

CASE 4228: Application of HANSON
OIL CORP. FOR AN UNORTHODOX
LOCATION, LEA COUNTY, N. MEX.

CASE No.

4938

Application,

Transcripts,

Small Exhibits

ETC.

dearnley, meier & mc cormick

209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6891 • ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
April 11, 1973

EXAMINER HEARING

IN THE MATTER OF:

Application of Hanson Oil Corporation
for an unorthodox location, Lea County,
New Mexico.

Case No. 4938

BEFORE: Elvis A. Utz
Examiner

TRANSCRIPT OF HEARING

1 MR. UTZ: Case 4938.

2 MR. CARR: Case 4938, Application of Hanson Oil
3 Corporation for an unorthodox location, Lea County, New Mexico.

4 MR. KELLAHIN: If the Examiner please, Jason Kellahin,
5 Kellahin & Fox, Santa Fe, appearing on behalf of the Applicant.
6 I have one witness I'd like to have sworn.

7 MR. UTZ: Are there other appearances in the case?

8 (No response)

9 EDWARD J. DAVID

10 appeared as a witness, and after being duly sworn, testified
11 as follows:

12 DIRECT EXAMINATION

13 BY MR. KELLAHIN:

14 Q Would you state your name, please?

15 A Edward J. David.

16 Q By whom are you employed and in what capacity, Mr. David?

17 A I am a consulting geologist.

18 Q Where are you located?

19 A Roswell, New Mexico.

20 Q In connection with your work as a consulting geologist,
21 have you ever testified before the Oil Conservation
22 Commission and made your qualifications a matter of record?

23 A Yes, sir, I have.

24 Q Have you on behalf of Hanson Oil Corporation, done any
25 work relating to the case now before the Commission?

1 A Yes, sir.

2 MR. KELLAHIN: Are the witness' qualifications accept-
3 able?

4 MR. UTZ: Yes, sir, they are.

5 Q (By Mr. Kellahin) Mr. David, are you familiar with the
6 application of Hanson Oil Corporation in Case 4938?

7 A Yes, sir.

8 Q What is proposed by the Applicant in this case?

9 A The Applicant would like to seek approval for an unorthodox
10 location in the Vada-Penn Pool of Lea County, New Mexico.

11 Q Referring to what has been marked as Applicant's Exhibit
12 No. 1, would you identify that, please?

13 A This is an ownership plat in the area of interest showing
14 Hanson Oil Corporation's Number 1 Well which was completed
15 in Section 2, Township 9 South, Range 33 East, and also
16 their proposed Number 2 Midwest State in the same section.

17 Q What is the location of that well, the Number 2 Well?

18 A The location as proposed will be 990 feet from the South
19 line and 1650 feet from the West line of Section 2.

20 Q Is this area within the exterior boundaries of the Vada-
21 Pennsylvanian Pool, or do you know?

22 A I don't know that it is in the present boundaries.

23 Q But it is within one mile of the boundaries, is it not?

24 A Yes, sir, it is within one mile.

25 Q Do you know what the pool's rules are in connection with

1 a Vada-Pennsylvanian well?

2 A It should be 150 feet from the center of a governmental
3 quarter section or lot.

4 Q So your proposed location would move the location some-
5 what to the West from the standard location, would it not?

6 A Yes, sir.

7 Q Would it also move it to the South somewhat?

8 A It will move it to the North.

9 Q To the North?

10 A Yes.

11 Q Referring to what has been marked as Exhibit No. 2, would
12 you identify that exhibit, please?

13 A This exhibit is a structure map contoured on top of the
14 Bow "C". The contour interval was 25 feet.

15 Q Is the Bow "C" the producing formation in the Vada-Penn
16 Pool, the principal one?

17 A Yes, sir.

18 Q Does the well location, as you propose it, give Hanson Oil
19 Corporation any advantage?

20 A Well, by moving it to the West, it should give it some
21 structural advantage and it should be structurally higher
22 than if it was moved to the East.

