CASE 5131: Application of JAKE HAMON FOR SALT WATER DISPOSAL, LEA COUNTY, NEW MEXICO.

CASE No.
531

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 3, 1974

EXAMINER HEARING

IN THE MATTER OF:

Application of Jake Hamon for salt water disposal, Lea County, New Mexico. Case No. 5131

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: William Carr, Esq.
Legal Counsel For the Commission
Land Office Building
Santa Fe, New Mexico

For the Applicant: Clarence Hinkle, Esq.
HINKLE, BONDURANT, COX & EATON
Hinkle Building
Roswell, New Mexico

(Appearances Continued)

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

APPEARANCES (Continued)

For the Protestant: Jason Kellahin, Esq.
KELLAHIN & FOX
500 Don Gasper
Santa Fe, New Mexico

I N D E X

E X H I B I T S

MR. NUTTER: Case No. 5131.

MR. CARR: Case No. 5131. Application of Jake Hamon for salt water disposal, Lea County, New Mexico.

MR. HINKLE: Clarence Hinkle, Hinkle, Bondurant, Cox and Eaton, appearing on behalf of Jake Hamon.

We have one witness, five exhibits.

(Whereupon, Applicant's Exhibits Nos. 1 through 5 are marked for identification.)

MR. NUTTER: Are there any other appearances in this case.

MR. KELLAHIN: Jason Kellahin, Kellahin and Fox, Santa Fe, appearing on behalf of M.G.F. Corporation.

MR. NUTTER: Do you have any witnesses?

MR. KELLAHIN: We have one witness.

MR. NUTTER: Are there any other appearances?

I'd like to have all the witnesses to stand and be sworn at the same time, please.

(Witnesses sworn.)

JOHN CASEY

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. HINKLE:

Q State your name, your residence and by whom you are employed?

A My name is John Casey. I'm a resident of Midland, Texas and I'm employed by Jake L. Hamon.

Q What is your position with Jake Hamon?

A I'm the assistant district geologist in the Midland Office.

Q Have you previously testified before the Commission?

A Yes, sir, I have.

Q Your qualifications as a petroleum geologist are a matter of record with the Commission?

A They are.

Q Are his qualifications acceptable?

MR. NUTTER: Yes, sir, they are.

BY MR. HINKLE:

Q Have you prepared or has there been prepared under your direction, certain Exhibits introduced in this case?

A Yes, sir.

Q They are the Exhibits that have been marked as 1 through 5?

A 1 through 5.

Q Referring to Exhibit No. 1, explain what this is and what it shows?

A Exhibit No. 1 is a location plat showing the Shoe Bar East Devonian Pool as we have outlined in green and shows it with its proximity to the Shoe Bar field to the west and the other fields in a near area. All the wells in the pool are shown. The lease interests are up to date as we know them and we also show on the map circled in red, the red that we propose to dispose of water into.

Q Your application is for the use of this well as a water disposal well, is that right?

A Yes, sir, it is.

Q Now, refer to Exhibit No. 2 and explain what that shows.

A Exhibit 2 is a structure map of the Shoe Bar East Field on top of the Devonian formation, the producing formation in the pool. The datums are, of course, on top of the Devonian. The contour interval is 50 feet. Again, we show the proposed injection wells circled in red.

Q Are there any other water disposal wells shown on this plat?

A Yes, sir. In the Northwest quarter of Section 31 on the Southwest flank of the field, Mr. Hamon has a well

2330, in which we are disposing of salt water and Section 29 in the south end of the Northwest quarter, Mr. Hanks' No. 1 Graham, that well is being used as a water disposal well.

Q Do you have any further comments with respect to Exhibit No. 2?

A No, sir, I don't believe so.

Q Refer to Exhibit 3 and explain what it shows.

A Exhibit 3 is a map on which we have contoured what we think is the top of the pay-zone porosity within the Devonian formation. This we found is a variable thing and we have contoured it on the top of the porosity for the most part as best we can determine.

Q Where is No. 2 is on top of the Devonian?

A Right, sir.

Q Now, refer to Exhibit 4. Tell us what this was.

A Exhibit 4 is a structural cross section.

Q Does this have an index plat on it?

A Yes. The position of the cross section is indicated in the lower right-hand corner and the cross section from left to right is through the Denico No. 1 State "C", dry hole, through the Getty No. 1 State L-736 Well in which we propose to dispose of water. The third well is the Major

Bebo Forester No. 1 Mobil State. The fourth well is the Roger Hanks No. 2 Graham, a producing Devonian well and on the right-hand side is the Roger Hanks No. 1 Graham, the well he is currently using as a salt water disposal well.

The cross section shows all the pertinent data as we know it. The drill stem test information, perforations of the producing wells, the top of the Devonian, of course, what we have indicated as the original all water contact, somewhere around minus 9,100. In orange we show what the interval is that is producing from the three producers in the middle or what were the producers.

Q Now, are any of the wells making water at the present time in the pool?

A Yes, sir, this time all the wells in the Shoe Bar East Devonian field are making water.

Q That includes the well that shows the highest well on the Exhibit No. 4 as the Major --

A (Interrupting) Major Bebo Forester.

Q As one?

A Yes, sir.

Q How do you account for the fact they're all making water when the original oil-water contact was 9,100 feet?

A Mr. Hinkle, I believe that all these wells are

coned out or at least coning water into the bore hole. The original oil-water contact, as we know of, was established in Mr. Hamon's first well in the pool. All of the wells, except one of Mr. Hamon's have made water within about one to seven months of the time they were completed. This is even all the wells that are completed water free. They have produced water within a short time.

Q Does Mr. Hamon intend to dispose of any water in this Getty No. 1, except the water that's produced from the pool -- this pool?

A No, sir. We would be disposing of water that we would be producing in the field, taking water from the field, we would be putting back into the Getty well.

Q Since Mr. Hamon already has one water disposal well, why is it necessary, in your opinion, to have this well as a water disposal well?

A Mr. Hinkle, we are disposing of water in our B-2330, but not into the Devonian. We acquired permission from the Commission to dispose of water into the Devonian, but we were unable to get back into the hole and deepen it as proposed. We do dispose of water in the Pennsylvanian in that well, but it is taken so much water and we have to inject it under considerable pressure.

Q How much pressure are you injecting under at the present time?

A I believe it's around 1500. I'm not certain of that figure, 1500 pounds.

Q But it's getting almost prohibitive to use that well on account of the pressure --

A (Interrupting) Yes, sir.

Q (Continuing) -- as a water disposal well?

A That's true.

Q Do you have any further comments with respect to Exhibit No. 4?

A No, sir, I don't believe so.

Q Refer to Exhibit No. 5 and explain it, please.

A Exhibit 5 is a diagrammatic sketch of the completion that we would propose in the Getty well and, of course, shows the casing seats as they were -- as the casing was run by Getty. The packer, we would -- there is no packer in the hole at this time, as we understand, just tubing, but we would, of course, run the packer in there and we would use the perforations as shown between 12,935 and 12,946 and the open hole from 12,960 to 13,023.

Q In your opinion, will completing this well in the matter as portrayed on Exhibit 5 confine the injection of

water to the zone where the perforations are open hole?

A Yes, sir.

Q In your opinion, will the approval of this application be in the interest of conservation and prevention of waste and intend to provide correlative rights?

A Yes, sir.

Q In your opinion, will the injection of water in this well have any adverse affect upon any of the producing wells in the pool?

A No, sir, I do not.

Q How many of the wells in the pool are owned by Mr. Hamon?

A Mr. Hamon has five wells.

Q Producing wells?

A Yes, sir.

Q Do you have anything further that you would like to submit?

A No, sir. I don't believe so.

MR. HINKLE: I would like to offer into evidence Exhibits 1 through 5.

MR. NUTTER: Applicant's Exhibits 1 through 5 will be admitted into evidence.

(Whereupon, Applicant's Exhibits Nos. 1 through 5 are admitted into evidence.)

MR. HINKLE: That's all.

MR. NUTTER: Any questions of the witness, Mr. Kellahin?

CROSS EXAMINATION

BY MR. KELLAHIN:

Q How many producing wells are there in the pool?

A There are seven.

Q Who are the operators of the other two?

A Major Giebel and Forster.

Q Mr. Casey, it's M.G.F. Oil Corporation.

A All right.

MR. NUTTER: That's a lot easier to say, isn't it?

A Yes, sir.

BY MR. KELLAHIN:

Q Now, Roger Hanks has a disposal well, doesn't he?

A Yes, sir.

Q Did he not offer to handle this water for the Applicant in this case?

A No, sir, not to my knowledge, he has not.

Q You don't know about that if he did?

A No, sir.

Q How did you say you established the water-oil contact?

A The original oil-water contact was established from drill stem test and perforations, production testing in our No. 1 State K-33, the discovery well feed.

Q You established that at 9,100 feet?

A Yes, sir.

Q On your Application and on your Exhibit No. 5, you show the depth of perforations at 12,935 to 12,946. Could you give us the sub-sea datum?

A Yes, sir, the 12,935 would be at a datum of minus 8,994 and the -- let's see -- 946, we'd have to add 11 feet to that and that would put us at 9005, would it not?

Q I think that is right. Now, that is well above the water-oil contact which you expected?

A Yes, sir.

Q Do you know what interval the M.G.F. Well is producing from?

A Yes, sir, I do. The M.G.F. Well is producing through open hole or from open hole from 12,915. There total depth of 12,962.

Q 12,915 to --

A (Interrupting) 12,962. I believe that their T.D. is minus 9,018.

Q So, from the top of the injection interval to the

producing zone in the M.G.F. Well is only 20 feet difference, is that correct?

A Would you say that again?

Q I say from the top of your perforations in your proposed injection well as compared to the top of the open hole interval in M.G.F. Well, there is a difference of only 20 feet, isn't that correct?

A Yes, sir.

Q They are going to be producing at the same interval you are injecting into?

A Yes, sir, that would be true.

Q Are you still disposing into your Penn Well, Mr. Casey?

A Yes, sir, we are.

Q Disposing of all water being produced from the Devonian well at the present time?

A I believe that's true, Mr. Kellahin.

Q How much water are you putting into that well?

A I don't know, Mr. Kellahin. We may not be using that well to dispose of all of the water.

Q How much water are you producing that needs to be disposed of?

A Currently our five wells make about a little over

20,000 barrels of water per month.

Q Total?

A Yes, sir.

Q Or each?

A Total for the five wells, yes, sir.

Q How much oil are you producing?

A Well, I could give you an exact figure, but I've got enough figures here to give you an approximation. Let's see. Like around 9,000 barrels per month, that is taking a quick estimate from our figures for November.

Q Do you anticipate an increase in the amount of water production?

A Yes, sir.

Q About how much would you estimate, please?

A Well, in October our five wells made a total of 18,000 some odd barrels of water and in November a little over 20, so that's an increase of almost 2,000 barrels per month. All the wells -- checking all of the wells in the field, this is historically true of every well, all seven as a matter of fact, the water increases.

Q You anticipate a continued increase until the wells have watered out or shut in, do you not?

A Yes, sir.

Q Do you have any idea how high it might go?

A No, sir, I don't.

MR. KELLAHIN: That's all I have. Thank you, Mr. Casey.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Casey, what Order authorized Hamon to inject into this 2330 well in the Devonian formation?

