

CASE No.

4838

Application,

Transcripts,

Small Exhibits

ETC.

Memo

From
D. S. NUTTER
CHIEF ENGINEER

To Geo.

Pete wants us to put
a case on the Oct 4
docket "on the motion of
the OCC @ the request of
Hanagan Petr Corp" for
consolidation of Catclaw
Dixon Marrow, Golden
Eade Marrow, and Avalon
Middle Marrow. Tell Ida
to send marked docket
to Hanagan, Texas, Atlantic
& Huey Engrg & Inspec

dearnley, meier & mc cormick

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

October 4, 1972

EXAMINER HEARING

IN THE MATTER OF:)
Application of the Oil Conservation)
Commission of New Mexico on the)
motion of Hanagan Petroleum)
Corporation for the abolishment)
and extension of certain pools in)
Eddy County, New Mexico.)

Case No. 4838

BEFORE: Elvis A. Utz,
Examiner.

TRANSCRIPT OF HEARING

1 MR. UTZ: The hearing will come to order. Case 4838.

2 MR. HATCH: In the matter of the application of the
3 Oil Conservation Commission of New Mexico on the motion of
4 Hanagan Petroleum Corporation for the abolishment and
5 extension of certain pools in Eddy County, New Mexico. We
6 have one witness to be sworn.

7 * * * *

8 RICHARD L. STAMETS,
9 was called as a witness, and after being duly sworn, testified
10 as follows:

11 DIRECT EXAMINATION

12 BY MR. HATCH:

13 Q Will you state your name and position for the record--

14 MR. UTZ: Let's ask for appearances. Are there
15 any other appearances in this case?

16 MR. MORRIS: I am Dick Morris of Montgomery,
17 Federici, Andrews, Hannahs and Morris, Santa Fe, appearing
18 on behalf of Hanagan Petroleum Corporation.

19 MR. UTZ: Are there any other appearances?

20 (No response)

21 MR. UTZ: You may proceed.

22 Q (By Mr. Hatch) Will you state your name and position for
23 the record, please?

24 A R. L. Stamets, geologist and technical support chief
25 for the Oil Conservation Commission in Santa Fe.

1 Q Are you familiar with Case 4838 and what it proposes?

2 A Yes, I am.

3 Q Mr. Stamets, in reading the style of the case, I said
4 it was on the motion of the Hanagan Petroleum Corporation
5 for the abolishment and extension of certain pools in
6 Eddy County, New Mexico. Are there any corrections to
7 be made on that statement?

8 A Yes, Hanagan Petroleum Corporation have requested that
9 the Golden Eagle Morrow be consolidated in the Catclaw
10 Draw Morrow and the Commission included the Avalon-
11 Middle Morrow in this particular case on its own motion.

12 Q Mr. Stamets, have you made an investigation of the area
13 that is under consideration in this case?

14 A Yes, I have.

15 Q Have you prepared certain exhibits to present to the
16 Commissioner?

17 A Yes, I have prepared three exhibits.

18 Q Would you go through each of those exhibits, please,
19 and present the results of your investigation to the
20 Examiner?

21 A Exhibit One is an area map of the three pools in question
22 here today. The Avalon-Middle Morrow is colored in
23 blue. The Golden Eagle Morrow Pool is colored in red.
24 And the Catclaw Draw Morrow Gas Pool is colored in green.

25 The wells completed in the pools, or in the Morrow

1 formation surrounding the pools are shown on this map,
2 and they are identified as to the operator, well number,
3 and so on.

4 There is one well on this map which is not
5 completed in the Morrow. That is shown in Section 2,
6 Township 22 South, Range 25 East. That well is an
7 upper Pennsylvanian well.

8 Where I have logs, I have gone through and picked
9 the top of the Morrow formation and the top is shown
10 below the well.

11 Q Approximately how many logs did you have?

12 A Nine logs in this particular area.

13 Q You had logs of most of the wells in the area?

14 A Yes, essentially all but one of the completed wells.

15 Q What do the rules call for in the matter of spacing in
16 the three pools that are involved in this case?

17 A The Golden Eagle Morrow came from the statewide rules
18 when the pool was established by Order R-3080 on July
19 1st, 1966 and that is just 320-acre standard spacing.

20 The Catclaw Draw Morrow Pool was established by
21 Order R-4157 on June 21st, 1971, and that calls for
22 640-acre spacing with locations no closer than 1,650
23 feet to the outer boundaries of the section and no
24 closer than 330 feet to any of the quarteredlines.

25 The Avalon-Middle Morrow was established by Order

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1 R-4042 on October 14th, 1972-- that doesn't sound right,
2 I guess it should be 1971.
3 Q I think the Examiner can take note of the order number.
4 MR. UTZ: What was it?
5 THE WITNESS: 4042.
6 A (Continuing) In that particular pool, the Middle Morrow
7 was established and the vertical limits are from 10,266
8 to 10,408 in the discovery well, the Davis Fasken Avalon
9 Federal Number 1. The spacing is 604 acres and the
10 location requirements are identical to the Catclaw Draw.
11 Q For the Golden Eagle Morrow Gas Pool, do you have the
12 vertical limits of that pool?
13 A The vertical limits of the Golden Eagle are just the
14 entire Morrow formation.
15 Q What about the Catclaw Draw Morrow?
16 A The Catclaw Draw Morrow is set out in the pool rules
17 and these may or may not be the entire formation. There
18 is, of course, always a certain amount of confusion and
19 dispute as to where the top of the Morrow lies in any
20 particular area. I don't have the exact figures, but
21 I believe that the top of the Morrow was established in
22 the Catclaw Draw at about 10,186 and the base was about
23 10,570. That would be close, and of course, it's in
24 the order. This may be somewhat below the actual Morrow
25 top, however none of the wells in the area are

1 completed above that point. It may be that we would
2 wish to alter the pool rules of the Catclaw to just
3 include the entire Morrow formation and not tie it down
4 to a particular depth.

