.
16 It was drill stem tested from 10,675 to 10,695 with 2.347
17 MCF per day. It was perforated at 10,876 to 10,894, and
18 completed on 2/4/72 with 6,400,000 cubic feet of gas
19 per day.
- 20 Q And what is the present status of the well?
- 21 A The well is presently shut in waiting for a pipe line
22 connection.
- 23 Q Now, you have shown on Exhibit A an area outlined in
24 red. What is the significance of that outline?
- 25 A That outlined area is what we call the Millman working

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1 interest unit area, all of the lease owners in that area
 2 are in agreement with us.

3 Q Do all of the 320-acre units that are offset to the
 4 east half of Section Four that you propose to dedicate
 5 to this well, are all of those spacing units located
 6 within the unit area?

7 A Yes, all of the offset 320-acre gas units are within
 8 the working interest area.

9 Q In your opinion, Mr. Hanagan, does that protect the
 10 correlative rights of the other interest owners in this
 11 area?

12 A Yes, sir. The unit area, by the way, is located, all
 13 of the acreage is located on State land.

14 Q And the subject 320-acre spacing unit is also State land?

15 A Yes, sir.

16 Q Was Exhibit A and the information shown on Exhibit B
 17 prepared by you?

18 A Yes.

19 MR. MORRIS: Mr. Examiner, we will offer Exhibits
 20 A and B in evidence.

21 MR. STAMETS: Without objection, Applicant's
 22 Exhibits A and B will be admitted in evidence.

23 (Marked Exhibit A and Exhibit B in evidence)

24 MR. MORRIS: That's all we have on direct.

25 MR. STAMETS: Any questions of this witness?

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(No response)

MR. STAMETS: There being none, you may be
excused.

(Witness excused)

MR. MORRIS: That's all I have to offer.

MR. STAMETS: Any statements in this case or
correspondence?

(No response)

MR. STAMETS: Case No. 4674 will be taken under
advisement.

* * * * *

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1 STATE OF NEW MEXICO)
 2) ss.
 3 COUNTY OF BERNALILLO)

4 I, RICHARD E. McCORMICK, a Certified Shorthand Reporter,
 5 in and for the County of Bernalillo, State of New Mexico,
 6 do hereby certify that the foregoing and attached Transcript
 7 of Hearing before the New Mexico Oil Conservation Commission
 8 was reported by me; and that the same is a true and correct
 9 record of the said proceedings to the best of my knowledge,
 10 skill and ability.

11 *Richard E. McCormick*
 12 CERTIFIED SHORTHAND REPORTER

23 I do hereby certify that the foregoing is
 24 a complete record of the proceedings in
 25 the hearing of case No. 46274,
 heard by me on March 1, 1972.
Richard E. McCormick, Reporter
 New Mexico Oil Conservation Commission

dearnley-meier reporting

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I N D E X

WITNESS

PAGE

HUGH HANAGAN

Direct Examination by Mr. Morris

3

E X H I B I T S

APPLICANT'S

ADMITTED

OFFERED

Exhibit A and B

6

6



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87301

GOVERNOR
BRUCE KING
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

March 15, 1972

Mr. Richard S. Morris
Montgomery, Federici, Andrews,
Hannahs & Morris
Attorneys at Law
Post Office Box 2307
Santa Fe, New Mexico

Re: Case No. 4674

Order No. R-4275

Applicant:

Hanagan Petroleum Corp.

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x

Artesia OCC x

Aztec OCC

Other

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. 4674
Order No. R-4275

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 1, 1972, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 15th day of March, 1972, 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 exception to Rule 104 of the Commission Rules and Regulations for approval of an unorthodox gas well location for its Millman Deep Well No. 1, located 660 feet from the North line and 1924 feet from the East line of Section 4, Township 19 South, Range 28 East, NMPM, undesignated Morrow gas pool, Eddy County, New Mexico.

(3) That the subject well was projected as an oil well to test the Devonian formation but was productive of gas from the Morrow formation.

(4) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable

-2-

CASE No. 4674

Order No. R-4275

share of the gas in the subject undesignated Morrow gas pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location is hereby approved for the Hanagan Petroleum Corporation's Millman Deep Well No. 1 in an undesignated Morrow gas pool at a point 660 feet from the North line and 1924 feet from the East line of Section 4, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico, as an exception to Rule 104 of the Commission Rules and Regulations.


