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January 23, 1971

MAIN OFFICE

JAN 25 AM 8 29 '71

PHONE 505 - 623-5053
J. P. WHITE BUILDING
POST OFFICE BOX 1737
ROSWELL, NEW MEXICO

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

Attention: Mr. A. L. Porter, Jr.

1980 FNL
2310 FWL

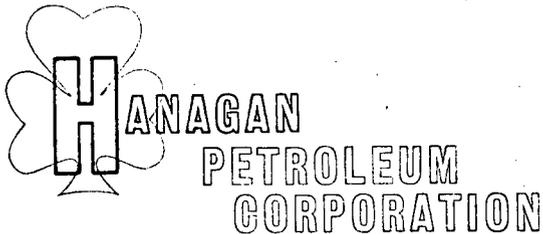
Re: Hanagan Petroleum Corporation
#1 Catclaw Draw Unit
Section 26, T-21-S, R-25-E
Eddy County, New Mexico

Dear Sir:

We respectfully request an exception to a standard wildcat location (320 ac. gas unit) of 1980' FN & WL to a non-standard location of 1980' FNL & 2310' FWL, due to local topographic conditions, on our proposed Hanagan Petroleum Corporation #1 Catclaw Draw Unit. We further ask the Secretary-Director of the NMOCC to grant administrative approval to the requested non-standard location under Rule 104 Section F, due to the short period of time we have to get this well spudded.

Enclosed is a plat of Section 26 showing the dedicated 320 acres (W/2), present lease ownership in the entire section, the standard and non-standard location and the topography in relation to the two subject locations. This topography can be verified by both the published USGS topographic map of the area and personal inspection of the area. Further verification can be furnished by Mr. W. A. Gressett, Supervisor of NMOCC District II office in Artesia. Mr. Gressett accompanied me to the location and inspected same.

The standard location falls on the side of a steep rocky ridge with approximately 50 feet of drop between it and the non-standard location 330' to the east. The pad for the rig would more than likely have to be dynamited due to the hard rocks on the surface with the cut on west side amounting to about 4 to 6 feet with fill on the east side of approximately 8 to 10 feet.



PHONE 505 - 623-5083
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Another problem is a steep narrow arroyo which would cut across the south end of the pad. It would definitely complicate the rigging-up of the rotary rig, especially the derrick. There is about 100' of relief in about 900' from our non-standard location to the west. In view of the topography, it would be both time consuming and costly to make a location on standard pattern.

This well is being drilled on a State/Federal approved unit with all the surrounding acreage committed to the unit, and there is no nearby production. The development program of the unit, as approved by both the State and Federal, if developed on 320 acre gas units, have been fixed on north-south (stand-up) gas units.

Due to the topography and the time element, we are asking for administrative approval of this non-standard location. Should there be any further information needed, please let us know.

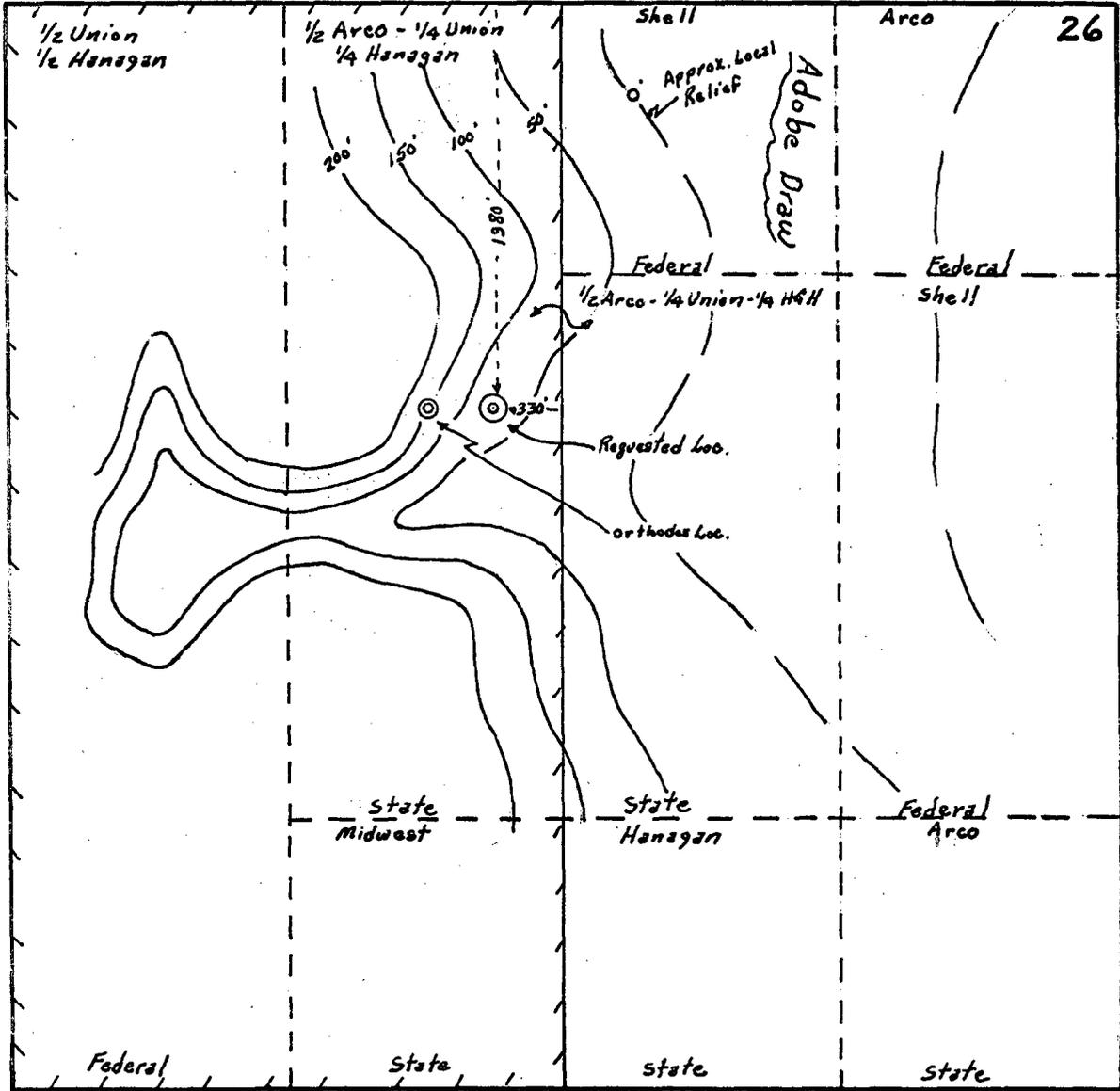
Hanagan Petroleum Corporation

Hugh E. Hanagan, Vice President

HEH/lb

CC: W. A. Gressett
Artesia, New Mexico

R-25-E



T-21-S