23 Q But is it sufficient to have justified moving the well in
24 that direction?

25 A Well, based on Bow "C" production, probably not.

1 Q Actually, structure does not have a great deal to do with
2 it, does it, in the Row "C"?

3 A No.

4 Q Do you know what occasioned the request for an unorthodox
5 well location, then?

6 A Well, it turned out that when the Number 1 Well was com-
7 pleted in December of '72 and the Number 2 Well was staked
8 on the 13th of January of this year, and then a location
9 was built on 9, 11, and 12 of March, and at that time,
10 we sent forms into the Commission on approximately the
11 13th of March.

12 Q Was it at that time that Hanson Oil Corporation learned
13 that the area came under the rules of the Vada-Pennsylvanian
14 Pool?

15 A Yes, sir. At the time they were not aware that they were
16 within one mile of the limits of the pool.

17 Q And they had already constructed the location at that time?

18 A That's correct.

19 Q Referring to what has been marked as Exhibit No. 3, would
20 you identify that exhibit, please?

21 A This consists of three sheets. The first one shows the
22 sequence of events, the staking and building of location
23 Number 2, the other two pages are showing the costs that
24 were related to the construction of this location and
25 had staking and pay out, and staking location, total almost

1 \$2900.

2 Q Was that the reason then, for the location?

3 A Yes, that's the prime reason, is the fact that we've spent
4 almost \$2900 at this point for the preparation of the
5 drilling of this well.

6 Q Is there anything you want to point out in connection with
7 the sequence of events here to the Examiner?

8 A None than I have already pointed out.

9 Q Now, you have testified that Hanson Oil Corporation doesn't
10 gain any advantage by moving the location to its proposed
11 location. Will that proposed location, in your opinion,
12 affect offsetting operators?

13 A No, sir, it will not affect since we are moving to the
14 North from the South lot, we will actually be further from
15 the people that have the acreage to the South.

16 Q Also, is there a producing well to the South?

17 A No, sir, there is no producing well to the South.

18 Q Are you offset by production to the West?

19 A No, sir.

20 Q So there is no producing well that would be affected by
21 this location, is that right?

22 A That's correct.

23 Q Were Exhibits 1, 2 and 3 prepared by you and under your
24 supervision?

25 A Yes, sir. The structure map that was originally prepared

1 by consulting geologists out of Midland, Texas, for
2 Hanson Oil Company, recently I revised the maps and checked
3 the points of the wells in the immediate area to see that
4 they were correct.

5 Q In your opinion, they are correct?

6 A Yes, sir.

7 MR. KELLAHIN: At this time, I'd like to offer in
8 evidence Exhibits 1, 2 and 3.

9 MR. UTZ: Without objection, Exhibits 1, 2, and 3 will
10 be entered into the record of this case.

11 MR. KELLAHIN: That is all we have, Mr. Examiner.

12 MR. UTZ: Possibly in the future, whoever stakes these
13 locations might call the district office in Hobbs and find
14 out what is standard.

15 THE WITNESS: Yes, sir.

16 MR. UTZ: Are there other questions of the witness?

17 (No response)

18 MR. UTZ: The case will be taken under advisement. The
19 witness may be excused. Are there statements in the case?

20 MR. KELLAHIN: Mr. Utz, I would point out that in
21 connection with this question of the well location, Mr.
22 Hanson, who has been active in management for many years, died
23 along about that time and that possibly was one reason for the
24 error that was made.

25 MR. UTZ: The hearing will recess until 1:30.

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[illegible]

I, JOHN DE LA ROSA, a Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me and that the same is a true and correct record of the said proceedings to the best of my knowledge, skill and ability.

John De La Rosa
COURT REPORTER

I do hereby certify that the foregoing is
a copy of a portion of the proceedings in
the Examiner hearing of Case No. 44938,
heard by me on April 11, 1923.
Wm. D. Oak, Examiner
New Mexico Oil Conservation Commission

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I N D E XWITNESSPAGE

EDWARD J. DAVID

Direct Examination by Mr. Kellahin

3

EXHIBITSOfferedAdmitted

Exhibit No. 1 - ownership plat

4

8

Exhibit No. 2 - structure map

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8

Exhibit No. 3 - sequence of events,
and costs of Number 2

6

8



OIL CONSERVATION COMMISSION

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

GOVERNOR
BRUCE KING
CHAIRMAN

**LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER**

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

April 27, 1973

Re: Case No. 4938

Order No. R-4513

Applicant:

Hanson Oil Corporation

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

Dear Sir:

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

Very truly yours,

A. L. Foster, Jr.

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

CASE NO. 4938
Order No. R-4513

APPLICATION OF HANSON OIL
CORPORATION FOR AN UNORTHODOX
LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 11, 1973, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 26th day of April, 1973, 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, Hanson Oil Corporation, seeks authority to drill a producing oil well at an unorthodox location 990 feet from the South line and 1650 feet from the West line of Section 2, Township 9 South, Range 33 East, NMPM, Vada-Pennsylvanian Pool, Lea County, New Mexico.