5 Q Do you have anything further to add to your testimony
6 concerning Exhibit One?

7 A Just to point out that there are some completed wells
8 in here that are outside the limits of any defined pool.

9 Q Continue with Exhibit Number Two.

10 A Exhibit Number Two is a structure contour map drawn
11 on the top of the Morrow formation with a contour
12 interval of 100 feet. The map shows a high in the
13 Morrow, which is about three-quarters of a mile to one
14 mile wide, and extends from Section 11 down through
15 Section 27 of Township 22 South, Range 25 East. It
16 also shows the general southeast dip of the formation
17 in that part of the state. It shows that all of the
18 wells in this area are located on the same structure,
19 however I would like to point out that the structure is
20 not the prime factor in this area. The highest well
21 structurally does not have the highest potential in
22 the area, the highest well being the Atlantic Richfield
23 Federal Number 1, with a potential of 3.7 million MCF.
24 The highest potential in the area seems to be the lowest
25 well, the Hanagan Petroleum Well in Section 19,

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1 Township 22 South, Range 26 East. That has a potential
2 of 84 million MCF.

3 Q Where is the Atlantic Richfield Well located?

4 A Section 11, Township 22 South, Range 25 East. I would
5 like to point out that the highest potential in here
6 belong to the Texaco Well in Section 12, Township 22
7 South, Range 25 East, the Hanagan Well, which I have
8 previously mentioned, the Nan-Bet, and the Hanagan
9 Petroleum Catclaw Draw Unit Well Number 2, located in
10 Section 23, Township 22 South, Range 25 East. Just on
11 the surface of it, there doesn't seem to be a pattern
12 to this.

13 Q Mr. Stamets, do you know whether or not the Texaco--
14 any of the pools have been extended by Commission order
15 to include the area in which the Texaco well is located?

16 A No. Referring back to Exhibit One, that is the full
17 extent of all of these fields at this time, and the
18 Texaco well is not in the field.

19 Q It would appear that it is located closer to the Golden
20 Eagle Morrow than the other two pools.

21 A Yes, that is correct. Another thing which is shown on
22 this exhibit is the line of the cross section A A Prime,
23 and this is Exhibit Number Three. I did some checking
24 on the wells shown on this exhibit checking the
25 pressures, and it would appear that most of the wells

1 in this area have bottom hole pressure in the
2 neighborhood of 4,400 pounds. Some of the wells did
3 not have pressure indicated to be that high, however
4 in checking the records, I found drill stem test pressures
5 on these wells in that same neighborhood. So each
6 well which I show on here does have registered bottom
7 hole pressure at some stage in the neighborhood of
8 4,400 pounds.

9 Q But you have not included the pressures on your exhibit?

10 A No, I haven't.

11 Q You mentioned some wells that you thought had lower
12 bottom hole pressure, but drill stem pressures were in
13 the neighborhood of 4,400 pounds?

14 A Yes, sir. The David Fasken Well showed 3,379 pounds,
15 and I checked our records further and found drill stem
16 test pressure at a slightly lower depth than the
17 completion depth, and that was in the neighborhood of
18 4,436 pounds. So I'm not sure that we aren't saying
19 here that there is not slightly closer pressure due
20 to the failure of the formation to build up after the
21 test or after earlier testings.

22 Q Where is the Fasken Well located?

23 A Section 1, Township 22 South, Range 25 East.

24 Q What pool?

25 A The Avalon-Middle Morrow.

1 Q Do you know the length of the build-up time on that
2 pressure?

3 A Let me see if I have that report with me.

4 MR. UTZ: Well, if you do not, we will look at the
5 C-122.

6 A This was a 172-hour build-up, so it was substantial.
7 This was a dry gas well, and so apparently there was
8 no liquid in there that would cause this.

9 Q Do you have anything further to add to your testimony
10 concerning Exhibit Number Two?

11 A No, that's all. It has been pointed out to me that
12 for some reason or another, I have shown this to be
13 Township 22 South rather than Township 21 South. So
14 all my references to 22 South should be changed to
15 21 South.

16 Q And the ranges are 25 and 26 East, is that correct?

17 A Yes, they are.

18 Q Is that correction to be made on Exhibit Number Three?

19 A Exhibit Three appears to be correct in that regard.

20 MR. HATCH: We move to correct Exhibits One and Two
21 to show Township 21 South instead of Township 22 South.

22 MR. UTZ: They will so show it.

23 Q (By Mr. Hatch) Would you explain what Exhibit Number
24 Three is?

25 A Exhibit Three is the cross section A A Prime shown on

1 Exhibit Two. The depth of the Morrow which I have
2 picked on here is picked as closely as I could to the
3 top of the Morrow formation as described in the New
4 Mexico Bureau of Mines and Mineral Resources Number 117.
5 As I have said before, there is a certain amount of
6 dispute as to where the top of the Morrow is actually
7 located.

8 The wells are shown and these are gamma ray sonic
9 logs in most cases. The Morrow formation in the wells
10 are shown by the blue rectangles and these are located
11 opposite the perforated interval in each well. The
12 top of the Morrow formation is shown and the dash line
13 indicates the shale section in the Morrow which is a
14 good correlation point in this particular area.

15 There are two red lines shown between the Morrow
16 marker and the shale marker, and these lines represent
17 the top of the Middle Morrow section and the base of
18 the Middle Morrow section as described in the Commission
19 order concerning the Avalon Middle Morrow Pool.

20 Going from left to right here, we can see that
21 there are other wells completed in the Middle Morrow
22 section, and there are other wells completed in the
23 Middle Morrow and other sections. Moving immediately
24 to the right, we see that the Texaco Levers Federal
25 Number 1 is completed in the Middle Morrow and the well

1 is also completed in two separate intervals in the
2 lower Morrow section.

3 The third well is completed in the lower section
4 of the Middle Morrow, which is different from the first
5 two wells. Then it is completed in the two lower
6 Morrow intervals.

7 The Hanagan Petroleum Nan-Bet Number 1 is completed
8 in the lower part of the Middle Morrow. The Hanagan
9 Petroleum Catclaw Draw Unit Number 1 "Y" is completed
10 in the upper Morrow, the middle Morrow, and the two
11 lower Morrow sections. The last well, the Hanagan
12 Petroleum Catclaw Draw Unit Number 3, is completed in
13 the lower Morrow section.

