

CASE 3152: Application of JAKE L.
HAMON for creation of new pool
& for special pool rules.

Handwritten notes:
12-1-59
J. L. Hamon
12-1-59
J. L. Hamon
12-1-59
J. L. Hamon

CASE No.

3152

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

Oct -

These two pools
are reverting from
80 acre to 40 acre

spacing -

One pool has
no well producing
any more and
the other has all
marginal wells.

No evidence was
offered at the hearing
by anybody - only
a statement by
Jesse for Cimerada
but even it wasn't
very strong
Jesse

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. 3152
Order No. R-2821-A

APPLICATION OF JAKE L. HAMON
FOR THE CREATION OF A NEW OIL
POOL AND SPECIAL POOL RULES,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
January 5, 1966, at Santa Fe, New Mexico, before Examiner
Daniel S. Kutter.

NOW, on this 13th day of January, 1966, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That by Order No. R-2821, dated December 2, 1964,
temporary Special Rules and Regulations were promulgated for the
Osado-Wolfcamp Pool, Lea County, New Mexico.

(3) That pursuant to the provisions of Order No. R-2821,
this case was reopened to allow the operators in the subject pool
to appear and show cause why the Osado-Wolfcamp Pool should not
be developed on 40-acre spacing units.

(4) That the operators in the subject pool do not antici-
pate the drilling of additional wells.

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CASE No. 3152

Order No. R-2821-A

(5) That the operators in the subject pool have not established that one well can efficiently and economically drain and develop 80 acres.

(6) That no necessity exists for the continuation of the Special Rules and Regulations promulgated by Order No. R-2821 and that said rules should therefore be abolished.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Oando-Wolfcamp Pool promulgated by Order No. R-2821 are hereby abolished.

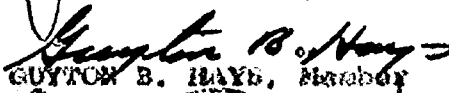
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.


DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



JACK M. CAMPBELL, Chairman


GUYTON B. HAYS, Member


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

enr/

State of New Mexico
Oil Conservation Commission



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

January 13, 1966

Re: Case No. 3152 & 3153
Order No. R-2821-A & R-2822-A
Applicant:

Jake L. Hamon

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

Very truly yours,
A. L. Porter, Jr.
Secretary-Director

Carbon copy of order also sent to:

Hobbs OCC **x**
 Artesia OCC
 Aztec OCC

Other _____

THE BRITISH-AMERICAN OIL PRODUCING COMPANY

Box 474
Midland, Texas
December 28, 1965

New Mexico State Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico

Attention: Mr. Daniel Nutter

Re: Case 3152 and 3153
Osudo (Wolfcamp) and Osudo (Strawn) Pools
Lea County, New Mexico

Gentlemen:

We have received this date Docket No. 1-66 which indicates that examiner hearings on the above two pools have been scheduled for January 5, 1966. The hearings are for the purpose of reviewing the provision for 80-acre spacing units which were provided for under Order Nos. R-2821 and R-2822.

The British-American Oil Producing Company will not actively participate in the scheduled hearings, although we are an operator in the Osudo (Wolfcamp) Pool.

We have no basis for supporting continuation of 80-acre spacing units. No further development in these two pools is anticipated since the Strawn and Wolfcamp producing formations in the area of our leases are definitely non-commercial. If an interested party appears requesting continuation of the spacing provision, we will have no objection to their request.

Yours truly,

THE BRITISH-AMERICAN OIL PRODUCING COMPANY

William E. Moore

William E. Moore
District Engineer

WEM:1b

cc: Mr. E. E. McCurtain

DOCKET: EXAMINER HEARING -- WEDNESDAY -- JANUARY 5, 1966

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
Elvis A. Utz, Alternate Examiner:

CASE 3358: Application of General American Oil Company of Texas for a
waterflood expansion, Eddy County, New Mexico. Applicant, in
the above-styled cause, seeks authority to expand its Burch-
Keely Waterflood Project, authorized by Order No. R-2327 in the
Grayburg-Jackson Pool, by the conversion to water injection,
in stages, of from 10 to 15 wells in Sections 23 and 26, Town-
ship 17 South, Range 29 East, Eddy County, New Mexico.