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

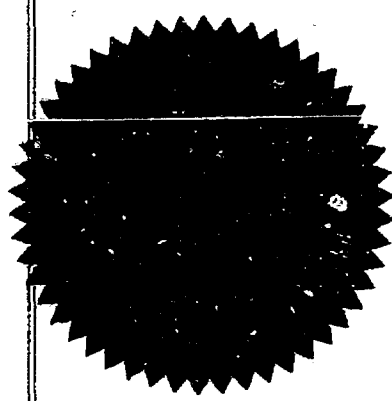
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


BRUCE KING, Chairman


ALEX J. ARMIJO, Member


A. L. PORTER, Jr., Member & Secretary



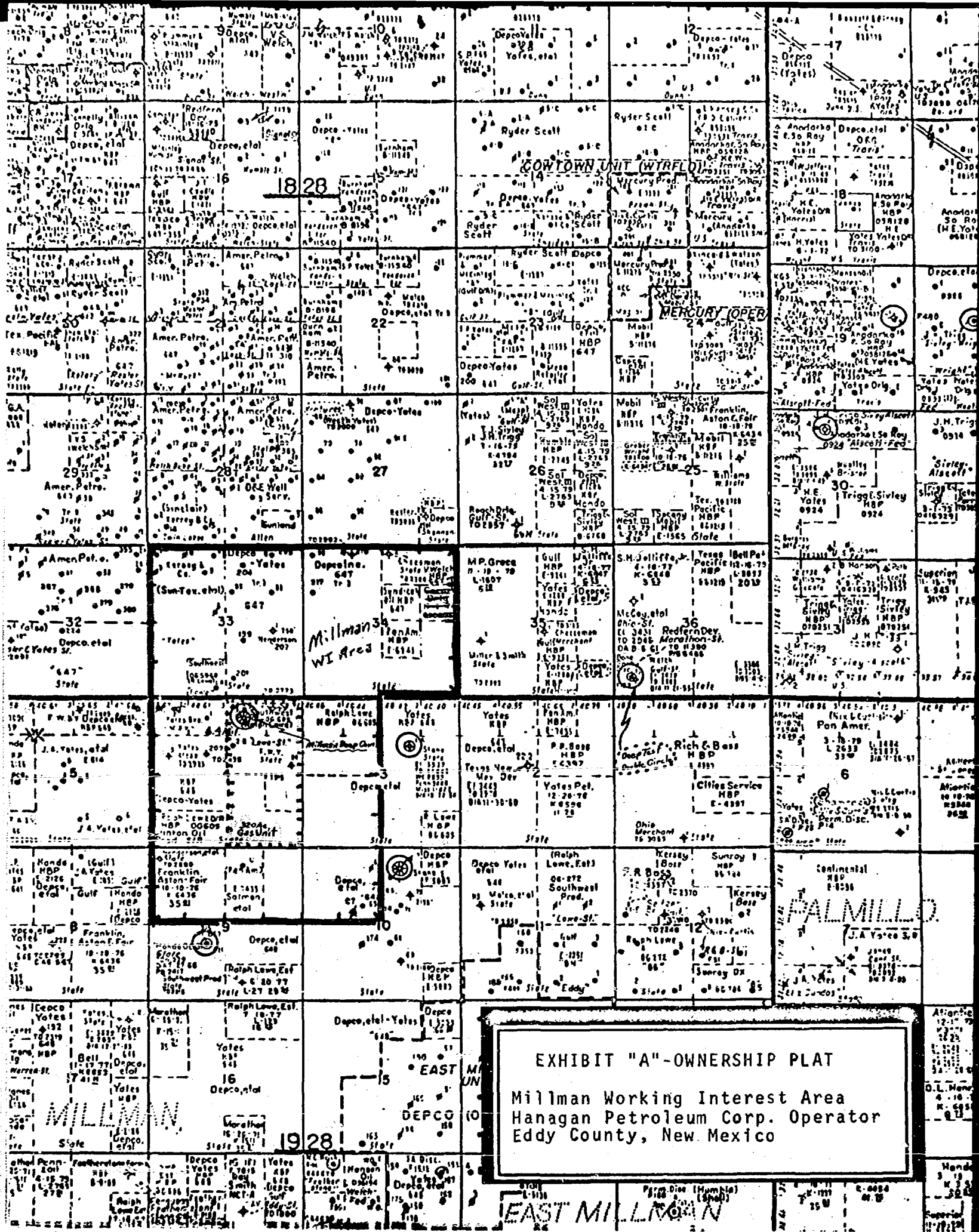
esr/

CASE 4674: Application of Hanagan Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its Millman Deep Well No. 1 located 660 feet from the North line and 1924 feet from the East line of Section 4, Township 19 South, Range 28 East, undesignated Morrow gas pool, Eddy County, New Mexico, with the E/2 of said Section 4, to be dedicated to the well.

CASE 4670: Application of BTA Oil Producers for a special gas-oil ratio limitation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks as an exception to Rule 506 of the Commission Rules and Regulations, a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil for the Vada-Pennsylvanian Pool, Lea County, New Mexico.

