

Entered June 14, 1977  
JGR

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. 5917  
Order No. R-5461

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 May 25, 1977, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 14th day of June, 1977, 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 approval of an unorthodox gas well location for its Round Mountain Well No. 1 to be located 2310 feet from the North line and 660 feet from the East line of Section 34, Township 21 South, Range 25 East, NMPM, to test the Morrow formation, Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico.

(3) That All of said Section 34 is to be dedicated to the well.

(4) That all of said Section 34 may reasonably be presumed to be productive of gas in the Catclaw Draw-Morrow Gas Pool.

(5) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.

(6) That an offset operator with interests in the Catclaw Draw-Morrow Gas Pool in Section 35, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico, has objected to the proposed location.

(7) That a well at the proposed location is at a standard location relative to the North and South lines of said Section 34.

(8) That a well at the proposed location is 60 percent closer to the East line of said Section 34 than permitted by the Special Pool Rules for said Catclaw Draw-Morrow Gas Pool.

(9) That a well at the proposed location will have an area of drainage in the Morrow formation which extends 109 net acres into said Section 35, more than a well located at a standard location in said pool.

(10) That to offset the advantage gained over the protesting offset operator, production from the well at the proposed unorthodox location should be limited from the Morrow formation.

(11) That such limitation should be based upon the variation of the location from a standard location and the 109 net-acre encroachment described in Finding No. (9) above, and may best be accomplished by assigning a well at the proposed location an acreage factor of 0.74 (100 percent North/South factor plus 40 percent East/West factor plus 83 percent net-acre factor divided by 3).

(12) That approval of the subject application subject to the above limitation will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject 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 for the Morrow formation is hereby approved for the Hanagan Petroleum Corporation Round Mountain Well No. 1 to be located at a point 2310 feet from the North line and 660 feet from the East line of Section 34, Township 21 South, Range 25 East, NMPM, Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico.

-3-

Case No. 5917  
Order No. R-5461

(2) That All of said Section 34 shall be dedicated to the above-described well.

(3) That said well is hereby assigned an acreage factor of 0.74 in the Morrow formation, and the operator of the well, upon completion and connection thereof to a gas pipeline, shall notify the gas purchaser of said acreage factor.

(4) 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 herein-  
above designated.

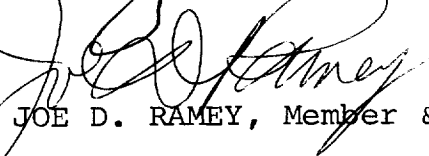
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



PHIL R. LUCERO, Chairman



EMERY C. ARNOLD, Member



JOE D. RAMEY, Member & Secretary

S E A L

dr/