14 I think you can see from the log that if we
15 attempted to establish a pool for each isolated Morrow
16 interval, that we would have four or five pools right
17 here for these series of six wells.

18 If you will refer back now to Exhibit Number Two,
19 I would like to point out the zone that each of these
20 wells is completed in. The David Fasken Avalon Federal
21 Number 1 in Section 1, Township 21 South, Range 25 East,
22 is a middle Morrow completion. The well in Section 11
23 is an open hole completion, and so it's open in every
24 one of the Morrow zones. The Texaco well in Section 12
25 is a middle and lower Morrow completion. The Catclaw

1 Draw Number 2 in Section 23 is a lower Morrow completion.
2 The Catclaw Draw Number 4 in Section 24 appears to be
3 a lower Morrow completion. Now, this one I do not have
4 a log on, but a comparison of depths and perforations
5 would indicate it is a lower Morrow completion. The
6 Hanagan Petroleum Catclaw Draw Unit Number 1 "Y" in
7 Section 26 is an upper, middle, and lower Morrow
8 completion. The Catclaw Number 3 in Section 36 is a
9 lower completion. And in Section 18, Township 21 South,
10 Range 26 East, the Inexico McMinn State Number 1 is a
11 middle and lower Morrow completion. The Hanagan well
12 in Section 19 is a middle Morrow completion. So across
13 the field, we have a variety of different zones open
14 to the well bore.

15 I believe that completes the information that I
16 have shown on these exhibits.

17 Q Mr. Stamets, would you have any reason to present to
18 the Commissioner as to why the three pools should be
19 treated as one pool?

20 A Yes, I do. The Morrow formation is a recognized
21 division of the Pennsylvanian throughout this entire
22 area that we are talking about here. The wells in the
23 pool now offset one another, and they are located on
24 the same structure. I feel that combining these pools
25 will tend to prevent economic waste by eliminating

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the obligation for offset drilling in these particular pools. It will also tend to eliminate the economic waste because of the installation of dual completion or multiple completion equipment between some of these Morrow zones. For instance, in the Texaco well, the pools were established and separated, and it might be necessary to install a packer in the well between the upper perforations and the lower perforations, and it would seem like this would be an unnecessary burden on the operator. It would tend also to reduce the chance of mechanical problems in Morrow multiple completions. At the present time, I can count about sixty-four designated Morrow gas pools, and there are only three of these restricted to less than the total Morrow formation. In the Rock Tank Pool, there have been three attempts at multiple completions and two of these have been rather expensive and experienced mechanical difficulties. The zones in the Morrow formation are not continuous and vary widely in porosity and productivity between the wells. With all the Morrow thrown together, the zones that might be uneconomical to produce essentially may be completed in the same well bore and the end result would be more of the Morrow gas would be eventually produced and would prevent the loss of gas underground.

1 Q Based upon your investigation of the area, is it your
2 opinion that the wells producing from the Avalon-Middle
3 Morrow and the Golden Eagle Morrow and the Catclaw
4 Draw Morrow are producing from the same common source
5 of supply?

6 A These wells are all producing from the Morrow formation,
7 and it is my feeling that this is a common source of
8 supply.

9 Q Do you have anything else to add to your testimony?

10 A I would point out that if the pools are both incorporated
11 and extended as advertised that any non-standard
12 location or oversized spacing units which we have
13 already approved by previous orders should also be
14 approved in the expanded Catclaw Draw Morrow Gas Pool.

15 MR. HATCH: If the Examiner please, I have a
16 telegram from James B. Henry Engineering Firm addressed to
17 the Commission on behalf of their client, David Fasken. It
18 is almost impossible to read this telegram into the record
19 because of the quality of the telegram. I believe a study
20 of the telegram would show that they are not opposed to
21 reforming the pools here, but would like to see-- they are
22 in favor of a middle Morrow gas pool and a lower Morrow gas
23 pool. They refer to the exhibits presented in Case 4427 and
24 the findings set out in Order Number 4042, which had to do
25 with the creation of the Avalon-Middle Morrow Gas Pool. So

1 I would move that the Examiner take notice and incorporate
2 as part of this hearing the exhibits presented in Case 4427
3 and Order 4042. You can study the telegram and see if that
4 is a fair reading of it.

5 MR. UTZ: I didn't have time enough to interpret
6 it this morning, so I will give it further consideration.

7 MR. HATCH: That's all I have.

8 MR. UTZ: Are there any questions of the witness?

9 MR. MORRIS: I have no questions.

10 MR. HATCH: I would like to move for the
11 introduction of Exhibits One, Two, and Three.

12 MR. UTZ: Without objection, Exhibits One through
13 Three will be entered into the record of this case.

14 (Whereupon Commission Exhibits One through Three
15 were admitted in evidence.)

16 * * * *

17 CROSS EXAMINATION

18 BY MR. UTZ:

19 Q Mr. Stamets, referring to Exhibit Number Three, if I
20 understand what you are telling me, all the perforations
21 as shown on that exhibit you consider to be in the Morrow
22 and a common source of supply?

23 A Yes.

24 Q What is the significance of the heavy dashed line?

25 A That is the location of the base of the shale interval

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- 1 which is a very good correlation marker in this area.
- 2 Q If we interpreted the telegram correctly, then you do
- 3 not agree with the Henry Engineering people who represent
- 4 David Fasken?
- 5 A No, and I didn't agree with them at the time the pool
- 6 was established.
- 7 Q And at the same time, they are not here to contest your
- 8 recommendation?
- 9 A No, they are not.
- 10 Q Is the outline you have shown on your Exhibit Number
- 11 Two identical to the description shown in the
- 12 advertisement in this case?
- 13 A It is identical to the docket that we have.
- 14 Q I mean the docket.
- 15 A Yes.
- 16 Q So Section C of the docket would include all the acreage
- 17 marked in the green outline on your exhibit?
- 18 A Yes, that is the intent of the exhibit.
- 19 MR. UTZ: Any questions of the witness?
- 20 (No response)
- 21 MR. UTZ: He may be excused.
- 22 (Witness excused.)
- 23 MR. UTZ: Any statements in this case?
- 24 (No response)
- 25 MR. UTZ: Case 4838 will be taken under advisement.

dearnley, meier & mc cormick

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

3
4 I, RICHARD E. McCORMICK, a Certified Shorthand
5 Reporter, in and for the County of Bernalillo, State of
6 New Mexico, do hereby certify that the foregoing and attached
7 Transcript of Hearing before the New Mexico Oil Conservation
8 Commission was reported by me; and that the same is a true
9 and correct record of the said proceedings to the best of
10 my knowledge, skill and ability.