A Mr. Nutter, that was Order R-4307, Case 4708, 19th of May, '72.

Q R-4307?

A Yes, sir. That's right.

Q Then was that subsequently amended to authorize the Pennsylvanian formation?

A No, sir. We had had prior permission to dispose water into Penn because of the high pressures that we were encountering in getting our water into the formation. We asked and got approval to put water into our dry hole, the B-2330 and that is the Case No. R-4307.

Q Well now, what was the Order that authorized the Pennsylvanian injection?

A I do not know.

Q But it was issued prior to the Devonian authority?

A Yes, sir, it was.

Q Was there any objection to the use of 2330 in the Devonian at the time of your Hearing?

A No, sir, there was not.

Q Were there any other wells in the pool operated by Jake Hamon at the time of that Hearing?

A Yes, sir. I believe that every well was drilled with the exception of Mr. Hanks' producer, his No. 2. It was completed -- let's see -- his well was completed August 27, '72, and our Order granting our permission was May of '72, so his well has been drilled subsequent to our getting an okay to put water in the Devonian.

Q It appears from your Exhibit No. 3 that the 2330 well is located right on the limit of production of pool as far as the original oil-water contact is concerned, right? And that well was never productive of oil?

A That's right. It was not.

Q But the Getty Well that you are proposing today was previously a producer from the Devonian?

A Yes, sir, it was.

Q How much oil did that well make before it was abandoned?

A The total oil production from that well from

February 5, '72, was 93,863 barrels of oil.

Q When was production ceased there?

A The last oil was in June of 1973.

Q What was the oil-water cut at the time of the abandonment?

A Mr. Nutter, in June they produced that 20 days, it made 42 barrels of oil and 727 barrels of water.

Q 727 barrels of water and 42 oil?

A Yes, sir.

Q Now, has Hamon looked at some of these other wells that might be structurally lower for possibly injection wells here in Section 31 where we got this Humble State? That's at the top of the pay is a minus 9083. The upper Tenneco well there with the top of the pay minus 9080. There may be others. Have you looked at any other well besides the Getty well?

A Mr. Nutter, let me say this, that the Getty Well having been a producer has pipes set in and it would be more advantageous to us and easier to work over and complete it as a salt water disposal well for that reason. Perhaps the Humble Well and the Tenneco Well could be utilized, but it would certainly require a bigger expenditure on our part and we wouldn't know the exact problems that we might encounter,

Q Does Hamon have any wells that are approaching the abandonment point? What's your highest oil-water cut in any of your wells and which well is it?

A Let's see. That would be our State K-33, No. 2.

MR. HINKLE: Where is it located?

THE WITNESS: It is in the Southeast of the Southwest of Section 30.

BY MR. NUTTER:

Q What's the oil cut on that?

A In November, we produced 1,287 barrels of oil, 6,960 barrels of water.

Q So, the well was making better than 40 barrels of oil per day then, although it was making approximately 200 barrels of water or a little more?

A That's right. At this time, we don't anticipate any of our wells near abandonment.

Q I see.

A I might mention that our number 1320, which is located in the Northwest of the Northeast of Section 31 is probably, what we think, is our best well and it is not the highest well as can be seen from our structure map. That well is -- well, in November for comparison sake, we made 2,054 barrels of oil and 1,250 barrels of water. So, this

points up to, I think, perhaps to the fact that we're not worried about putting water into the Getty Well. Our best well is off sitting to the west.

Q However, what is the closest well the proposed injection?

A M.G.F. has the closest well. Of course, they're higher structurally. Their top of pay is also higher.

Q Are there any further questions of this witness?

MR. KELLAHIN: No.

MR. HINKLE: No.

MR. NUTTER: He may be excused.

(Witness is excused.)

MR. NUTTER: Do you have anything further, Mr. Hinkle?

MR. HINKLE: No, nothing further.

MR. KELLAHIN: No.

(Whereupon, M.G.F. Exhibits Nos. 1 through 8 are marked for identification.)

(Whereupon, M.G.F. Exhibits Nos. 9 through 11 are marked for identification.)

JIM GOURLAY

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Will you state your name, please?

A Jim Gourlay.

Q How do you spell Gourlay?

A G-o-u-r-l-a-y.

Q Mr. Gourlay, are you employed and what position?

A M.G.F. Oil Corporation, Chief Engineer and Production Superintendent.

Q Are you a petroleum engineer?

A Right.

Q Have you ever testified before the Oil Conservation Commission in one of its examinations?

A No, I have not.

Q For the benefit of the Examiner, would you briefly outline your education and experience as a petroleum engineer?

A I graduated from Texas A & M in 1950 with a degree in petroleum engineering, have been employed by various companies since then.

Q Briefly state what companies and where?

A I started out with Texas Company as petroleum engineer and worked approximately a year and was recalled to the service, spent a year and a half in the service and returned to Texas Company and worked six months and went to work for Bright and Shift out of Dallas as a petroleum engineer.

Q Is that a consulting firm?

A No, that's an oil company. After that I worked for White Brothers Petroleum and W. C. Murphy Drilling Company, six months at each. Then, I went to work for Allbritton-Myers Consulting Firm and I worked seven years there.

Q Where was that located?

A Midland.

Then I went to work for M.G.F. five years ago this month.

Q All your work then has been as a petroleum engineer?

A Correct.

Q In connection with your work for M.G.F., do you have anything to do with the southeastern New Mexico?

A Well, I'm in charge of that area.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. NUTTER: Yes, sir, they are.

BY MR. KELLAHIN:

Q Mr. Gourlay, is M.G.F. willing to see salt water injected in the well as proposed by the Applicant in this case?

A No, we are not.

Q Referring to Exhibit No. 1, this is a structure map. Would you discuss the information shown on that Exhibit, please?

A Well, our structure map is quite a bit like Jake Hamon's map, a little different interpretations, but basically they are the same.

Q You wouldn't quarrel with his interpretation?

A No. I think what you have there, we drilled our well, Jake Hamon had already drilled, I believe, four of his wells. Checking with drilling contractors, we found out there is a lot of crooked hole in that area and I believe they had to sit up whipstock on one of their wells. I'm not sure. I believe the true vertical depth on some of these may be a little off, for the oil well part, and possibly bottom hole location may account for a little discrepancy in this map, the two of them. You use two vertical depths and two bottom hole locations, it might explain some of the other happenings. For example, you have higher wells making

more water than lower wells. This -- I think everybody will agree that this is a water dry field. There is no doubt and to account for the fact that you do have higher wells. For instance, our well is not the highest well in the field as you can see from our map, our contour map, or their contour map.

Q Which one is -- you say our well -- MGF's?

A Excuse me. I'm very sorry.

Q It's not labelled the same as on the previous Exhibit?

A No, it's in letter unit P in Section 30.

Q It's designated as Mobil --

A (Interrupting) Mobil M.G.F. Oil Corporation that was a communitized lease when it was drilled. Whereas we're not the highest well in the field, but we make less water than any well in the field.

Q What volume of water are you making from that well?

A Right now, this is October -- I used October as the guide because that was the latest production I had on the field. We are making 79 percent oil, so 21 percent water.

Q You say the other wells that are higher structurally are making more water percentage-wise?

A I say more water.

Q Percentage wise?

A Percentage is higher. This Hamon K-33, which is west offset, is making 65 percent oil based on October, what they filed with the Commission as their water production in October.

Q 65 percent oil?

A 65 percent water, 35 percent oil.

Q Yes, sir. Do you have anything else to point out in connection with Exhibit 1?

A No, I believe No. 1 -- now, oil-water contact that -- I can't disagree with theirs or can't agree with it. I need to determie to go to another well and pick another point lower or some higher. I can't disagree with that. I'll go along with their oil-water contact. It may be lower. This is as good a pick as I know. I won't argue that point.

Q Turning to what has been marked as M.G.F.'s Exhibit No. 2, a cross section, would you discuss the information shown on that Exhibit, please?

A We will have to refer back to Exhibit 1 to see where that cross section runs. It's not quite the same as their cross section. They're in the same building and we might have prepared the cross sections together and saved all this duplication which did go in and have a little difference

and we'll take it into consideration. As you will notice on the bottom of the cumulative-oil-production percentages, current oil production of last production, then look at sub-sea depths and verify the fact that some lower wells more oil than some of the higher wells.

Now, I think -- I feel sure, like I said, some of these wells are true verticals, complete depth might not be right, but that's what you have to use. That's all we have, plus I believe this is fractured reservoir. I'll explain why in a later Exhibit. I really believe this is fractured.

Q Attention with Exhibit No. 2, what is the difference at the top of the Devonian between the M.G.F. Well and the proposed disposal well?

A Well, we have 29 feet, they had 30 feet. I don't know that that's -- I won't argue about one foot for -- whether it's 29 feet or 30 foot.

Q Is the Devonian continuous across the field?

A Yes, sir, it is.

Q Homogeneous reservoir?

A It's continuous across the field. Some wells from their log, you see, show better porosity in some zones than

in some others.

Q Do you have any information on the permeability of this reservoir?

A Well, as far as core analysis, no, but the fact that our well was completed natural, has never had acid in it, you have to have pretty good permeability to complete a natural well. I don't know how many -- some of these other wells were acidized. The Getty Well was acidized heavier than the others. Now, Hamon's wells some were, and I don't know about the rest -- the completion card didn't indicate whether they were acidized or not. The fact that our well was completed without acid, just swapping it in and it was a flowing well indicates good permeability indication.

As far as permeability in the Getty Well, there being months, according to the Commission's statistics, they were producing 31,000 barrels of total fluid. You'd have to have pretty good permeability to produce 31,000 barrels of fluid. I would say he had pretty good permeability.

Q With that kind of permeability, would that indicate a danger of watering out your well if that's used as an injection well?

A I think it would. We're offsetting it diagonally. Most of your withdrawal is in our direction, if you'll look

back on Exhibit 1. Most of the production is on the other side of our well where withdrawal is going to be to the west of us and to the north of us with this water being placed southeast of us. I think there's a good chance they'll water us out by putting their injection well into our zone, with 29 feet -- I believe you said 20 a while ago. The top of the Devonian is 29 feet. That's not enough. That's too close to suit me.

Q Well, in effect, they would be injecting into your producing interval?

A Right.

Q Now, turning to what has been marked as Exhibit No. 3, which is a tabulation of well information, would you discuss that?

A This is just based on October's water and oil as reported to the Commission. I prepared this to acquaint everybody with the production in the field.

Q You don't show water production, do you?

A I show -- in the East Shoe Bar data?

Q Yes, sir.

A Well, I show percent oil is what I'm showing. I don't show water production, you have your oil percent.

But, there again, I prepared this to show that the

higher wells do not necessarily make the least oil. For example, that K-3 does not make a higher percentage of oil as our M.G.F. No. 1.

Q M.G.F. No. 1 is the highest percentage of oil producer?

A Correct. It also produces more oil than any other well in the field. I wanted to bring that out in this by this table.

The highest well rate was ours at 3,822 barrels a month. The lowest was their State K-4203 with 861 barrels in October of 1973.

Q Now, turning to what has been marked as Exhibit No. 4, this information on the Gettty Well as a proposed disposal well, would you discuss that information?