CASE 4671: Application of V. F. Vasicek and J. M. Fullinwider, dba V-F Petroleum for compulsory pooling, Lea County, New Mexico. Applicants, in the above-styled cause, seek an order pooling all mineral interests from the surface of the ground down to and including the Wolfcamp formation underlying the SE/4 SW/4 of Section 1, Township 15 South, Range 36 East, Lea County, New Mexico, to form a standard oil proration unit to be dedicated to a well to be drilled at a standard location on said unit. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4672: Application of Paul M. Mershon, Jr., and Vincent Shryack for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface of the ground down to and including the Morrow formation underlying the W/2 of Section 15, Township 17 South, Range 29 East, Grayburg-Morrow Gas Pool, Eddy County, New Mexico, to form a standard 320-acre unit for the production of gas to be dedicated to a well to be drilled at a standard location for said unit. Also to be considered will be the costs of drilling said well, a charge for the risk



MONTGOMERY, FEDERICI, ANDREWS, HANNAHS & MORRIS

ATTORNEYS AND COUNSELORS AT LAW

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J. O. SETH (1883-1963)

A. K. MONTGOMERY
WM. FEDERICI
FRANK ANDREWS
FRED C. HANNAHS
RICHARD S. MORRIS
SUMNER G. BUELL
SETH D. MONTGOMERY
FRANK ANDREWS III
OWEN M. LOPEZ

February 10, 1972

Case 4674

New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87501

RECEIVED

FEB 10 1972

Gentlemen:

OIL CONSERVATION COMM.
SANTA FE

Enclosed for filing is an Application of Hanagan Petroleum Corporation for an unorthodox gas well location in an undesignated Morrow Gas Pool, Eddy County, New Mexico, which we would appreciate your setting for hearing on March 1, 1972.

Very truly yours,

Owen M. Lopez

RSM:F
Encl.

cc: Hanagan Petroleum Corporation
J. P. White Building
Roswell, N.M. 88201

DOCKET MAILING

Date 2/18/72

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

APPLICATION OF HANAGAN PETROLEUM)
CORPORATION FOR APPROVAL OF AN)
UNORTHODOX GAS WELL LOCATION,)
UNDESIGNATED MORROW GAS POOL,)
EDDY COUNTY, NEW MEXICO)

Case No. 4674

APPLICATION

Comes now Hanagan Petroleum Corporation by its attorneys and applies to the New Mexico Oil Conservation Commission for approval of an unorthodox gas well location in an undesignated Morrow Gas Pool in Eddy County, New Mexico, and in support of its application states:

1. Applicant is the operator of the Hanagan Petroleum Corporation Millman Deep Well No. 1, located 660 feet from the North line and 1924 feet from the East line of Section 4, Township 19 South, Range 28 East, Eddy County, New Mexico.

2. The said Hanagan Petroleum Corporation Millman Deep Well No. 1, originally was projected as a Devonian Oil Well, but was completed in as a gas well in an undesignated Morrow formation.

3. Applicant proposes to dedicate the E/2 of Section 4, Township 19 South, Range 28 East, Eddy County, New Mexico, to the said Hanagan Petroleum Corporation Millman Deep Well No. 1; however, the dedication of the E/2 of said Section 4 will cause the said well to be located at an unorthodox location under the General Rules & Regulations of the Commission.

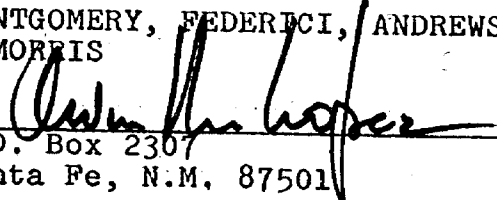
4. Applicant seeks entry of an order by the Commission approving the said unorthodox location and permitting dedication of the E/2 of said Section 4 to the said well.

Approval of this application will neither cause waste nor impair correlative rights.

WHEREFORE, applicant requests that this application be set for hearing before an examiner designated by the Commission at a

hearing to be held on March 1, 1972, following which applicant requests that the Commission enter an order approving this application.

MONTGOMERY, FEDERICI, ANDREWS, HANNAHS
& MORRIS

By 
P.O. Box 2307
Santa Fe, N.M. 87501

Attorneys for Hanagan Petroleum Corporation.

DRAFT

GMH/dr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

Am IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4674

Order No. R-4275

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 1, 192,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of March, 192, 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 exception to Rule 104 of the Commission Rules and Regulations
for approval of an unorthodox gas well location for its Millman
Deep Well No. 1, located 660 feet from the North line and 1924
feet from the East line of Section 4, Township 19 South, Range 28
East, NMPM, undesignated Morrow gas pool, Eddy County, New Mexico.

*(3) That the subject well was projected as an oil
well to test the Devonian formation but was
productive of gas from the Morrow formation.*

-2-

CASE NO. 4674

Order No. R-

(4) ~~THAT~~ That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject undesignated Morrow gas pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location is hereby approved for the Hanagan Petroleum Corporation's Millman Deep Well No. 1 in an undesignated Morrow gas pool at a point 660 feet from the North line and 1924 feet from the East line of Section 4, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico, as an exception to Rule 104 of the Commission Rules and Regulations.

(2) 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.

CASE 4675:

SOUTHEASTERN NEW MEXICO
NOMENCLATURE