11 *Richard E. McCormick*
12 CERTIFIED SHORTHAND REPORTER
13
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Oct 4 4837
[Signature]

dearnley, meier & mc cormick

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PAGE 19

I N D E X

WITNESS

PAGE

RICHARD L. STAMETS

3

Direct Examination by Mr. Hatch

16

Cross Examination by Mr. Utz

E X H I B I T S

ADMITTED

OFFERED

APPLICANT'S

Exhibit #1

Area map

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Exhibit #2

Structure contour map

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Exhibit #3

Cross section

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OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

October 16, 1972

**GOVERNOR
BRUCE KING
CHAIRMAN**

**LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER**

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

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

Re: Case No. 4838
Order No. R-4421
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

Aztec OCC

Other _____

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
THE OIL CONSERVATION COMMISSION OF
NEW MEXICO ON ITS OWN MOTION AND
ON THE MOTION OF HANAGAN PETROLEUM
CORPORATION FOR THE ABOLISHMENT AND
EXTENSION OF CERTAIN POOLS IN EDDY
COUNTY, NEW MEXICO.

CASE NO. 4838
Order No. R-4421

NOMENCLATURE

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 4, 1972, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 16th day of October, 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 by Order No. R-3080, effective July 1, 1966, the Golden Eagle-Morrow Gas Pool, comprising all of Section 11, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico, was created; that no special rules were ever promulgated for said pool.

(3) That by Order No. R-4042, dated October 14, 1970, the Avalon Middle-Morrow Gas Pool comprising all of Section 1, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico, was created and temporary special rules and regulations were promulgated therefor including a provision for 640-acre spacing units.

(4) That by Order No. R-4157, dated June 21, 1971, the Catclaw Draw-Morrow Gas Pool, comprising all of Section 26, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico, was created and temporary special rules and regulations were promulgated therefor including a provision for 640-acre spacing units; that said pool has been extended from time to time by order of the Commission.

(5) That the wells in the three above-described pools are all producing from the same common source of supply.

-2-

Case No. 4838
Order No. R-4421

(6) That there are wells in the immediate area of the above-described pools that are also producing from the same common source of supply.

(7) That the Golden Eagle-Morrow and Avalon Middle-Morrow Gas Pools should be abolished and the Catclaw Draw-Morrow Gas Pool should be extended to include, among other lands, the lands presently included in the Golden Eagle-Morrow and Avalon Middle-Morrow Gas Pools.

(8) That the above-described abolishments and extension will prevent the drilling of unnecessary wells, will avoid the augmentation of risk arising from the drilling of an excessive number of wells, will prevent reduced recovery which might result from the drilling of too few wells, will afford each owner of interests in the subject pools the opportunity to produce their equitable share of the gas in the pools, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the Golden Eagle-Morrow Gas Pool in Eddy County, New Mexico, consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM
Section 11: All

is hereby abolished.

(2) That the Avalon Middle-Morrow Gas Pool in Eddy County, New Mexico, consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM
Section 1: All

is hereby abolished.

(3) That the Catclaw Draw-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM
Section 1: All
Section 11 through 14: All
Section 25: All
Section 36: All

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 18: All

-3-

Case No. 4838
Order No. R-4421

IT IS FURTHER ORDERED:

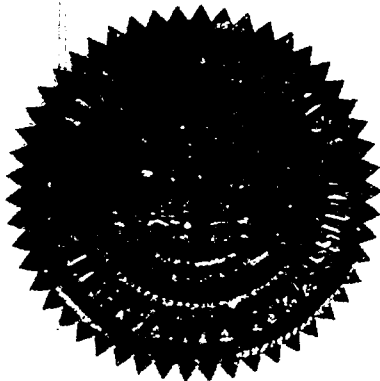
(1) That, pursuant to Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, any well which, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective date of this order in which to file new Forms C-102 dedicating a standard unit for the pool to said well, or to obtain a non-standard unit approved by the Commission. Pending such compliance, the well shall receive a maximum allowable in the same proportion to a standard allowable for the pool that the acreage dedicated to the well bears to a standard unit for the pool. Failure to file Forms C-102 dedicating a standard unit to the well or to obtain a non-standard unit approved by the Commission within said 60-day period shall subject the well to cancellation of allowable.

(2) That the effective date of this order and all abolishments and extensions and horizontal limits included herein shall be November 1, 1972.

(3) 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
BRUCE KING, Chairman

Alex J. Armijo
ALEX J. ARMIO, Member

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

S E A L

dr/

Case 4838

Heard 10-4-72

Rec. 10-5-72

Grant. O.C.C. recommendation
to consolidate the ~~Middleton~~
Avalon-Middle Monong, Golden Eagle
-Morrow + ~~the Catchlaw~~ consolidate
with the Catchlaw Draw-Morrow.
Also to extent ~~such lands as~~
~~the Catchlaw Draw-Morrow~~ to include
such lands as shown on 10-4-72
docket paragraph (a).