A Yes. For instance, in October of '72, 31,000 barrels of total fluid. I'm sorry that wasn't typed up. I didn't plan on using this Exhibit, but I'm using that as an indication. You do have good permeability to produce 31,000 barrels in one month. You can see they pull their well harder than other people which may have combed some water in. It very possibly did. The Getty production does prove to me that permeability in that well -- when you look at the log, you do not see indication too good porosity, so you have to

fractures in the reservoir. If you don't for instance, if you look at some of the other wells in the cross section where you do have good porosity, there is never recovered the fluid that the Getty Well has, so it would perhaps be fractured. I mean, there's a good indication there's a fractured reservoir.

Q To your knowledge, were any cores taken in these wells?

A Not to my knowledge, but I'm not for sure about that now.

Q You never had access to any core information?

A No, I've never seen any core data.

Q Now, referring to what has been marked Exhibits 5 and 6, in the production curves in the M.G.F. Well, would you discuss that information, please?

A Well, I prepared here various curves on our well and the field wells.

Q Those are Exhibits 7 and 8, are they not?

A Right. The Shoe Bar Field -- these prepared to point to the Commission with the production, history of the field. You can see from these -- from the one on simple log paper -- when M.G.F. completed their well in 1971, you can see how the field's production increased. At the same time

Getty drilling their well and Hanks drilling two wells and Hanks -- of course, when we drilled ours, it started more drilling and water percent plotted below. You can see that when this large volume of water that Getty made, how it dropped the percent of oil of the whole field.

MR. NUTTER: It's kind of hard to read what these lines are. Now, the top line, the solid line, is pool oil production, right?

THE WITNESS: Let's see which one you mean?

MR. NUTTER: I'm on Exhibit No. 7. I think that's the one you've got there, isn't it?

THE WITNESS: East Shoe Bar Field?

MR. NUTTER: Right. Now, the top line is the pool oil production?

THE WITNESS: Monthly oil production

MR. NUTTER: For the pool?

THE WITNESS: Right.

MR. NUTTER: Okay. Now, the little X's, what does that line represent?

THE WITNESS: That is percent oil.

MR. NUTTER: Okay. Now, this dotted line would be the cumulative oil production?

THE WITNESS: Cumulative field production.

MR. NUTTER: Okay.

THE WITNESS: I plotted this to indicate water-dry field. I don't have any doubt in my mind this is a water-dry field. I plotted the same data, production in oil percent versus cumulative oil production on the field which the oil percent curve against cumulative production definitely indicates the water-dry field. I believe that would be the best way to extrapolate the future reserves of the field.

If you notice on this one, since Getty has ceased production, you have a levelling off in your oil percent versus cumulative production.

The other two sets of curves on our well alone, on the coordinate paper, plotting cumulative production versus oil percent --

MR. KELLAHIN: That's on Exhibit No. 6?

THE WITNESS: Right.

You can see that our well was quite -- the remaining reserves look high. Well, I don't believe you could take that to infinity because someplace you are going to border out, you are going to have to drop in that curve, but when you look and see some of the low wells still making oil, you can readily see there are quite a few of reserves left in that particular well.

And the two curves on Exhibits 6 and 7 of our oil percentage versus cumulative field oil versus cumulative - indicates quite a few reserves left in this field. We hate to endanger them by being watered out in the best well in the field

BY MR. KELLAHIN:

Q Now, turning to Exhibits 9 and 10 and 11, which are some letters, would you discuss the first, being a letter M.G.F. Oil Corporation directed to Roger Hanks?

A Well, several -- sometime back, Mr. Hanks had mentioned he would put in a water disposal well and I wouldn't enter into the water -- dispose of that water idea -- I did not hear from him again until this came up, when Hamon filed Application and I called him back and he said, "Yes, he had a water disposal well." We also talked about -- I wanted to find out how he felt about the disposal well of Hamon's. At the time he said, "Yes, I'll let you in my -- let you dispose of your water for seven cents a barrel."

Q This is through M.G.F.?

A Right. This was M.G.F. So, I wrote the letter, confirmed what he had said. I wrote him this letter, asked him to sign it that he would dispose of water for seven cents a barrel with the agreement that I will bring a line into

his Graham State No. 2, and he would pick it up at his Graham State No. 2.

Q Now, turning to Exhibit 10, a letter from Roger C. Hanks addressed to you, would you discuss that?

A Well, this letter actually he wrote to me and U.B. Industries in which he has stated his position. He has stated to me that he will take all the water in the field. I have nothing in writing that he will take Hamon's water. He told me he would.

Q Now, in his letter he states he has the capacity to take all the water in the field?

A Right. He has indicated to me he will take all the water if people will deal with him.

Q Exhibit No. 11, a letter from Hamon directed to the Oil Conservation Commission.

A Well, Anderson Oil and Gas covers the largest percentage of work units in our well. This is their opposal to this disposal, also.

Q Were Exhibits 1 through 8 prepared by you or under your supervisiion?

A The cross section -- I had a cross section, but our job has built this one to look -- mine didn't look this neat. They were prepared under my supervision, yes.

Q In your opinion, does it correctly refelct the information available on this field?

A Correct.

Q The other Exhibits were prepared by you or under your supervision?

A Correct.

Q Exhibits 9, 10 and 11 are copies of correspondence in your file?

A Right. I have the original on those letters from Roger Hanks. The rest are copies.

MR. KELLAHIN: At this time, we would like to offer Exhibits 1 through 11, inclusive.

MR. NUTTER: M.G.F.'s Exhibits 1 through 11 will be admitted in evidence.

(Whereupon, M.G.F.'s Exhibits Nos. 1 through 11 were admitted in evidence.)

BY MR. KELLAHIN:

Q Mr. Gourlay, would you please sum up for the Examiner M.G.F.'s basic objections to Hamon's use of their disposal well?

A Yes, we have a well that, to us, will produce considerable reserves. I believe, by producing water into that

same zone, there's a strong chance and very likely we will be watered out and would not like to take that chance.

Q Does the evidence to you indicate a high degree of permeability or fracturing which could result in communications between the disposal well and your producing well?

A It certainly does.

MR. KELLAHIN: That's all I have of this witness.

MR. NUTTER: Are there any questions of the witness?

MR. HINKLE: I have just a few here.

CROSS EXAMINATION

BY MR. HINKLE:

Q Mr. Gourlay, you referred to the water-oil contact. You meant the original water-oil contact, did you not?

A That's correct.

Q Now, the fact that all of the wells in the pool are not producing water, doesn't that indicate that the water table has come up?

A Correct.

Q And considerably over the original water contact -- oil-water contact?

A Right.

Q What other owners are with M.G.F. in this well which

you referred to as your well?

A U.V. Industries has the working interest in Mobil Oil.

Q Mobil Oil?

A Mobil Oil.

Q Anderson?

A Anderson and Texas International Petroleum.

MR. HINKLE: I believe that's all. We are going to have Mr. Shaw in rebuttal.

MR. NUTTER: Are there any further questions for the witness? You may be excused.

(Witness is excused.)

HOWARD SHAW

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. HINKLE:

Q State your name, your residence and by whom you are employed?

A I am Howard Shaw. I live in Midland, Texas and employed by Jake L. Hamon.

Q What is your position with Jake Hamon?

A I'm drilling and production superintendent.

Q Have you been with Hamon for a good many years?

A Yes, sir, nearly 24.

Q Have you previously testified before the Commission?

A I have.

Q And have qualified as a petroleum engineer?

A Yes, sir.

Q Your qualifications are a matter of record with the Commission?

A Yes, sir.

Q Any --

MR. NUTTER: (Interrupting) No questions.

BY MR. HINKLE:

Q You have heard the testimony of Mr. Gourlay, I believe?

A Yes, sir.

Q Mr. Gourlay testified that he, in his opinion, by the injection of water in the Getty No. 1 which you proposed to use as a disposal well, there would be danger of watering out the M.G.F. Well. What is your opinion with respect to that matter?

A I do not believe this to be true. We proposed only to inject back into the formation water which has been extracted from it, rather than introducing extraneous water

as you would in a flooding program and rather than watering out a well which is producing from a higher elevation, we feel that we would be performing a type of pressure maintenance in the reservoir by re-injecting formation fluid and do not feel that we would be raising the water level in the field as such.

Q In other words, it might increase production from the M.G.F. Well of oil, is that correct?

A It could very possibly do so, probably more so for M.G.F. Well than any other with it being the closest producing well. Any oil in place between the Getty State L-736 and the M.G.F. Well would tend to be pushed up-dip which the closest well being M.G.F.

Q Now, I believe Mr. Gourlay testified that the M.G.F. Well was completed naturally without fracture and so forth?

A That's correct.

Q Are there any other wells in the pool of Mr. Hamon that were likewise completed naturally?

A Yes, sir, the Jake Hamon's State A-1320 was a natural completion and State K-33, No. 3, was also a natural completion.

Q So the permeability to those wells could be just as

just as good as the M.G.F. Well?

A Yes, sir.

Q Do you have anything further that you would like to submit to the Commission?

A No, sir.

MR. HINKLE: That's all.

MR. NUTTER: Any questions?

CROSS EXAMINATION

BY MR. KELLAHIN:

Q Mr. Shaw, the factor in injecting Devonian with water wouldn't have any bearing on performance in reservoirs as far as flooding out another well, would it?

A No.

Q Isn't that a matter of the volume of the water injected rather than where it came from?

A That is true.

Q The Getty Well was producing, as I understand the testimony in this case, about 29 to 30,000 barrels of fluid a month; is that correct?

A Prior to their work-over attempt.

Q Now, what drainage area would that be coming from? Have you made any estimate of that?

A No.

Q You don't know whether it was draining in the M.G.F. Well's areas or not, do you?

A There's no way to know, no, sir.

Q But it could well be?

A Possibly.

Q So, if we assume for a moment that it was draining in that area, injecting water into the reservoir under pressure could push it back into the M.F.G. Well's unit, could it not?

A Injecting water would push fluid possibly back toward M.G.F., but not just the water but also any oil that was in place between Getty's Well and the M.G.F. Well.

Q At what rate would M.G.F. have to produce the well to keep up with this so-called pressure maintenance we're talking about?

A There is no way for anyone to tell exactly the effect that it would have on M.G.F.'s Well, either oil production wise or water wise.

Q So, it's just a rank speculation as to what the effect of your injection well is going to be on the M.G.F. Well?

A No, sir, I would not say a rank speculation.

Q You say there is no way of knowing what it's going to do, but you say it won't water it out?

A No, sir.

Q What do you base this on, Mr. Shaw?

A Based on the distance between wells, the fact that all wells in the field produce water, even at considerably higher sub-sea elevations and that the nature of the Devonian section is such that as you go deeper into the reservoir, you have increased -- normally have increased -- porosity that any injection into a zone that was producing principally water will push the injected water back into the area from which it was produced or possibly down hole, rather than up hole into a tighter section of the formation.

Q Now, you could produce the oil from the top of this reservoir if the water does encroach?

A Yes, sir.

Q And if you inject more water in, would it not encroach more rapidly?

A I do not believe so.

Q Is this a bottom drive water drive or coming in from the side or what's your opinion?

A Oh, I feel sure that it's the water drive.

Q Water drive, where does it come from?

A Water normally will come from below, deeper into the section.

Q Now, you referred to this as sort of a pressure maintenance project. Is it common practice in the oil business for water to flood a pressure -- inject water for pressure maintenance in a water-dry field?