(3) That said location varies from a standard location by 70 feet.

(4) That no operators having offsetting acreage in said pool have objected to the proposed location.

(5) That the SW/4 of said Section 2 will be dedicated to the well.

(6) That the proposed unorthodox location will result in a greater ultimate recovery of oil and gas from the pool.

(7) That approval of the aforesaid unorthodox location will afford the applicant the opportunity to produce its just and equitable share of the oil in the Vada-Pennsylvanian Pool, and will otherwise prevent waste and protect correlative rights.

-2-

Case No. 4938
Order No. R-4513

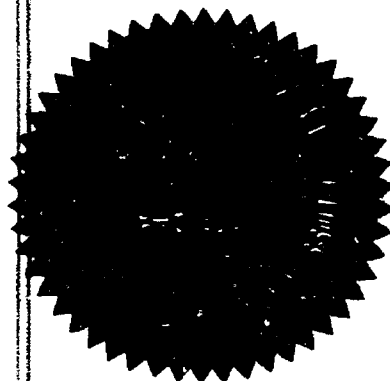
IT IS THEREFORE ORDERED:

(1) That the applicant, Hanson Oil Corporation, is hereby authorized to drill a producing oil well at an unorthodox location 990 feet from the South line and 1650 feet from the West line of Section 2, Township 9 South, Range 33 East, NMPM, Vada-Pennsylvanian Pool, Lea County, New Mexico.

(2) That the SW/4 of said Section 2 shall be dedicated to the above-described well.

(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. ARMIJO, Member

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

S E A L

dr/

CASE 4937: Application of Continental Oil Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Bell Lake-Bone Spring Pool, Lea County, New Mexico, including a provision for 160-acre proration units.

CASE 4683: (Reopened)

In the matter of Case 4683 being reopened pursuant to the provisions of Order No. R-4286, which order established special rules and regulations for the West Tres Papalotes-Pennsylvanian Pool, Lea County, New Mexico, including a provision for 160-acre proration units. All interested parties may appear and show cause why said pool should not be developed on less than 160-acre units.

CASE 4938: Application of Hanson Oil Corporation for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a producing oil well at an unorthodox location 990 feet from the South line and 1650 feet from the West line of Section 2, Township 9 South, Range 33 East, Vada-Pennsylvanian Pool, Lea County, New Mexico.

CASE 4939: Application of Penroc Oil Corporation for compulsory pooling, a non-standard proration unit, an unorthodox gas well location, and a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Atoka and Morrow formations underlying the E/2 W/2 and the W/2 E/2 of Section 11, Township 24 South, Range 34 East, Antelope Ridge Gas Field extension, Lea County, New Mexico, to form a 320-acre non-standard gas proration unit in said pools to be dedicated to a well to be drilled at an unorthodox location 660 feet from the North line and 1980 feet from the West line of said Section 11. Also to be considered will be the cost 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. Applicant further seeks authority to dually complete said well in the above-named formations.

CASE 4940: Application of Pennzoil Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to dually complete its Mobil 12-Federal Well No. 1 located in Unit B of Section 12, Township 23 South, Range 26 East, Eddy County, New Mexico, in such a manner as to produce gas from the South Carlsbad-Canyon Pool extension and from the South Carlsbad-Morrow Gas Pool through parallel strings of tubing.

CASE 4941: Application of Pennzoil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a producing gas well at an unorthodox location 1980 feet from the North line and 660 feet from the East line of Section 13, Township 18 South, Range 25 East, West Atoka-Morrow Gas Pool, Eddy County, New Mexico, the N/2 of said Section 13 to be dedicated to said well.