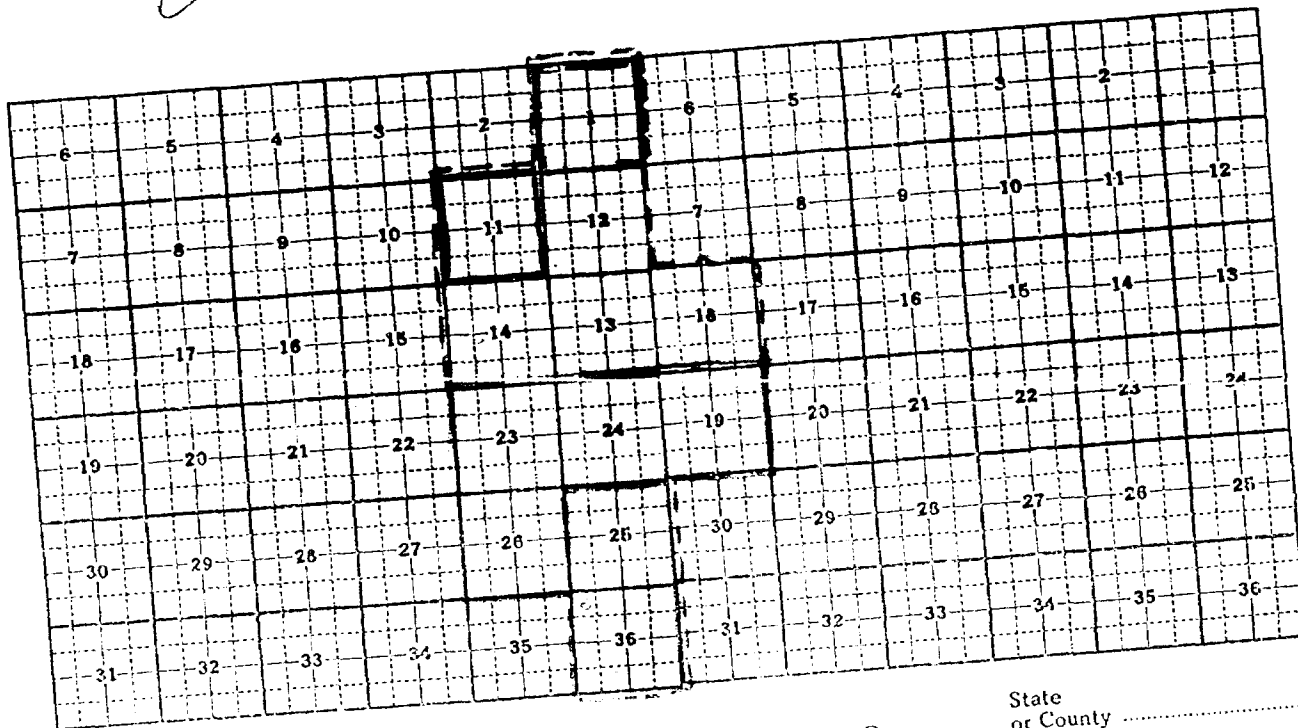
Thos C. M.

Name
Address
Remarks:

Name
Address
Remarks:

Ph.

Cave 4838^{Ph.}



T R State or County T R State or County

Docket No. 22-72

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 4, 1972

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

The following cases will be heard before Richard L. Stamets, Examiner, or Elvis A. Utz, Alternate Examiner:

CASE 4808: (Continued from the September 13, 1972, Examiner Hearing)

Application of Skelly Oil Company for a waterflood expansion and dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to expand its Grayburg-Jackson Skelly Unit Waterflood Project, Grayburg-Jackson Pool, Eddy County, New Mexico, by the injection of water through its Unit Well No. 114 located in Unit D of Section 14, Township 17 South, Range 31 East. Said Well No. 114 to be completed as a dual completion in such a manner as to permit the production of oil from the Fren-Seven Rivers Pool and the injection of water into the Grayburg-Jackson Pool.

CASE 4608: (Reopened)

In the matter of Case 4608 being reopened pursuant to the provisions of Order No. R-4213 which order established special rules and regulations for the Haystack Siluro-Devonian Pool, Chaves County, New Mexico, including a provision for 80-acre spacing units. All interested persons may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 4612: (Reopened)

In the matter of Case 4612 being reopened pursuant to Order No. R-4218 which order established special rules and regulations for the Cuerno Largo-Pennsylvanian Pool, Lea County, New Mexico, including provisions for 160-acre spacing units and an 80-acre proportional factor of 4.77 for allowable purposes. All interested persons may appear and show cause why said pool should not be developed on less than 160-acre spacing units and why the 80-acre proportional factor of 4.77 should or should not be retained.

CASE 4837:

Application of Amoco Production Company for an unorthodox location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a well at an unorthodox location 1980 feet from the South line and 660 feet from the East line of Section 18, Township 5 South, Range 33 East, Peterson-Pennsylvanian Gas Pool, Roosevelt County, New Mexico, with the S/2 of said Section 18 to be dedicated to the well.

CASE 4838: In the matter of the application of the Oil Conservation Commission of New Mexico on the motion of Hanagan Petroleum Corporation for the abolishment and extension of certain pools in Eddy County, New Mexico. Under consideration will be a proposal to:

(a) Abolish the Golden Eagle-Morrow Gas Pool in Eddy County, New Mexico, described as:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM
SECTION 11: All

(b) Abolish the Avalon-Middle Morrow Gas Pool in Eddy County, New Mexico, described as:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM
SECTION 12: All

(c) Extend the Catclaw Draw Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM
SECTION 12: All
SECTIONS 11 and 12: All
SECTIONS 13 and 14: All
SECTION 25: All
SECTION 36: All

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
SECTION 18: All

CASE 4839: Application of Continental Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Langlie-Lynn (Queen) Unit Area comprising 760 acres, more or less, of State and Federal lands in Township 23 South, Range 36 East, Lea County, New Mexico.

CASE 4840: Application of Continental Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Seven Rivers and Queen formations through nine wells located in Sections 22, 23, 26, and 27, Township 23 South, Range 36 East, Langlie-Mattix Pool, Lea County, New Mexico.

Examiner Hearing - October 4, 1972

-3-

Docket No. 22-72

CASE 4841: Application of Texaco Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the open hole interval from 10,600 to 10,780 feet in its New Mexico 'B0' State Well No. 3, located in Unit D of Section 24, Township 11 South, Range 32 East, Moore-Devonian Pool, Lea County, New Mexico.