A It happens many times, yes, sir.

Q Could you name a few in New Mexico?

A No, sir.

Q How long have you worked in New Mexico?

A I've worked over here for 20 years.

Q You don't know of any where that has been done?

A I haven't been involved in pressure maintenance programs in New Mexico. Our object here was not pressure maintenance, as you well know, but it was water disposal, but the only reason pressure possible, as I believe I said, possible pressure maintenance effect.

Q Mr. Shaw, I don't believe there's been any testimony about the volume of water that's going into this well. Could you give us the figure?

A No, sir. I can give you a figure of our present production, which is in the neighborhood of 20,000 barrels per month.

Q Is that from all of your wells?

A That's from our five wells.

Q From your five wells. And you expect that to increase?

A Yes, sir, as I expect the water to increase from all the wells.

Q But you don't know what it might increase to before abandonment?

A I do not know.

MR. KELLAHIN: That's all I have. Thank you, Mr. Shaw.

MR. NUTTER: Mr. Shaw, I don't know if this is proper or not, maybe I should have asked the other witness for Hamon, but what was the trouble that was encountered in re-entering your present salt water disposal well as far as the Devonian formation was concerned. You said, he couldn't get back into the Devonian.

THE WITNESS: Well, that's true. At the time that well was drilled, it's State B-2330 No. 1, it was drilled to the Devonian formation which was non-productive. So, we set pipe up in the Pennsylvanian section to attempt a completion there. This also was non-productive. Therefore, we had five-and-a-half casings set at -- in the Pennsylvanian Section in an eight and three-quarter hole and had an eight and three-quarter hole open or cemented off with cement plugs

from there down to the Devonian. When we went back to attempt completion for disposal in the Devonian, all we could run in there was a little four and five-eighths inch bit in this eight and three-quarter hole and after the several years since original completion, the hole had caved, mud had caked, the cement, after drilling a hole through it, tended to crumble around us and plug us off. We spent a lot of money attempting to clean out that large hole with a small bit and we were unable to do so.

MR. NUTTER: There weren't any actual mechanical problems. It was just the difficulty in drilling down. How far down did you get before you abandoned the project?

THE WITNESS: I don't remember the exact depth, sir, but we didn't get but, I believe, a few hundred feet below our casing before it would plug us off and try to stick the pipe and we were unable to proceed any farther with it.

MR. NUTTER: What did you have, one of those rotary-table-work-over units?

THE WITNESS: Yes, sir.

MR. NUTTER: Are there any further questions of the witness?

CROSS EXAMINATION (Cont'd)

BY MR. KELLAHIN:

Q Mr. Shaw, do you know of any reason Jake Hamon won't join Roger Hanks in his disposal system?

A I have had no direct contact with Mr. Hanks. If I testified -- well, I don't know whether I would be allowed to testify or not -- I have discussed with Getty Oil Corporation their dealings or attempted dealings with Mr. Hanks on disposal when they were attempting to continue production on this Getty State L-736 and only judging from what they have told me, I did not feel that we would be able to deal with Mr. Hanks.

Q As far as you know, the efforts were not made?

A I, or Jake L. Hamon, has not made an effort to deal with Mr. Hanks.

MR. KELLAHIN: Thank you. That's all.

MR. NUTTER: Any other questions? The witness may be excused.

(Witness excused.)

MR. NUTTER: Anything further, Mr. Kellahin?

MR. KELLAHIN: No, I believe not.

MR. NUTTER: Any closing statements, Mr. Hinkle?

MR. HINKLE: No, I believe not.

MR. NUTTER: Does anyone else have anything to offer in Case 5131?

MR. CARR: Mr. Examiner, the Commission has received a telegram from Texas International Petroleum Corporation opposing the Application of Mr. Hamon. Mobil has also wired an opposition to the Application. We received a letter from U.V. Industries in Salt Lake City opposing the Application.

MR. NUTTER: Anything further in Case 5131? If not, we take the case under advisement and a 15-minute recess.

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, RICHARD L. NYE, 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 the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Richard L. Nye
RICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5131, heard by me on 1/3, 1974.

....., Examiner
New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

OIL CONSERVATION COMMISSION

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

I. R. TRUJILLO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

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

January 15, 1974

Mr. Clarence Hinkle
Hinkle, Bondurant, Cox & Eaton
Attorneys at Law
Post Office Box 10
Roswell, New Mexico 88201

Re: CASE NO. 5131
ORDER NO. R-4701
Applicant:
Jake Hamon

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.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC
Aztec OCC

Other Mr. Jason Kellahin

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. 5131
Order No. R-4701

APPLICATION OF JAKE HAMON FOR
SALT WATER DISPOSAL, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 3, 1974, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 15th day of January, 1974, 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, Jake Hamon, is the owner and operator of five wells in the East Shoe Bar-Devonian Pool and, subject to approval of this application, will acquire the Getty State L-736 Well No. 1, located in Unit D of Section 32, Township 16 South, Range 36 East, NMPM, East Shoe Bar-Devonian Pool, Lea County, New Mexico.

(3) That the applicant proposes to utilize said Getty State L-736 well to dispose of produced salt water into the Devonian formation with injection into the perforated interval from 12,935 feet to 12,946 feet and the open-hole interval from 12,960 feet to 13,023 feet.

(4) That approval of the subject application may cause premature water encroachment into offsetting wells, cause waste and violate correlative rights.

(5) That this application should be denied.

IT IS THEREFORE ORDERED:

(1) That the application of Jake Hamon for disposal of produced salt water into the Devonian formation through the

perforated interval from 12,935 feet to 12,946 feet and the open-hole interval from 12,960 feet to 13,023 feet in the Getty State L-736 Well No. 1 located in Unit D of Section 32, Township 16 South, Range 36 East, NMPM, East Shoe Bar-Devonian Pool, Lea County, New Mexico, is hereby denied.

(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

I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

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

S E A L

dr/

UV INDUSTRIES, INC.

OIL OPERATIONS

136 East South Temple
Salt Lake City, Utah 84111
Telephone (801) 355-1601

Case 5131

December 11, 1973

Re: Application by Jake L. Hamon
to Dispose of Salt Water by Injection
in a well located 554' FNL & 554' FWL,
Sec. 32-16S-36E
Shoebar Field
Lea County, New Mexico
Our ORR NM-68

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

Gentlemen:

We have received a copy of the Application of Jake L. Hamon requesting permission to dispose of salt water in the Devonian Formation in a well at a location shown in the caption of this letter which well was originally completed as a Devonian producer.

UV Industries, Inc. is the owner of an overriding royalty interest in the Major, Gible and Forester No. 1 Mobile State Well, the proration unit of which is the SW¼SW¼ Section 29 and SE¼SE¼ Section 30, Township 16 South, Range 36 East, Lea County, New Mexico, and is also the owner of an overriding royalty interest in the Roger C. Hanks-C. M. Graham No. 2 Well located in the N½SW¼ Section 29, Township 16 South, Range 36 East.

It is our understanding that most, if not all of the wells in this field, are presently producing a considerable amount of water with the oil production from the Devonian Formation. Therefore, UV Industries, Inc. objects to the Application of Jake L. Hamon to dispose of the water in the Devonian Formation as it may increase the waterflow from the currently producing wells.

Very truly yours,

H. L. Stonestreet
Land Manager and Counsel

HLS/pr

DOCKET MAILED
Date 12-18-73

1973 DEC 28 PM 2:32

IPMFEKA SANA
2-031653B362-001 12/28/73
ICS IPMFEKA SANA
SUSPECTED DUPLICATE 2-176158E362 ICS IPMBNGZ CSP
9156829741 NL TDBN MIDLAND TX 100 12-28 0249P EST
PMS NEW MEXICO OIL CONSERVATION COMMISSION, DLR
STATE LAND OFFICE BLDG
SANTA FE NM 87501
ATTN A L PORTER SECRETARY DIRECTOR
GENTLEMEN; RE CASE 5131 THE PROPOSAL BY JAKE L HAMON TO DISPOSE
OF PRODUCED WATER IN THE GETTY STATE L736 WELL 1 LOCATED IN
UNIT D OF SECTION 32 TOWNSHIP 16 SOUTH RANGE 36 EAST LEA COUNTY
NEW MEXICO TEXAS INTERNATIONAL PETROLEUM CORP AS A WORKING INTEREST
OWNER IN THE SHOEBAR DEVONIAN FIELD WISHES TO OPPOSE SUCH A
PERMIT. WE BELIEVE THAT IT WILL SERIOUSLY ENDANGER THE OIL
PRODUCTION FROM THE DIAGONAL WELL IN WHICH WE OWN AN INTEREST
RESPECTFULLY
ROBERT O BURKETT DIVISION MANAGER TEXAS INTERNATIONAL PETROLEUM
CORP 1720 WILCO BLDG MIDLAND TEXAS 79701

1529 EST

IPMFEKA SANA

1973 DEC 31 PM 1:11

IPMFEKA SANA
1-022339A365 12/31/73
ICS IPMMLTA MID
01017 NL MIDLAND TX 129 12-31 1144 A CST
PMS A L PORTER, CARE NEW MEXICO OIL CONSERVATION COMMISSION, DLR
PO BOX 2088 DLR TO ADDRESS
SANTAFE NM
MOBIL OIL CORPORATION, AS A WORKING INTEREST OWNER IN THE MFG
OIL CORPORATION, MOBIL STATE COM WELL NO. 1, WHICH DIAGONALLY
OFFSETS THE PROPOSED JAKE HAMON, GETTY STATE L-736 NO. 1 SALT
WATER DISPOSAL WELL, OBJECTS TO THE DISPOSAL OF WATER INTO THE
SUBJECT WELL AND RECOMMENDS THAT THE COMMISSION DENY THE APPLICATION
OF JAKE HAMON IN CASE 5131.
THE PROPOSED DISPOSAL WELL, LOCATED IN UNIT D OF SECTION 32,
T16S, R36E, LEA COUNTY, NEW MEXICO IS SITUATED HIGH ON THE EAST
FLANK OF THE EAST SHOE-BAR DEVONIAN STRUCTURE, WITH A DEVONIAN TOP
JUSI 31 FEET BELOW THE DEVONIAN TOP IN THE MGF WELL, AND SOME 92
FEET ABOVE THE FORMATION TOP IN ANOTHER DEVONIAN WELL THAT IS STILL
PRODUCING IN THE POOL.
MOBIL BELIEVES THAT DISPOSAL OF WATER BY INJECTION AT AN INTERMEDIATE
INTERMEDIATE POINT, HIGH ON THE FLANK OF THE PRODUCING HORIZON,
AS PROPOSED IN THIS APPLICATION, WILL CAUSE THE WATER TO ENCROACH
ACROSS THE DRAINAGE AREA OF PRODUCING WELLS DUE TO THE PRESSURE
GRADIENT. THIS ENCROACHMENT COULD EFFECTIVELY DIVIDE THE DRAINAGE
AREA OF THE MGF, MOBIL STATE COM WELL NO. 1 AT AN INTERMEDIATE
HEIGHT AND RESULT IN THE ISOLATION AND LOSS OF DOWNDIP OIL WHICH
WOULD BE OTHERWISE PRODUCIBLE.
TO PREVENT WASTE AND TO PROTECT CORRELATIVE RIGHTS, MOBIL RECOMMENDS
THAT THE COMMISSION DENY THE APPLICATION OF JAKE HAMON IN CASE
5131.
L A DAVIS, AREA OPERATIONS ENGINEER MOBIL OIL CORP
MIDLAND PRODUCING AREA

1513 EST

IPMFEKA SANA

(Case 5130 continued from Page 1)

pool rules for the North Shoe Bar-Strawn Pool, Lea County, New Mexico. Applicant seeks the amendment of said rules to provide for a special gas-oil ratio limitation of 4000 to one.