CASE 3359: Application of Sinclair Oil & Gas Company for a dual completion,
non-standard location, non-standard gas proration unit, and an
exception to Rule 104 C I, Eddy County, New Mexico. Applicant,
in the above-styled cause, seeks approval of the dual completion
(conventional) of its Fren Oil Company Well No. 21 to produce
oil from the Cedar Lake-Abo Pool and to produce gas from an
undesignated Morrow gas pool through parallel strings of tubing.
Applicant further seeks approval of a 200-acre non-standard
gas proration unit for said well comprising the E/2 SW/4, SW/4
SE/4, and E/2 SE/4 of Section 19, Township 17 South, Range 31
East, for said well which is located at an unorthodox gas well
location 560 feet from the South line and 3350 feet from the
East line of said Section 19. Applicant further seeks an
exception to Commission Rule 104 C I for said well which is
located closer than 660 feet to another well producing from
the Abo formation on the same 40-acre tract.

CASE 3360: Application of L. R. French, Jr. for a dual completion, Lea
County, New Mexico. Applicant, in the above-styled cause, seeks
authority to dually complete his Aztec Uncle Well No. 1 located
in Unit C of Section 28, Township 18 South, Range 33 East, Lea
County, New Mexico, to produce oil from the Strawn formation
through the casing-tubing annulus and to produce gas from the
Morrow formation through tubing. In the alternative, applicant
seeks authority to dually complete the well with a single string
of tubing and to commingle the Strawn oil and Morrow gas in the
wellbore by means of a dual-flow choke-assembly.

CASE 3152 (Reopened)

In the matter of Case No. 3152 being reopened pursuant to the
provisions of Order No. R-2821, which order established 80-acre
spacing units for the Osudo-Wolfcamp Pool, Lea County, New Mexico,
for a period of one year. All interested parties may appear and
show cause why said pool should not be developed on 40-acre
spacing units.

CASE 3153 (Reopened)

In the matter of Case No. 3153 being reopened pursuant to the
provisions of Order No. R-2822, which order established 80-acre
spacing units for the Osudo-Strawn Pool, Lea County, New Mexico,

January 5, 1966 Examiner Hearing

for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 3246 (Reopened)

In the matter of Case No. 3246 being reopened pursuant to the provisions of Order No. R-2935, which order established special rules for the Mesa-Queen Pool, Lea County, New Mexico, for production of oil and gas wells in said pool, including classification of oil wells and gas wells, spacing units for oil wells and gas wells, and the establishment of a gas-liquid ratio limitation of 5,000 cubic feet of gas per barrel of oil. All interested parties may appear and show cause why the special rules should be continued in effect.

CASE 2720 (Reopened)

In the matter of Case No. 2720 being reopened pursuant to the provisions of Order No. R-2397-B which continued the original order for an additional year, establishing special rules governing the production of oil and gas wells in the Double-X Delaware Pool, Lea County, New Mexico, including classification of wells as gas wells when the gas-liquid hydrocarbon ratio exceeds 30,000 to one.

CASE 3361: Application of Tidewater Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in its A. B. Coates "C" Well No. 15 located in Unit O of Section 24, Township 25 South, Range 37 East, Justis Field, Lea County, New Mexico, through a perforated interval below 8,000 feet.

CASE 3353: Application of Tesoro Petroleum Corporation to amend Order No. R-2807, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks an amendment to Order No. R-2807, which authorized a waterflood project in the Hospah Unit Area, to permit the production of oil from previously designated water injection wells, to approve unorthodox locations for additional producing wells, and to authorize additional injection wells, all in Section 36, Township 18 North, Range 9 West, McKinley County, New Mexico.

CASE 2945 (Reopened)

In the matter of Case No. 2945 being reopened pursuant to the provisions of Order No. R-2623, which order established 640-acre spacing units for the Antelope Ridge-Devonian Gas Pool, Lea County, New Mexico, for a period of two years. All interested parties may appear and show cause why said pool should not be developed on 160-acre or 320-acre spacing units.

January 5, 1966 Examiner Hearing

CASE 3350 (Continued and readvertised)

Application of International Oil & Gas Corporation for the creation of two new oil pools and for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Bone Spring production and a new oil pool for Wolfcamp production in Section 21, Township 18 South, Range 32 East, Lea County, New Mexico, and for the establishment of special rules for each of said pools including provision for 80-acre proration units.

CASE 3362: Application of Carter Foundation Production Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Queen formation through five wells located at unorthodox locations in Sections 34 and 35, Township 23 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico.