014 OCT 2 PM 6 05

Yas

0.53.1972

WU 1201 (R 5-69)



• (507) •

JAMES B HENRY HENRY ENGINEERING 307 FIRST, NATL
ANK BLDG. #:

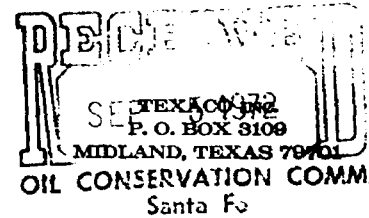
= 4838 4 4427 R4042.



PETROLEUM PRODUCTS

PRODUCING DEPARTMENT
CENTRAL UNITED STATES
MIDLAND DIVISION

August 30, 1972



GOLDEN EAGLE MORROW GAS POOL
EDDY COUNTY, NEW MEXICO

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

Case 4838

Attention: Mr. A. L. Porter

Gentlemen:

Texaco Inc. has been advised by Hanagan Petroleum Corporation of their application to abolish the Golden Eagle Morrow Gas Pool and to extend the Catclaw Draw Morrow Gas Pool to include Sections 11, 12, 13, and 14, Township 21 South, Range 25 East, Eddy County, New Mexico.

It is our understanding that an existing well located according to standard spacing rules in the Golden Eagle Morrow Gas Pool will be accepted into the Catclaw Draw Morrow Gas Pool without the necessity of a non-standard location hearing.

Texaco Inc., as an operator in the Golden Eagle Morrow Gas Pool, has no objection to the request by Hanagan Petroleum Corporation to abolish the Golden Eagle Morrow Gas Pool and extend the Catclaw Draw Morrow Gas Pool by means of nomenclature proceedings at an examiner hearing.

Yours very truly,

Darrell Smith
Division Manager

By *R. G. Brown*
R. G. Brown
Assistant to Division Manager

KWH/sl

Date 9-22-72

County, _____

Township _____ Range _____

Township _____ Range _____

Township _____ Range _____

Township _____ Range _____

Form 104—(Four on Township)

25

21

6	5	4	3	2	1	6	5	4	3	2	1
7	8	9	10	11	12	7	8	9	10	11	12
18	17	16	15	14	13	18	17	16	15	14	13
19	20	21	22	23	24	19	20	21	22	23	24
30	29	28	27	26	25	30	29	28	27	26	25
31	32	33	34	35	36	31	32	33	34	35	36
6	5	4	3	2	1	6	5	4	3	2	1
7	8	9	10	11	12	7	8	9	10	11	12
18	17	16	15	14	13	18	17	16	15	14	13
19	20	21	22	23	24	19	20	21	22	23	24
30	29	28	27	26	25	30	29	28	27	26	25
31	32	33	34	35	36	31	32	33	34	35	36

Golden Eagle - Mammals - 320

Mr. Rhotenberry, ATLANTIC with Atlantic
called about the merger of Golden Eagle +
Catcher Drew papers. Had one small matter
to work out. will let us or the ~~same~~ know
before next Sunday if there is
any objection.

For Dochet

Case — Southeastern New Mexico Nomenclature
Case calling for an order for the abolition
of and extension of certain pools in
Eddy County, New Mexico.

(A) Abolish the Golden Eagle-Morrow Horse
Pool in Eddy County, New Mexico, described
as:

Township 21 ^{North} Range 25 East, N.M.P.M.
Section 11: all

(B) Abolish the Avalon-Middle Morrow Horse
Pool in Eddy County, New Mexico, described
as:

Township 21 North Range 25 East, N.M.P.M.
Section 1: all

(C) Extend the Catokan Draw Morrow Horse
Pool in Eddy County, New Mexico, to
include the same:

Township 21 North, Range 25 East, N.M.P.M.