Case 4935

Heard 4-11-73

Rep. 4-23-73,

Grant K. Mason Oil Co.
an NSL in the Vada-
bough 'G' Pool.
Medwest #2, 1650/W #990/S-2-9-
33-

Well is only 70' out of Hb.
or 150' from center of 40. and
no objection was recorded.

— Fred [Signature]

[illegible]



Hanson Oil Corporation

PETROLEUM BUILDING
P. O. BOX 1515
ROSWELL, NEW MEXICO 88201
505 622-7330

LEA COUNTY

Midwest State #1 990'FEL & 990'FSL of
Sec. 2, T-9-S, R-33-E

12 3/4 Casing set at 420'-Cement circulated
8 5/8 Casing set at 4262' with 300 sx.
5 1/2 Casing set at 9600' with 500 sx.

Perforated w/2 jets/ft .45" @ 9583-9585
9571-9758

Acidized with 2500 gallons 15% acid.

LEA COUNTY

Midwest State #2 1650'FWL & 990'FSL of
Sec. 2, T-9-S, R-33-E

1. Staked location - 1-13-73
2. Mr. Hanson's death - February 15, 1973
3. Built location 3-9,11,12/73
4. Sent forms in for approval to Commission
Approximately 3-13-73

Propose to set casing as follows:

400' of 12 3/4"-Circulated cement
4000' of 9 5/8"- 400 sx.
9600' of 7" - Bring top of cement up to 7500'.
(if productive)

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
<u>Hanson</u>	EXHIBIT NO. <u>3</u>
CASE NO. <u>4938</u>	
Submitted by <u>E. R. David</u>	
Hearing Date <u>April 11, 1973</u>	

**INVOICE**

THE HARTFORD INSURANCE GROUP

New-Mex Construction Company, Inc.

Dial 393-3525

P. O. Box 1847

HOBBS, NEW MEXICO 88240

WORKMENS' COMP.	{ New Mex. Texas
COMPREHENSIVE	{ New Mex. Texas
GEN. & AUTO. LIAB.	

INVOICE NO. 29757

Date **March 15, 1973**

TO: Hanson Oil Corporation
P. O. Box 1515
Roswell, New Mexico 88201

Lease Midwest State

Well #2

Battery

TERMS: Net 30 days. Interest charged on all past due accounts.

Date	Your Order No.	Hours	Rate	Amount
3/9,11,12/73	Furnish necessary labor, equipment and materials to level location. Build a 6" compacted caliche drilling pad containing 38,250 square feet. Patch, blade, water and compact .7 mile of existing road. Build a tank battery pad 40'x24' x 18" and caliche turn around on west side of battery. Blade 2.3 miles of existing road. Rake down and dress tank battery grade. Remove and replace fence.			
	Dozer w/oper	7	16.50	115.50
	Grader w/oper	8½	16.50	140.25
	60 bbl Water Truck (water patches)	1	10.00	10.00
	Gang Truck	7	5.25	36.75
	Gang Pusher	7	4.00	28.00
	Gang Labor	16	3.25	52.00
	270 cu. yds. Caliche (patch & T/Btry)		1.75	472.50
	38,250 sq. ft. Drilling Pad		.045	1,721.25
	980 cu. yds. Caliche Royalty		.10	98.00
	15% Handling charge on Royalty			14.70
				2,688.95
	4% New Mexico Sales Tax			107.56
				\$2,796.51
<div style="display: flex; justify-content: space-between;"> <div> <p>81 3-19-73 ON #450</p> <p>Thank You</p> </div> <div style="border: 1px solid black; padding: 5px;"> <p>Date <u>3-19-73</u></p> <p>Payment Approved By SWEET</p> <p>Tangible <u>Intan.</u> Leasehold</p> <p>Before CP <u>After CP</u> Regular</p> <p>Job Descr <u>Build location & battery pad</u></p> <p><u>Indwest Slets #2</u></p> </div> </div>				
CALICHE ROADS	BULLDOZERS	AIR COMPRESSORS	MOTOR GRADERS	ROLLERS
				WATER TRUCKS

CALICHE ROADS

BULLDOZERS

AIR COMPRESSORS

MOTOR GRADERS

ROLLERS

WATER TRUCKS

INVOICE

IN REMITTING OR CORRESPONDING
PLEASE REFER TO INVOICE NUMBER

Date 3-10-73, 19__

NO. 273-69

WEST ENGINEERING CO.
412 NORTH DAL PASO
HOBBS, NEW MEXICO
TELEPHONES: 393-3942 OR 393-6770

Name HANSON OIL CORP.