CASE 5131: Application of Jake Hamon 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 through the perforated interval from 12,935 feet to 12,946 feet and the open-hole interval from 12,960 feet to 13,023 feet in his Getty State L-736 Well No. 1 located in Unit D of Section 32, Township 16 South, Range 36 East, East Shoe Bar-Devonian Pool, Lea County, New Mexico.

CASE 5132: Application of American Quasar Petroleum Company of New Mexico for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the White City Unit Area comprising 5,120 acres, more or less, of Federal, State and fee lands in Township 25 South, Ranges 25 and 26 East, Eddy County, New Mexico.

CASE 5133: Application of Atlantic Richfield Company for four non-standard gas proration units and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the following 320-acre non-standard gas proration units in Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico:

The N/2 of Section 34 to be dedicated to its Curran Jones Wells Nos. 1 and 10 located in Units A and C, respectively, of Section 34;

McDonald State Lease:

The N/2 of Section 14 to be dedicated to Wells Nos. 11 and 25 both located in Unit D of Section 14;

The E/2 of Section 26 to be dedicated to Wells Nos. 22, 9, and 8 located in Units A, G, and P, respectively, of Section 26;

The W/2 of Section 24 to be dedicated to Wells Nos. 26 and 12 located in Units D and M, respectively, of Section 24.

CASE 5134: Application of Atlantic Richfield Company for simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of four wells to a standard 640-acre unit comprising all of Section 15, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, said wells being applicant's McDonald State WN Wells Nos. 23, 14, 15, and 13, located in Units C, G, L, and P, respectively, of Section 15.

CASE 5135: Application of Atlantic Richfield Company for the amendment of Order No. R-4549, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Rule 1 of the Special Rules for the Empire-Abo Pressure Maintenance Project as promulgated by Order No. R-4549 to expand the project area as defined therein to include the

Docket No. 1-74

DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 3, 1974

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

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 5000: (Continued from the June 20, 1973, Regular Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Aztec Oil and Gas Company and United States Fidelity and Guaranty Company and all other interested parties to appear and show cause why the Aztec Totah Unit Wells Nos. 17 and 18, located in Unit E of Section 20, and Unit H of Section 19, respectively, Township 29 North, Range 13 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5006: (Continued from the June 20, 1973, Regular Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Aztec Oil and Gas Company and United States Fidelity and Guaranty Company and all other interested parties to appear and show cause why the Southeast Cha Cha Unit Well No. 1 located in Unit M of Section 32, Township 29 North, Range 13 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5128: Application of Gulf Oil Corporation for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the NE/4 SW/4 and W/2 SE/4 of Section 28 and the NW/4 NE/4 of Section 33, both in Township 21 South, Range 37 East, Blinebry Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its J. N. Carson Wells Nos. 4 and 9 located in Units O and K, respectively, of Section 28.

CASE 5129: Application of Dorchester Exploration Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order force pooling all mineral interests in the Wilson-Pennsylvanian Pool underlying the E/2 of Section 13, Township 21 South, Range 34 East, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location in Unit I of said Section 13. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5130: Application of Mesa Petroleum Company for the amendment of Order No. R-4658, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4658, which order promulgated special

(Case 5141 continued from Page 3)

and to directionally drill said well in such a manner as to bottom the well in the Morrow formation at a point 915 feet from the South line and 660 feet from the West line of said Section 7.

CASE 5142: Application of Amoco Production Company for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Black River-Pennsylvanian Gas Pool, Eddy County, New Mexico, including a provision for 320-acre drilling and proration units. In the absence of objection, this pool will be placed on the standard 320-acre spacing for Pennsylvanian gas pools rather than the present 160-acre spacing.

CASE 5140: (This case will be continued to January 16, 1974, Examiner Hearing)

Application of Pierce & Dehlinger for compulsory pooling, Vada-Pennsylvanian Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Vada-Pennsylvanian Pool underlying the NW/4 of Section 24, Township 9 South, Range 33 East, Lea County, New Mexico, to be dedicated to the King Resources Sheridan Well No. 1-A located in Unit C of said Section 24, Also to be considered is designation of the applicant as operator of the NW/4 of said Section 24 and the well located thereon, provision for allocation of actual operating costs and charges for supervision, and allocation of costs for reworking said well including a 200% charge attributable to any non-consenting working interest owner's pro rata share of said workover costs, for the risk involved in said workover.

CASE 4956: (Reopened) (This case will be continued to January 16, 1974, Examiner Hearing)

Application of Pierce & Dehlinger for a determination of well costs, Lea County, New Mexico. Applicant, as operator of the Sheridan Well No. 1 located in Unit M of Section 13, Township 9 South, Range 33 East, Lea County, New Mexico, to which well is dedicated the SW/4 of said Section 13, all mineral interests in the Vada-Pennsylvanian Pool thereunder having been pooled by Commission Order No. R-4560, seeks the determination of reasonable well costs attributable to applicant and to King Resources, including, but not limited to, the costs of reworking and placing said Sheridan Well No. 1 back on production and attorneys fees in connection therewith. Applicant further seeks an order assessing, as a charge for the risk involved in the reworking of the well, 120% of the pro rata share of the reasonable well costs attributable to the working interest of King Resources.

(Case 5135 continued from Page 2)

SW/4 SE/4 of Section 27 and the S/2 SE/4 of Section 34, both in Township 17 South, Range 28 East, and the NW/4 NE/4 and the SE/4 SW/4 of Section 6, Township 18 South, Range 28 East, Empire-Abo Pool, Eddy County, New Mexico.

Applicant further seeks the amendment of Rules 3 and 4 of said special rules to provide that effective January 1, 1974, the maximum allowable for the project area be 33,000 barrels per day rather than 30,000 as presently provided.

CASE 5136: Application of Coastal States Gas Producing Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox oil well location of its McGuffin Well No. 2 at a point 1980 feet from the North line and 660 feet from the West line of Section 29, Township 9 South, Range 33 East, Flying "M"-San Andres Pool, Lea County, New Mexico.

CASE 5137: Application of Skelly Oil Company for two unorthodox locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill two producing wells at two unorthodox locations, one 2630 feet from the North line and 1330 feet from the West line and the other 1330 feet from the South line and 10 feet from the West line, both in Section 22, Township 17 South, Range 31 East, Grayburg-Jackson Pool, Eddy County, New Mexico.

CASE 5138: Application of Skelly Oil Company for a waterflood project and four dual completions, Eddy 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 formation, Fren Pool, through six injection wells in its Skelly Unit Area in Sections 21, 22 and 28, Township 17 South, Range 31 East, Eddy County, New Mexico, three of which wells would be dually completed for injection into the Seven Rivers formation and the existing Grayburg-Jackson waterflood project. Applicant further seeks authority to dually complete its Skelly Unit Well No. 76 located in Unit O of said Section 21 as a dual completion to produce from the Fren Seven Rivers Pool and the Grayburg-Jackson Pool through parallel strings of tubing.

CASE 5139: Application of Skelly Oil Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg-San Andres formation through three wells on its Lea "C" Lease in Section 11, Township 17 South, Range 31 East, Grayburg-Jackson Pool, Eddy County, New Mexico.

CASE 5141: Application of David Fasken for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter an existing well, the unorthodox surface location of which is 660 feet from the South and West lines of Section 7, Township 18 South, Range 26 East, West Atoka-Morrow Gas Pool, Eddy County, New Mexico,

ANDERSON Oil & Gas Company, Inc.

250 Mid-America Building
MIDLAND, TEXAS 79701

December 27, 1973

Oil Conservation Commission
and Land Office
Santa Fe, New Mexico

Attention: Mr. A. L. Porter
Secretary, Director

Gentlemen:

We, as representative of certain of the working interest owners in the Mobil State Com. Well No. 1 located in Unit P, Section 30, Township 16 South, Range 36 East, Lea County, New Mexico, oppose Jake Hamon's application, Case 5131, to dispose of produced salt water in the Devonian formation through the Getty State L 736 Well No. 1 located in Section 32, Township 16 South, Range 36 East.

We believe the disposal of salt water in the Devonian formation through this well could prematurely water out the producing wells in the East Shoebar Devonian Field.

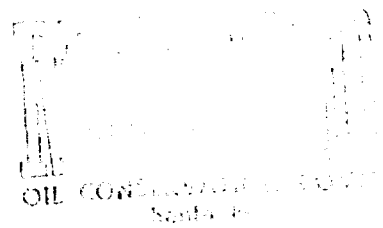
Yours very truly,

William G. Kern
President

WGK/kf
cc: Mr. Joe Gorley
MGF Oil Corporation

MGF OIL CORPORATION
1126 VAUGHN BUILDING
MIDLAND, TEXAS 79701
684-7121

December 7, 1973



Case 5131

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

Attention: Mr. A. L. Porter, Jr.
Secretary-Director

Gentlemen:

Re: Jake L. Hamon proposed Salt Water Disposal Application into the State L-736, Unit D, Section 32, T-16-S, R-36-E, East Shoe Bar Field, Lea County, New Mexico

MGF Oil Corporation objects to the subject application due to the location of the MGF Mobil State Com No. 1 Well located in Unit P, Section 30, T-16-S, R-36-E, which is producing from the same zone as Hamon's application proposes to dispose into. MGF's well is currently producing 125 BOPD + 22% water. The north offset in September, 1973 produced 984 BO + 72% water and the west offset produced 1952 BO + 64% water. The MGF well is currently producing more oil and less water than any well in the field. MGF feels the disposal of water into a diagonal offset endangers the productivity of our Mobil State Com No. 1 Well.

Yours truly,

MGF OIL CORPORATION

Joe C Gourlay

Joe C. Gourlay
Engineer

JCG:sy

Send Docket

DOCKET MAILED
Date 12-18-73

A/C 915 682-4364

ROGER C. HANKS
2100 WILCO BUILDING
P. O. BOX 584
MIDLAND, TEXAS 79701

December 11, 1973

Mr. Joe Gorley
MGF Oil Corp.
Vaughn Building
Midland, Texas 79701

Mr. Harvey Stonestreet
U. V. Industries
136 East South Temple St.
Salt Lake City, Utah 84111

Gentlemen:

This letter will constitute my objections to Jake Hamon reentering the #1 Getty State L736 located in Lea County, New Mexico for the purposes of salt water disposal. In our idscussions with MGF Corp. and U. V. Industries it is our concurred opinion there may be possible damage to the present producing zones in the upper part of the Devonian formation.

Your attention to this matter will be greatly appreciated, as Jake Hamon has applied for an application to reenter this well for the purpose of salt water disposal and at the existing moment I am the owner of a disposal system capable of handling sufficient quantities of water from the Shoe Bar East field from my Graham #1, which has been drilled some 200' below the present producing horizon in the Shoe Bar East Devonian field. I have quoted a price to MGF of 7¢ per barrel, based upon a bi-monthly test with the lines being laid to my Graham #2, which has sufficient capacity to handle present water being produced in the field and should by gravity or heater pressure be pushed on down to the Graham #1 for disposal purposes.