Section 1

~~Section 2~~

~~Section 3~~

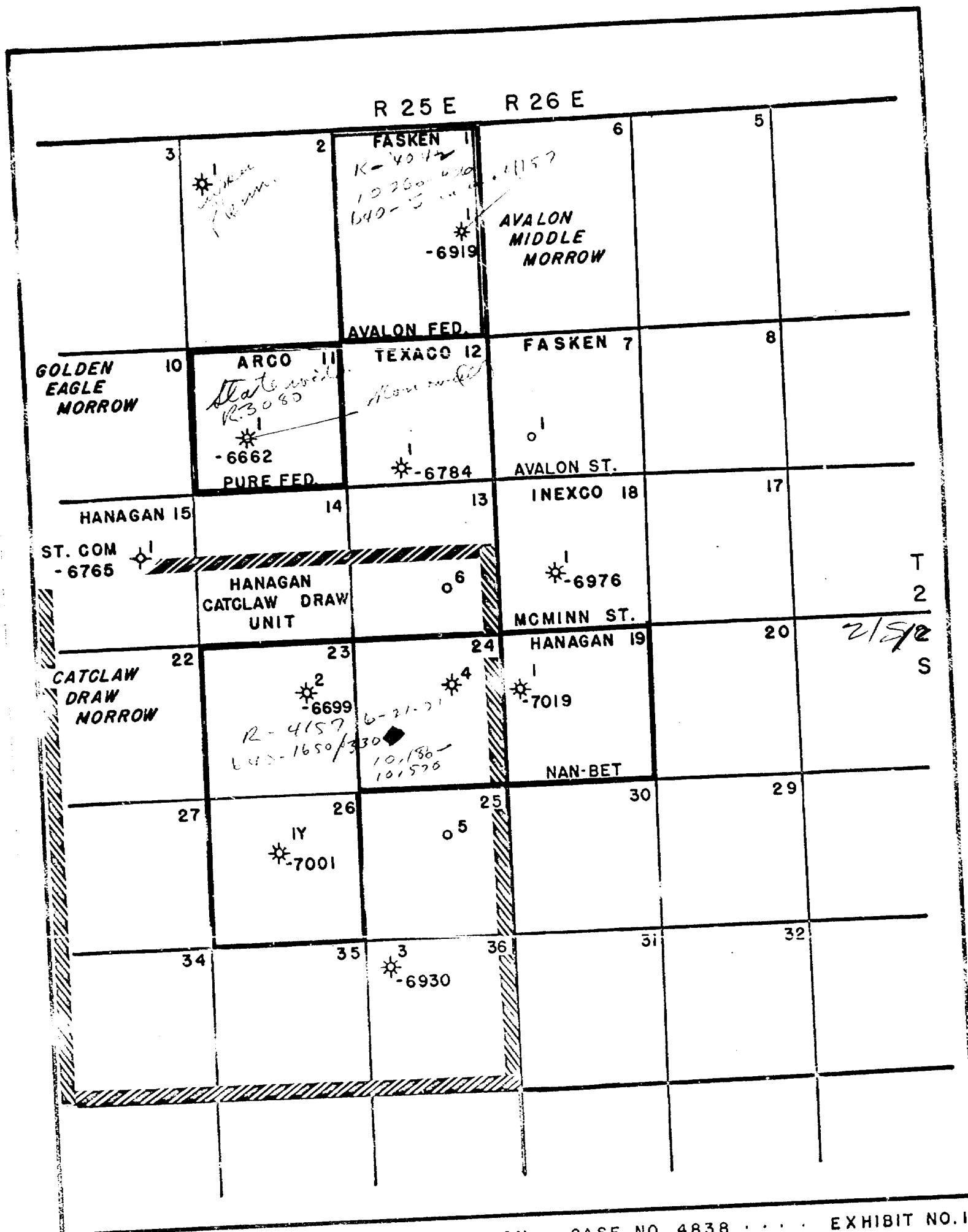
Section 1: all

Section 11: all

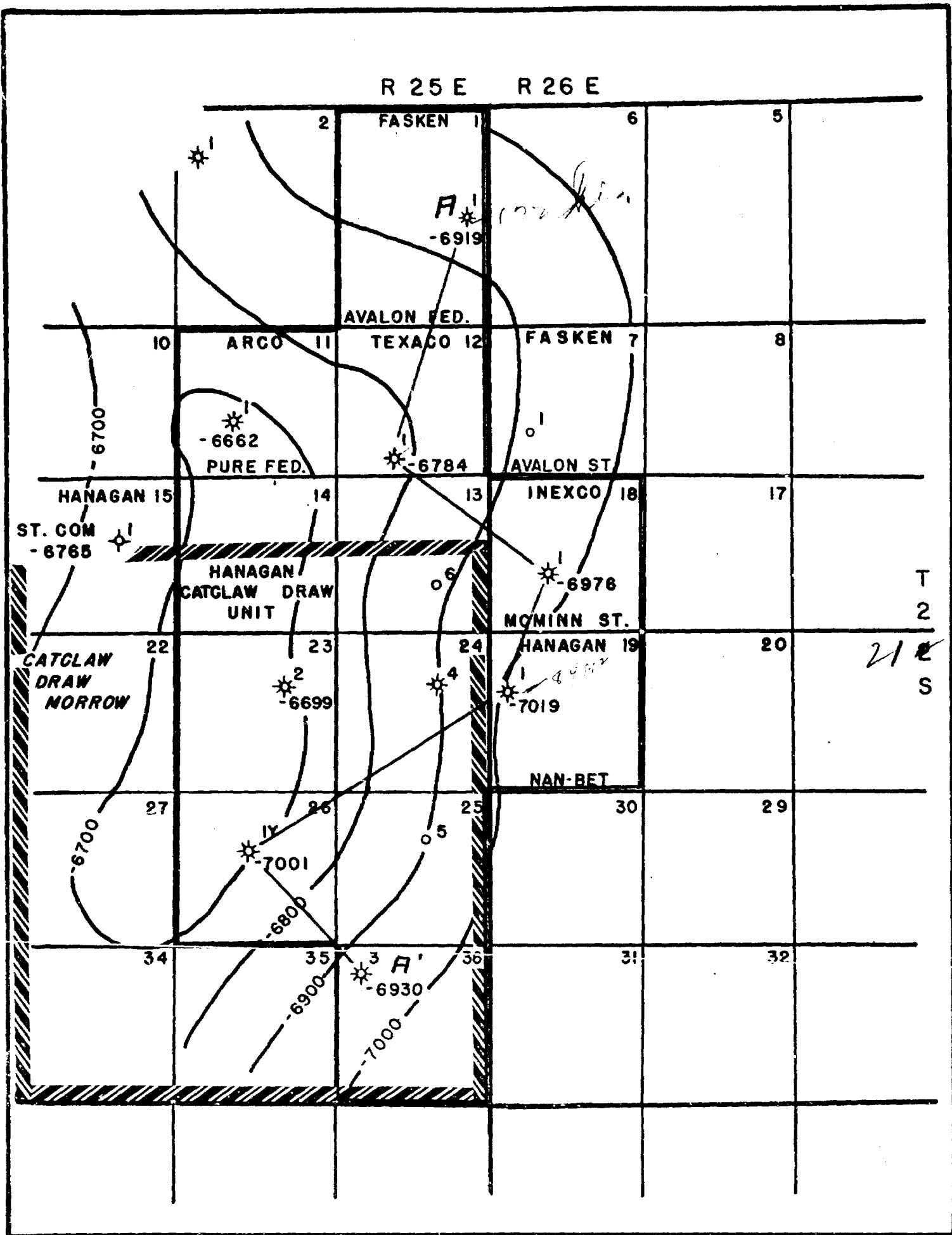
Section 12: all

Section 13: all

Section 14: all



NEW MEXICO OIL CONSERVATION COMMISSION . . . CASE NO. 4838 EXHIBIT NO. 1
 SCALE 1"=4000'



NEW MEXICO OIL CONSERVATION COMMISSION · · · CASE NO. 4838 · · · · EXHIBIT NO. 11
 SCALE 1" = 4000'