Address Box 1515

City ROSWELL, N.M.

DATE	DESCRIPTION	AMOUNT
1-13-73	STAKE LOCATION & RUN ELEVATION ON MIDWEST STATE #2 FIELD CREW 3/4 DAY @ 125 00 4% N.M.L. SALES TAX	93 75 3 75 97 50
<div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <p>81 3-19-73 CHAS</p> </div> <div style="border: 1px solid black; padding: 5px; width: 60%;"> <p>Date <u>3-19-73</u> Payment Approved By SWEET Tangible <u>Intan.</u> Leasehold Before CP <u>After CP</u> Regular Job Descr. <u>Stake Location</u> <u>Midwest State #2</u></p> </div> </div>		

4928
BEFORE THE

OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF HANSON OIL CORPORATION FOR
APPROVAL OF AN UNORTHODOX WELL
LOCATION, VADA PENNSYLVANIAN POOL,
LEA COUNTY, NEW MEXICO

A P P L I C A T I O N

COMES NOW Hanson Oil Corporation and applies to the Oil Conservation Commission of New Mexico for approval of an unorthodox well location in the Vada Pennsylvanian Pool, Lea County, New Mexico, and in support thereof would show the Commission:

1. Applicant is the owner of the right to drill in the SW/4 of Section 2, Township 9 South, Range 33 East, N.M.P.M., and proposes to drill for production from the Bough "C" member of the Pennsylvanian formation in the Vada Pennsylvanian Pool.
2. Applicant proposes to drill a well at a location 990 feet from the South line, and 1650 feet from the West line of said Section 2.
3. A Well so located will more adequately drain and develop the SW/4 of said Section 2, which will be dedicated to the well, is in the interest of conservation, will result in a greater ultimate recovery of oil and gas from the pool, and will not impair the rights of any offsetting operator.

WHEREFORE applicant prays that this application be set for hearing before the Commission or the Commission's duly appointed examiner, and that after notice and hearing as required by law the Commission enter its order approving the unorthodox well location as applied for.

Respectfully submitted,
HANSON OIL CORPORATION

Jason W. Kellahin
KELLAHIN & FOX
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

DOCKET Mailed
3/28/23
Date

DRAFT

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. 4938

Order No. R- 4513

APPLICATION OF HANSON OIL
CORPORATION FOR AN UNORTHODOX
LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 11, 19⁷³,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this day of April, 19⁷³, 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, Hanson Oil Corporation, seeks
authority to drill a producing oil well at an unorthodox loca-
tion 990 feet from the South line and 1650 feet from the West
line of Section 2, Township 9 South, Range 33 East, NMPM,
Vada-Pennsylvanian Pool, Lea County, New Mexico.

(3) THAT SAID LOCATION VARIES FROM A STANDARD LOCATION BY 70 FEET.

(4) THAT NO OPERATORS HAVING OFFSETTING ACREAGE IN SAID POOL HAVE OBJECTED TO THE PROPOSED LOCATION.

(5) THAT THE SW/4 OF SAID SECTION 2 WILL BE DEDICATED TO THE WELL.

(6) THAT THE PROPOSED UNORTHODOX LOCATION WILL RESULT IN A GREATER ULTIMATE RECOVERY OF OIL AND GAS FROM THE POOL.

(7) That approval of the aforesaid unorthodox location will afford the applicant the opportunity to produce its just and equitable share of the oil in the Vada-Pennsylvanian Pool, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Hanson Oil Corporation, is hereby authorized to drill a producing oil well at an unorthodox location 990 feet from the South line and 1650 feet from the West line of Section 2, Township 9 South, Range 33 East, NMPM, Vada-Pennsylvanian Pool, Lea County, New Mexico.

(2) THAT THE SW/4 OF SAID SECTION 2 SHALL BE DEDICATED TO THE ABOVE DESCRIBED WELLS.

(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.