Your comments on this matter prior to the Commission's hearing are of the uttermost importance.

Very truly yours,

Original Signed By
ROGER C. HANKS
Roger C. Hanks

RCH:dlv

cc: Jake Hamon
Joe Ramey - OCC
Dan Nutter - OCC
R. E. Chambers
R. L. McNeil, Jr.

December 11, 1973

Mr. Roger C. Hanks
Wilco Building
Midland, Texas 79701

Re: Salt Water Disposal in the
East Shoe Bar Field, Lea
County, New Mexico

Dear Mr. Hanks,

In our telephone conversation I stated MGF Oil Corporation is objectiving to the application of Jake L. Jamon to dispose of salt water into the Getty well. Enclosed is a copy of the objection.

You stated today you would dispose of water from the MGF Oil Corporation, Mobil State Com. No. 1 into your Graham State No. 1, located in Unit F, Section 29, T-16-S, R-36-E, for 7¢ per barrel, if MGF would deliver the water to your Graham State No. 2, Unit L, same section.

I can see no reason for adding another water disposal well in the area when your facilities will handle all the water produced in the field.

If you are in agreement on the disposal of you water as outlined above, please sign one copy of this letter and return to this office.

Yours truly,

MGF OIL CORPORATION

Joe C. Gourlay
Engineer

JCG:ds

CC: Mr. Dan Nutter,
Oil Conservation Commission, Santa Fe, NM

Enclosures (2)

Agreed to this _____ day of December, 1973. _____
Roger C. Hanks

Mobil State Com file

December 7, 1973

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

Attention: Mr. A. L. Porter, Jr.
Secretary-Director

Gentlemen:

Re: Jake L. Hamon proposed Salt Water Disposal Application into the State L-736, Unit D, Section 32, T-16-S, R-36-E, East Shoe Bar Field, Lea County, New Mexico

MGF Oil Corporation objects to the subject application due to the location of the MGF Mobil State Com No. 1 Well located in Unit P, Section 30, T-16-S, R-36-E, which is producing from the same zone as Hamon's application proposes to dispose into. MGF's well is currently producing 125 BOPD + 22% water. The north offset in September, 1973 produced 984 BO + 72% water and the west offset produced 1952 BO + 64% water. The MGF well is currently producing more oil and less water than any well in the field. MGF feels the disposal of water into a diagonal offset endangers the productivity of our Mobil State Com No. 1 Well.

Yours truly,

MGF OIL CORPORATION

Joe C. Gourlay
Engineer

JCG:sy

Form C-108
Revised 1-1-65

NEW MEXICO OIL CONSERVATION COMMISSION

APPLICATION TO DISPOSE OF SALT WATER BY INJECTION INTO A POROUS FORMATION

OPERATOR		ADDRESS	
Jake L. Hamon		908 Vaughn Building, Midland, Texas 79701	
LEASE NAME	**WELL NO.**	**FIELD**	**COUNTY**
State L-736	1	Shoebar, East Devonian	Lea

LOCATION

UNIT LETTER D ; WELL IS LOCATED 554 FEET FROM THE North LINE AND 554 FEET FROM THE West LINE, SECTION 32 TOWNSHIP 16-S RANGE 36-E NMPM.

CASING AND TUBING DATA

NAME OF STRING	SIZE	SETTING DEPTH	SACKS CEMENT	TOP OF CEMENT	TOP DETERMINED BY
SURFACE CASING	13-3/8"	418'	450	Surface	Visual
INTERMEDIATE	8-5/8"	4299'	2310	Surface	Visual
LONG STRING	5-1/2"	12960'	700	9300	Temp. Survey
TUBING	2-7/8"	12900'	NAME, MODEL AND DEPTH OF TUBING PACKER: Baker Model "F" @ 12,900'		

NAME OF PROPOSED INJECTION FORMATION	TOP OF FORMATION	BOTTOM OF FORMATION
Devonian	12,934'	13,023'

IS INJECTION THROUGH TUBING, CASING, OR ANNULUS?	PERFORATIONS OR OPEN HOLE?	PROPOSED INTERVAL(S) OF INJECTION
Tubing	Perf. & Open Hole	Perf. 12,935-12,946'; Open Hole 12,960-13,023'

IS THIS A NEW WELL DRILLED FOR DISPOSAL?	IF ANSWER IS NO, FOR WHAT PURPOSE WAS WELL ORIGINALLY DRILLED?	HAS WELL EVER BEEN PERFORATED IN ANY ZONE OTHER THAN THE PROPOSED INJECTION ZONE?
No	Oil well	No

LIST ALL SUCH PERFORATED INTERVALS AND SACKS OF CEMENT USED TO SEAL OFF OR SQUEEZE EACH

DEPTH OF BOTTOM OF DEEPEST FRESH WATER ZONE IN THIS AREA	DEPTH OF BOTTOM OF NEXT HIGHER OIL OR GAS ZONE IN THIS AREA	DEPTH OF TOP OF NEXT LOWER OIL OR GAS ZONE IN THIS AREA
300	Leamex, Shoebar 10,400	None

ANTICIPATED DAILY INJECTION VOLUME (BBLS.) MINIMUM	MAXIMUM	OPEN OR CLOSED TYPE SYSTEM	IS INJECTION TO BE BY GRAVITY OR PRESSURE?	APPROX. PRESSURE (PSI)
100	1500	Closed	Pressure	500

ANSWER YES OR NO WHETHER THE FOLLOWING WATERS ARE MINERALIZED TO SUCH A DEGREE AS TO BE UNFIT FOR DOMESTIC, STOCK, IRRIGATION, OR OTHER GENERAL USE	WATER TO BE DISPOSED OF	NATURAL WATER IN DISPOSAL ZONE	ARE WATER ANALYSES ATTACHED?
	Yes	Yes	No

NAME AND ADDRESS OF SURFACE OWNER (OR LESSEE, IF STATE OR FEDERAL LAND)

Eleanor Graham, Box 1117, Lovington, New Mexico 88260 (Lessee)

LIST NAMES AND ADDRESSES OF ALL OPERATORS WITHIN ONE-HALF (½) MILE OF THIS INJECTION WELL

Exxon Company, USA, Box 1600, Midland, Texas 79701
Tenneco Oil Company, Box 2511, Houston, Texas 77001
Getty Oil Company, Box 1231, Midland, Texas 79701
R.C. Hanks, Wilco Building, Midland, Texas 79701
MGF Oil Corporation, 1126 Vaughn Building, Midland, Texas 79701
U.V. Industries, Inc. 19th Floor, Univ. Club Bldg. 136 E.S. Temple, Salt Lake City, Utah

RECEIVED
MIDLAND, TEXAS
NOV 30 1973

APPROVED _____ 84111

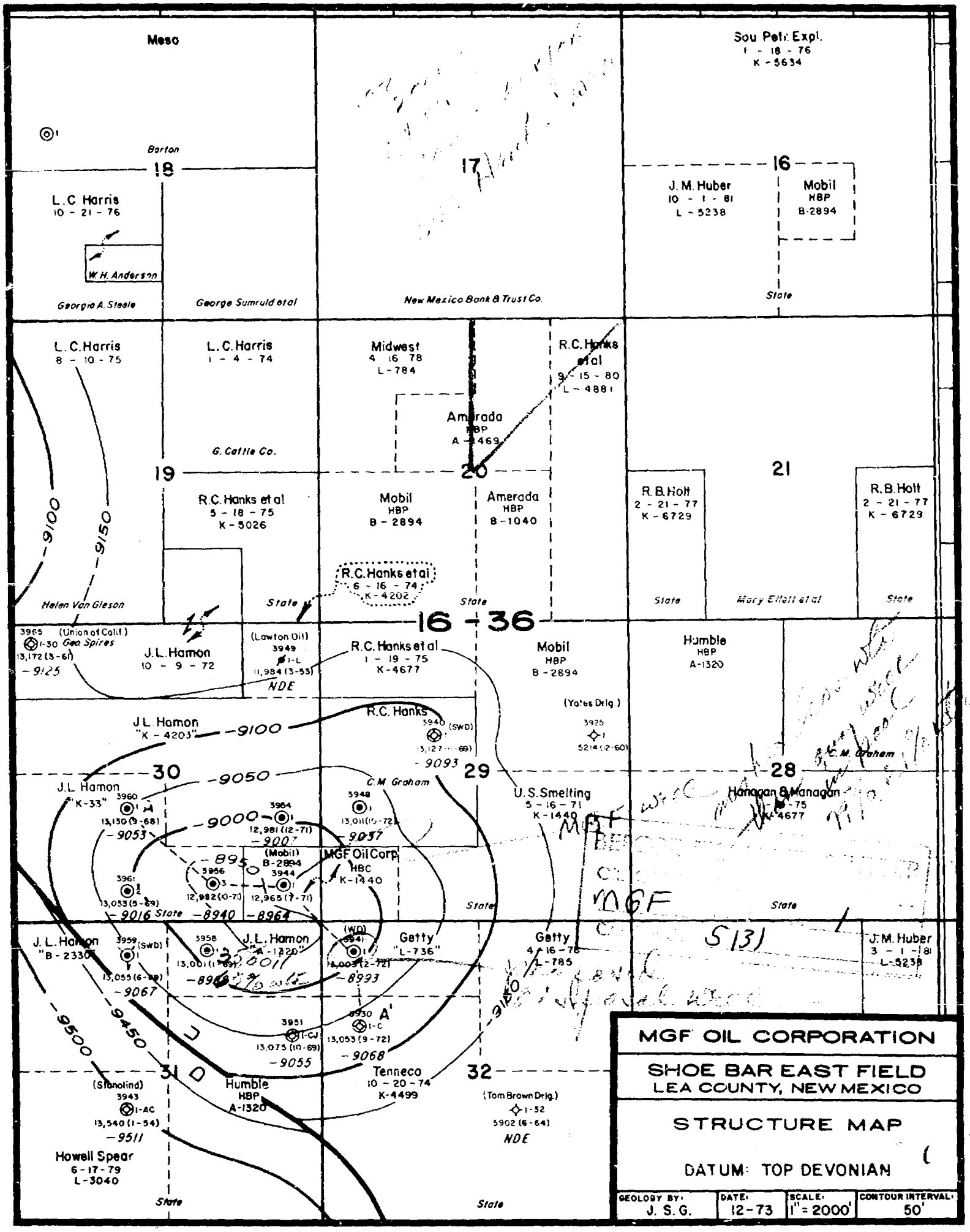
HAVE COPIES OF THIS APPLICATION BEEN SENT TO EACH OF THE FOLLOWING?	SURFACE OWNER	EACH OPERATOR WITHIN ONE-HALF MILE OF THIS WELL	THE NEW MEXICO STATE ENGINEER
	Yes (State)	Yes	Yes

ARE THE FOLLOWING ITEMS ATTACHED TO THIS APPLICATION (SEE RULE 701-B)	PLAT OF AREA	ELECTRICAL LOG	DIAGRAMMATIC SKETCH OF WELL
	Yes	Yes	Yes

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

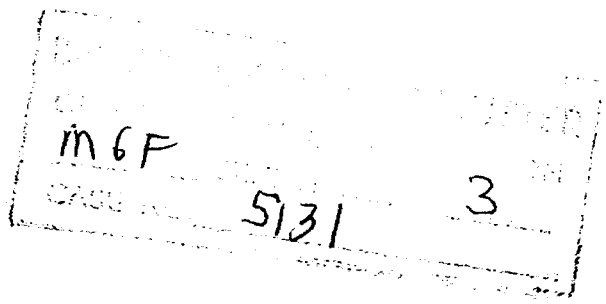
(Signature) Production Superintendent (Title) November 29, 1973 (Date)

NOTE: Should waivers from the State Engineer, the surface owner, and all operators within one-half mile of the proposed injection well, not accompany this application, the New Mexico Oil Conservation Commission will hold the application for a period of 15 days from the date of receipt by the Commission's Santa Fe office. If at the end of the 15-day waiting period no protest has been received by the Santa Fe office, the application will be processed. If a protest is received, the application will be set for hearing, if the applicant so requests. SEE RULE 701.