J. O. SETH (1883-1963)

A. K. MONTGOMERY
WM. R. FEDERICI
FRANK ANDREWS
FRED C. HANNAH'S
RICHARD S. MORRIS
SUMNER G. BUELL
SETH D. MONTGOMERY
FRANK ANDREWS III
OWEN M. LOPEZ
JEFFREY R. BRANNEN
JOHN BENNETT POUND

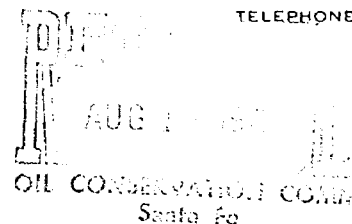
MONTGOMERY, FEDERICI, ANDREWS, HANNAH'S & MORRIS

ATTORNEYS AND COUNSELORS AT LAW

350 EAST PALACE AVENUE
SANTA FE, NEW MEXICO 87501

August 18, 1972

POST OFFICE BOX 2307
AREA CODE 505
TELEPHONE 982-3876



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

*Chase 4876
4838*

Gentlemen:

On behalf of our client, Hanagan Petroleum Corporation, we request the Commission to consider abolishing the Golden Eagle-Morrow Gas Pool which consists of Section 11, Township 21 South, Range 25 East, Eddy County, New Mexico, and which was established by Order No. R-3080, dated July 1, 1966, and the extension of the Catclaw Draw-Morrow Gas Pool to include Sections 11, 12, 13 and 14, Township 21 South, Range 25 East, Eddy County, New Mexico.

We are informed that representatives of Texaco, Inc. and Atlantic Richfield Company previously have been notified of this request and expressed no opposition thereto, subject, however, to final approval by the management of each of those companies. Representatives of those companies also have been notified, and by copy of this letter are being notified, that we are requesting abolishment of the Golden Eagle-Morrow Gas Pool and extension of the Catclaw Draw-Morrow Gas Pool by way of simplified nomenclature proceedings at the Examiner Hearing to be held on September 13, 1972.

We also are informed that Mr. Jim Henry, representative of David Fasken, has been notified of this action in connection with its possible effect upon the Fasken well located in Section 1, Township 21 South, Range 25 East, which presently is located in the Avalon-Middle Morrow Gas Pool. As of the time this letter is being prepared, we have had no indication from Mr. Henry that the Fasken well and the acreage upon which it is located should be placed in the Catclaw Draw-Morrow Gas Pool, and therefore we suggest to the Commission that any action in this regard be deferred to a subsequent hearing.

Very truly yours,

Richard S. Morris

RSM:F

DOCKET 8-109

9-22-72

New Mexico Oil Conservation Commission
August 18, 1972
Page 2

4838

cc: Texaco, Inc.
P.O. Box 3109
Midland, Texas 79701
Attention: Mr. Dale McCarter

Atlantic Richfield Company
P.O. Box 1610
Midland, Texas 79701
Attention: Mr. Rottenberry

Mr. David Fasken
c/o James B. Henry
Henry Engineering
807 First National Bank Bldg.
Midland, Texas 79701

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

FORWARDED

9-22-72

DRAFT

GMH/dr

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. 4838

Order No. R- 4421

NOMENCLATURE

IN THE MATTER OF THE APPLICATION
OF THE OIL CONSERVATION COMMISSION
OF NEW MEXICO ON THE MOTION OF
HANAGAN PETROLEUM CORPORATION FOR
THE ABOLISHMENT AND EXTENSION OF
CERTAIN POOLS IN EDDY COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 4, 1972,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this day of October, 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 by Order No. R-3080, ^{effective} dated July 1, 1966, the
Golden Eagle-Morrow Gas Pool, comprising all of Section 11,
Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico,
was created; that no special rules were ever promulgated for
said pool. ✓

-2-

Case No. 4838

Order No. R-

(3) That by Order No. R-4042, dated October 14, 1970, the Avalon/~~Middle~~Morrow Gas Pool comprising all of Section 1, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico, was created and temporary special rules and regulations were promulgated therefor including a provision for 640-acre spacing units.

(4) That by Order No. R-4157, dated June 21, 1971, the Catclaw Draw-Morrow Gas Pool, comprising all of Section 26, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico, was created and temporary special rules and regulations were promulgated therefor including a provision for 640-acre spacing units; that said pool has been extended from time to time by order of the Commission.

(5) That the wells in the three above-described pools are all producing from the same common source of supply.

(6) That there are wells in the immediate area of the above-described pools that are also producing from the same common source of supply.

(7) That the Golden-Eagle-Morrow and Avalon Middle-Morrow Gas Pools should be abolished and the Catclaw Draw-Morrow Gas Pool should be extended to include, among other lands, the lands presently included in the Golden Eagle-Morrow and Avalon Middle-Morrow Gas Pools.

(8) That the above-described abolishments and extension will prevent the drilling of unnecessary wells, will avoid the augmentation of risk arising from the drilling of an excessive number of wells, will prevent reduced recovery which might result from the drilling of too few wells, will afford each owner of interests in the subject pools the opportunity to produce their equitable share of the gas in the pools, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the Golden Eagle-Morrow Gas Pool in Eddy County, New Mexico, consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM
Section 11: All

is hereby abolished.

(2) That the Avalon Middle-Morrow Gas Pool in Eddy County, New Mexico, consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM
Section 1: All

is hereby abolished.

(3) That the Catclaw Draw-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM
Section 1: All
Section 11 through 14: All
Section 25: All
Section 36: All

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 18: All

IT IS FURTHER ORDERED:

(1) That, pursuant to Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, any well which, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective date of this order in which to file new Forms C-102 dedicating a standard unit for the pool to said well, or to obtain a non-standard unit approved by the Commission. Pending such compliance, the well shall receive a maximum allowable in the same proportion to a standard allowable for the pool that the acreage dedicated to the well bears to a standard unit for the pool. Failure to file Forms C-102 dedicating a standard unit to the well or to obtain a non-standard unit approved by the Commission within said 60-day period shall subject the well to cancellation of allowable.

-4-

Case No. 4838
Order No. R-

(2) That the effective date of this order and all abolishments and extensions and horizontal limits included herein shall be November 1, 1972.

(3) 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.