Meso
Barton
18
17
16
Sou Pete Expl.
1 - 18 - 76
K - 5634
L. C. Harris
10 - 21 - 76
W. H. Anderson
Georgia A. Steele
George Sumruld et al
New Mexico Bank & Trust Co.
J. M. Huber
10 - 1 - 81
L - 5238
Mobil
HBP
B-2894
State
L. C. Harris
8 - 10 - 75
L. C. Harris
1 - 4 - 74
Midwest
4 16 78
L-784
R.C. Hanks et al
9 - 15 - 80
L - 4881
Amerada
HBP
A - 1469
G. Cattle Co.
19
20
21
R.C. Hanks et al
5 - 18 - 75
K - 5026
Mobil
HBP
B - 2894
Amerada
HBP
B-1040
R. B. Holt
2 - 21 - 77
K - 6729
R. B. Holt
2 - 21 - 77
K - 6729
-9100
-9150
Helen Van Gleson
State
R.C. Hanks et al
6 - 16 - 74
K - 4202
State
State
Mary Elliott et al
State
16 - 36
3965 (Union of Calif.)
1-30 Geo Spires
13,172 (3-61)
-9125
J. L. Hamon
10 - 9 - 72
(Lawton Oil)
3949
1-L
11,984 (3-53)
NDE
R.C. Hanks et al
1 - 19 - 75
K-4677
Mobil
HBP
B - 2894
Humble
HBP
A-1320
(Yates Drlg.)
3925
1
5214 (12-60)
J. L. Hamon
"K - 4203"
-9100
R.C. Hanks
5940 (SWD)
1
13,127 (-68)
-9093
C. M. Graham
30
29
28
J.L. Hamon
"K-33"
3960
1-H
13,130 (9-68)
-9053
3964
1
12,981 (12-71)
-9007
C.M. Graham
3948
1
13,011 (6-72)
-9057
U.S. Smelting
5 - 16 - 71
K-1440
Hanagan & Hanagan
- 75
K-4677
-9000
-9050
-895
(Mobil)
B-2894
MGF Oil Corp.
HBC
K-1440
3961
2
13,033 (5-69)
-9016
State
3956
3
12,982 (10-70)
-8940
3944
1
12,965 (7-71)
-8964
State
State
J. L. Hamon
"B - 2330"
3959 (SWD)
1
13,055 (6-69)
-9067
3958
J. L. Hamon
"A - 1320"
13,001 (1-69)
-8966
(WD)
3934
1
13,003 (12-72)
-8993
Getty
"L-736"
Getty
4 16 76
L-785
J. M. Huber
3 - 1 - 81
L-5238
-9500
-9450
-9400
3951
1-CJ
13,075 (10-69)
-9055
3930
A'
1-C
13,053 (9-72)
-9068
Tenneco
10 - 20 - 74
K-4499
31
32
(Stanolind)
3943
1-AC
13,540 (1-54)
-9511
Howell Spear
6-17-79
L-3040
Humble
HBP
A-1320
(Tom Brown Drlg.)
1-32
5902 (6-64)
NDE
State
State
MGF OIL CORPORATION
SHOE BAR EAST FIELD
LEA COUNTY, NEW MEXICO
STRUCTURE MAP
DATUM: TOP DEVONIAN
GEOLOGY BY: J. S. G.
DATE: 12-73
SCALE: 1" = 2000'
CONTOUR INTERVAL: 50'

EAST SHOE BAR FIELD DATA

Well	Loc	1st Prod	1st Water	Com Oil 11/1/73	Monthly Oil Oct. 73	% Oil Oct. 73
Getty State L #1	D-32	2-72	2-72	93862	-0-	
Hamon St. A 1320 #1	B-31	1-69	7-70	457413	2423	63.3
St. K 33 #1	K-30	9-68	9-68	264552	1878	24.4
#2	N-30	4-69	4-69	142399	1324	18.1
#3	O-30	10-71	2-72	108888	1816	35.0
St. K 4203 #1	I-30	12-71	3-72	70930	861	26.4
Roger Hanks Graham #2	L-29	9-72	9-72	64517	1823	36.1
MGF-Mobil St. Com #1	P-30	7-71	10-71	152847	3822	79.1



PRODUCTION HISTORY

OPERATOR: Getty FIELD:

LEASE: State L-736 1-D-32-16-36 COUNTY:

	No. Wells	Oil Allow. Bbls.	Oil Prodn. Bbls.	Per Well Prodn.	Gas Prodn. MCF	Per Well Prodn.	Gas-Oil Ratio	Water Prodn. Bbls.
		of wtr		% wtr		Cum O.l		
YEAR: 72		Total Fluid						
Jan.								
Feb.		19834	12242 ?	38.3 61.7	760	12,242		7592
Mar.		21319	13027	38.8 61.2	1240	25269		8292
Apr.		25512	11688	54.3 45.7	1847	36957		13824
May		26826	11427	57.5 42.5	2572	48384		15399
June		18032	5067	71.7 28.3	1646	53451		12965
July		29491	7481	74.6 25.4	1351	60932		22010
Aug.	9-9 2501700	(29350) 27601	7750 6003	(77.5) 78.3 21.7	1960	66935		21598 21,700
Sept.		22285	4557	79.6 20.4	1655	71492		17728
Oct.		31655	4595	85.4 14.6	1017	76087		27060
Nov.		24730	3292	86.7 13.3	209	79379		21440
Dec.		28350	4270	84.9 15.1	486	83649		24080
Year Total To:			83650		14176			191,988.
Cum. Total To:			83650					

	No. Wells	Oil Allow. Bbls.	Oil Prodn. Bbls.	Per Well Prodn.	Gas Prodn. MCF	Per Well Prodn.	Gas-Oil Ratio	Water Prodn. Bbls.
YEAR: 1973								
Jan.		23795	3010	87.4 12.6	325	86659		20785
Feb.		24918	3168	87.2 12.8	210	89827		21750
Mar.		26811	3011	88.8 12.2	43	92838		23800
Apr.		11045	845		89			10200
May		6437	137		49			6300-7
June		769	42		95			727 -20.
July			0					
Aug.			0					
Sept.								
Oct.								
Nov.								
Dec.								
Year Total To:								
Cum. Total To:					MGF			

5131 4

4

MGF OIL CORPORATION
1126 VAUGHN BUILDING
MIDLAND, TEXAS 79701
684-7121

December 11, 1973

Mr. Roger C. Hanks
Wilco Building
Midland, Texas 79701

Re: Salt Water Disposal in the
East Shoe Bar Field, Lea
County, New Mexico

Dear Mr. Hanks,

In our telephone conversation I stated MGF Oil Corporation is objectiving to the application of Jake L. Jamon to dispose of salt water into the Getty well. Enclosed is a copy of the objection.

You stated today you would dispose of water from the MGF Oil Corporation, Mobil State Com. No. 1 into your Graham State No. 1, located in Unit F, Section 29, T-16-S, R-36-E, for 7¢ per barrel, if MGF would deliver the water to your Graham State No. 2, Unit L, same section.

I can see no reason for adding another water disposal well in the area when your facilities will handle all the water produced in the field.

If you are in agreement on the disposal of you water as outlined above, please sign one copy of this letter and return to this office.

Yours truly,

MGF OIL CORPORATION

Joe C Gourlay

Joe C. Gourlay
Engineer

JCG:ds

CC: Mr. Dan Nutter,
Oil Conservation Commission, Santa Fe, NM

Enclosures (2)

Agreed to this 20TH day of December, 1973.

Roger C. Hanks

Roger C. Hanks

A/C 915 682-4364

ROGER C. HANKS
2100 WILCO BUILDING
P. O. BOX 584
MIDLAND, TEXAS 79701

December 11, 1973

Mr. Joe Gorley
MGF Oil Corp.
Vaughn Building
Midland, Texas 79701

Mr. Harvey Stonestreet
U. V. Industries
136 East South Temple St.
Salt Lake City, Utah 84111

MGF
S13) 10

Gentlemen:

This letter will constitute my objections to Jake Hamon reentering the #1 Getty State L736 located in Lea County, New Mexico for the purposes of salt water disposal. In our idscussions with MGF Corp. and U. V. Industries it is our concurred opinion there may be possible damage to the present producing zones in the upper part of the Devonian formation.

Your attention to this matter will be greatly appreciated, as Jake Hamon has applied for an application to reenter this well for the purpose of salt water disposal and at the existing moment I am the owner of a disposal system capable of handling sufficient quantities of water from the Shoe Bar East field from my Graham #1, which has been drilled some 200' below the present producing horizon in the Shoe Bar East Devonian field. I have quoted a price to MGF of 7¢ per barrel, based upon a bi-monthly test with the lines being laid to my Graham #2, which has sufficient capacity to handle present water being produced in the field and should by gravity or heater pressure be pushed on down to the Graham #1 for disposal purposes.

Your comments on this matter prior to the Commission's hearing are of the uttermost importance.

Very truly yours,

Roger C. Hanks

RCH:dlv

cc: Jake Hamon
Joe Ramey - OCC
Dan Nutter - OCC
R. E. Chambers
R. L. McNeil, Jr.

RECEIVED
MIDLAND, TEXAS
DEC 13 1973
APPROVED

ANDERSON
Oil & Gas Company

250 Mid America Building
~~405 WALL TOWERS EAST~~
MIDLAND, TEXAS 79701

December 27, 1973

Oil Conservation Commission
and Land Office
Santa Fe, New Mexico

Attention: Mr. A. L. Porter
Secretary, Director

Gentlemen:

We, as representative of certain of the working interest owners in the Mobil State Com. Well No. 1 located in Unit P, Section 30, Township 16 South, Range 36 East, Lea County, New Mexico, oppose Jake Hamon's application, Case 5131, to dispose of produced salt water in the Devonian formation through the Getty State L 736 Well No. 1 located in Section 32, Township 16 South, Range 36 East.

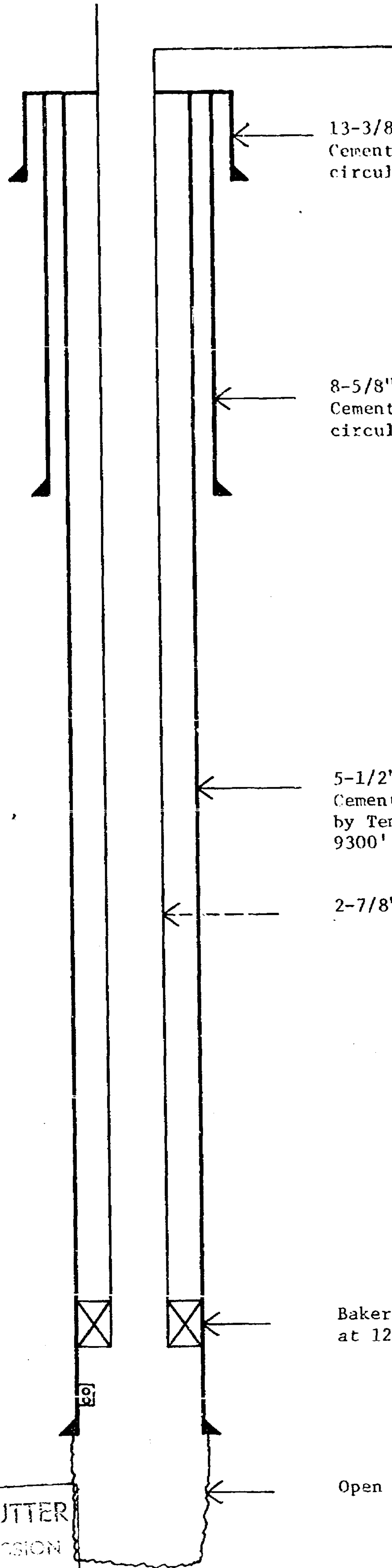
We believe the disposal of salt water in the Devonian formation through this well could prematurely water out the producing wells in the East Shoebar Devonian Field.

Yours very truly,

William G. Kern
President

WGK/kf
cc: Mr. Joe Gorley
MGF Oil Corporation

Diagrammatic Sketch of Proposed Completion of State L-736 No. 1 for Salt Water Disposal. Section 32, T-16-S, R-38-E, Lea County, New Mexico



13-3/8" Casing set at 418'. Cemented w/450 sx, cement circulated to the surface.

8-5/8" Casing set at 4299. Cemented w/2310 sx, cement circulated to the surface

5-1/2" casing set at 12,960'. Cemented w/700 sx. T/Cement by Temperature Survey @ 9300'.

2-7/8" Tubing set at 12,900'

Baker Model "F" Packer set at 12,900'.

Perforations: 12,935-12,946'.

Open hole 12,960-13,023'.

CLARENCE E. HINKLE
W. E. BONDURANT, JR.
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
C. D. MARTIN
PAUL J. KELLY, JR.
~~ANDREW ALLEN~~

LAW OFFICES
HINKLE, BONDURANT, COX & EATON
600 HINKLE BUILDING
POST OFFICE BOX 10
ROSWELL, NEW MEXICO 88201

TELEPHONE (505) 622-6510

MIDLAND, TEXAS OFFICE
521 MIDLAND TOWER
(915) 683-4691

December 6, 1973

Case 5131

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

Gentlemen:

We enclose herewith in triplicate application of Jake L. Hamon for approval of the Getty State L-736 No. 1 well as a salt water disposal well. It is our understanding that this matter will be set down for an examiner's hearing in January, 1974.

Yours very truly,

HINKLE, BONDURANT, COX & EATON

By Clarence E. Hinkle
CJ

CEH:cs
Enc.

DOCKET MAILED
Date 12-18-73

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION OF JAKE L. HAMON FOR APPROVAL OF THE USE FOR WATER DISPOSAL INTO THE DEVONIAN FORMATION OF GETTY STATE L-736 NO. 1 WELL LOCATED IN UNIT D, 554 FEET FROM THE NORTH AND WEST LINES OF SECTION 32, TOWNSHIP 16 SOUTH, RANGE 36 EAST, LEA COUNTY. APPLICANT PROPOSES TO DISPOSE OF PRODUCED WATER FROM THE SHOE BAR EAST DEVONIAN POOL THROUGH PERFORATIONS FROM 12,935 FEET TO 12,946 FEET AND THROUGH OPEN HOLE FROM 12,960 FEET TO 13,023 FEET.

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Comes Jake L. Hamon, acting by and through the undersigned attorneys, and hereby makes application for approval of the use for water disposal into the Devonian formation of Getty State L-736 No. 1 well located in Unit D, 554 feet from the north and west lines of Section 32, Township 16 South, Range 36 East, Lea County. Applicant proposes to dispose of produced water from the Shoe Bar East Devonian Pool through perforations from 12,935 feet to 12,946 feet and through open hole from 12,960 feet to 13,023 feet, and in support thereof respectfully shows:

1. Applicant owns and operates 5 wells in the Shoe Bar East Devonian Pool and is acquiring from Getty Oil Company, subject to approval for the use as a disposal well, the Getty State L-736 No. 1 well referred to above.

2. There is attached as Exhibit "A" a plat showing the Shoe Bar East Devonian Pool and the wells which have been drilled therein, the location of the proposed injection well and the ownership of all the leasehold interests within a radius of 2 miles thereof.

3. There is also filed herewith an electrical log of the proposed injection well.

4. There is attached as Exhibit "B" a diagrammatic sketch of the proposed injection well showing all casing strings, including

diameters and setting depths, quantities used and tops of cement, perforated and open hole intervals, tubing strings, including diameters and setting depths, and type and location of packer.

5. Applicant anticipates that there will be a minimum of 100 barrels and a maximum of 1500 barrels of water disposed of per day.

6. The subject well was formerly operated by Getty Oil Company as a producing well from the Shoe Bar East Devonian Pool. The well is an edge well and Getty was unable to complete the same as an economic well after working it over. Applicant believes that the approval of the use of said well as a water disposal well will be in the interest of conservation, the prevention of waste and will tend to protect correlative rights.

7. Applicant requests that this matter be heard before an examiner at the earliest possible time.

Respectfully submitted,

JAKE L. HAMON

By _____

HINKLE, BONDURANT, COX & EATON
Box 10
Roswell, New Mexico 88201
Attorneys for Applicant

Diagrammatic Sketch of Proposed Completion of State L-736 No. 1 for Salt Water Disposal, Section 32, T-16-S, R-38-E, Lea County, New Mexico

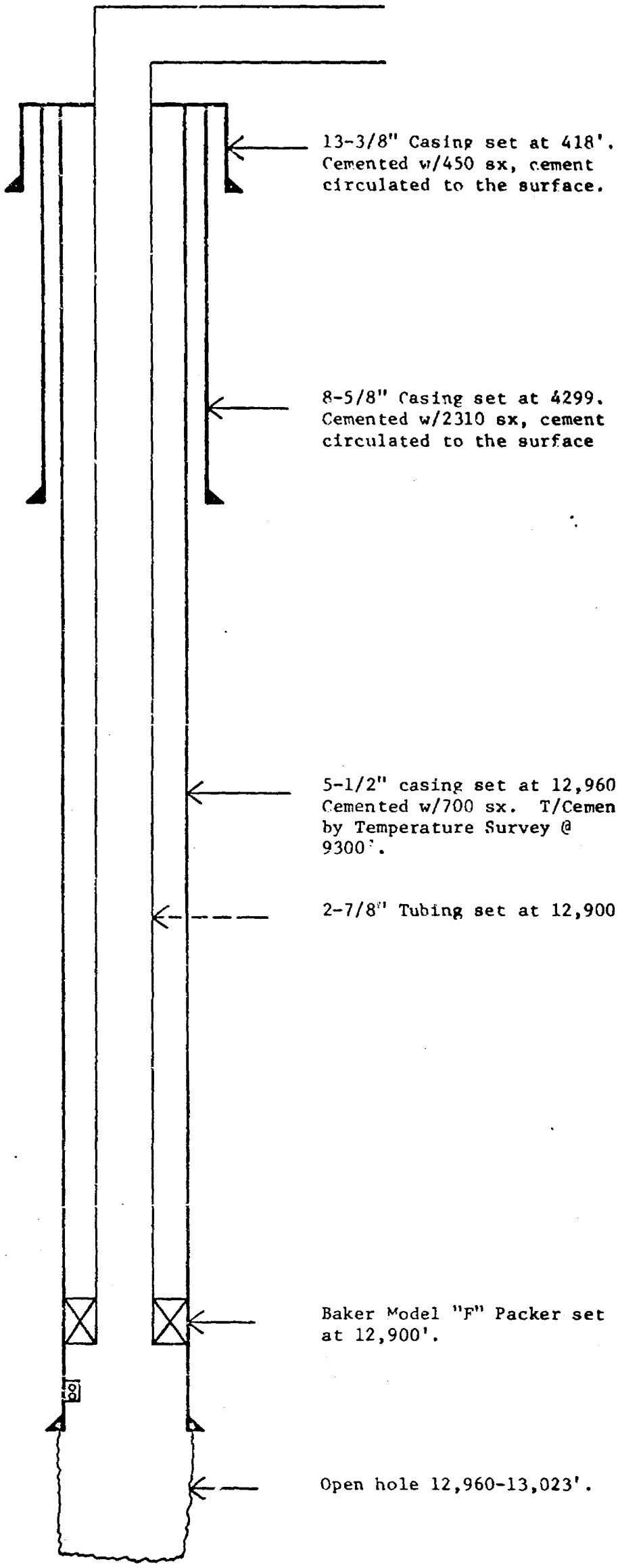


EXHIBIT "B"

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. 5131

Order No. R-4701

APPLICATION OF JAKE HAMON FOR SALT
WATER DISPOSAL, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 3, 1974, at Santa Fe, New Mexico, before Examiner Daniel ~~S. Nutter~~.

NOW, on this _____ day of January, 1974, 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, Jake Hamon, is the owner and operator of the Getty State L-736 Well No. 1, located in Unit D of Section 32, Township 16 South, Range 36 East, NMPM, East Shoe Bar-Devonian Pool, Lea County, New Mexico.

five wells in the East Shoe Bar-Devonian Pool and, subject to approval of this application, will acquire

Getty State L-736

(3) That the applicant proposes to utilize said well to dispose of produced salt water into the Devonian formation with injection into the perforated interval from 12,935 feet to 12,946 feet and the open-hole interval from 12,960 feet to 13,023 feet.

(4) That approval of the subject application may cause premature water encroachment into offsetting wells, cause waste and w[redacted] violate correlative rights.

(5) That this application should be denied.

IT IS THEREFORE ORDERED:

(1) That the application of Jake Hamon for disposal of produced salt water into the Devonian formation through the perforated interval from 12,935 feet to 12,946 feet and the open-hole interval from 12,960 feet to 13,023 feet in ~~his~~ the Getty State L-736 Well No. 1 located in Unit D of Section 32, Township 16 South, Range 36 East, NMPM, East Shoe Bar-Devonian Pool, Lea County, New Mexico, is hereby denied.

(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.

Telegram

Midland, Texas

Due to the death of a very dear and chose friend in San Francisco, I will be unable to attend hearing in reference to Case No. 5117.

Please extend my courtesies for this unavoidable matter.

Roger C. Hanks

SWD
Jake Hamon
Hobbs St. L
736 #1
554 N&W
32 16S 36E
Wlfc. Disp.
Devonian
perfs 12935
12946
open 12960
13,023
Shoe Bar?
Devonian

998822