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. 3152
Order No. R-2821

NOMENCLATURE

APPLICATION OF JAKE L. HAMON
FOR THE CREATION OF A NEW OIL
POOL AND SPECIAL POOL RULES,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 24, 1964, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 2nd day of December, 1964, 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 L. Hamon, seeks the creation of a new oil pool for Wolfcamp production and the promulgation of temporary special rules and regulations governing said pool, including a provision for 80-acre spacing.

(3) That the State E-8321 Well No. 1, located in Unit L of Section 4, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico, has discovered a separate common source of supply which should be designated the Osudo-Wolfcamp Pool; that the vertical limits of said pool should be the zone encountered in said well between 10,140 and 10,390 feet; and that the horizontal limits of said pool should be Lots 5, 6, 11, 12, 13, and 14 of Section 4, and Lots 8, 9, and 16 of Section 5, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico.

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CASE No. 3152
Order No. R-2821

(4) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the Osudo-Wolfcamp Pool.

(5) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(6) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(7) That this case should be reopened at an examiner hearing in January, 1966, at which time the operators in the subject pool should be prepared to appear and show cause why the Osudo-Wolfcamp Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production, is hereby created and designated the Osudo-Wolfcamp Pool, with vertical limits comprising the zone encountered between 10,140 and 10,390 feet in the Jake L. Hamon State E-8321 Well No. 1 located in Unit L of Section 4, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico, and horizontal limits comprising Lots 5, 6, 11, 12, 13, and 14 of Section 4, and Lots 8, 9, and 16 of Section 5, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico.

(2) That temporary Special Rules and Regulations for the Osudo-Wolfcamp Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
OSUDO-WOLFCAMP POOL

RULE 1. Each well completed or recompleted in the Osudo-Wolfcamp Pool or in the Wolfcamp formation within one mile thereof, and not nearer to or within the limits of another designated

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CASE No. 3152

Order No. R-2821

Wolfcamp oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed unorthodox location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (79 through 81) acres shall be assigned an 80-acre proportional factor of 5.67 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

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CASE No. 3152

Order No. R-2821

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That any well presently drilling to or completed in the Osudo-Wolfcamp Pool or in the Wolfcamp formation within one mile thereof that will not comply with the well location requirements of Rule 4 is hereby granted an exception to the requirements of said rule. The operator shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before January 1, 1965.

(2) That each well presently drilling to or completed in the Osudo-Wolfcamp Pool or in the Wolfcamp formation within one mile thereof shall receive a 40-acre allowable until a Form C-128 dedicating 80 acres to the well has been filed with the Commission.

(3) That this case shall be reopened at an examiner hearing in January, 1966, at which time the operators in the subject pool may appear and show cause why the Osudo-Wolfcamp Pool should not be developed on 40-acre spacing units.

(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 hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JACK M. CAMPBELL, Chairman


E. S. WALKER, Member


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

esr/

GGOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER

P. O. BOX 2082
SANTA FE

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

December 2, 1964

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

Re: CASE NO. 3151
3152
3153
ORDER NO. R-2818, R-2821 & R-2822
APPLICANT JAKE L. 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

ir/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

OTHER

DOCKET MAILED

Date 12-23-64

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 11/25/64

CASE 3152-3153

Hearing Date 9am 11/24/64

DSN @ SF

My recommendations for an order in the above numbered cases are as follows:

Enter an order in each of the subject cases creating the pools and setting out pool rules.

~~The pools~~ The Oseudo-Walfcamp Pool and the Oseudo-Strawn Pool should comprise Lots 5, 6, 11, 12, 13, & 14 of Sec 4 and Lots 8, 9, & 16 of Sec 5, All in Townships 21 S, Rge 35 E, Lea County, N. Mex.

The vertical limits of the Walfcamp Pool should be from 10,140' to 10,390' and the vertical limits of the Strawn Pool should be from 10,400 to 10,710 as depicted on the log of the Jake L. Haman State E-8321 Well No. 1, located in Lot 12 of 4-21S-35E.

Provide 80-acre spacing for 1 yr pd units to be any two contiguous 40 acre tracts within a single quarter section. Wells can be drilled on either 40, but must be within 150' of the center. Second well on unit can be drilled. 80-acre proportional factor both pools is 5.67

[Signature]

Docket No. 32-64

DOCKET: EXAMINER HEARING - TUESDAY - NOVEMBER 24, 1964

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

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

- CASE 3147: Application of Newmont Oil Company for a waterflood expansion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its West Square Lake Waterflood Project by the injection of water into the Grayburg and San Andres formation through 10 wells in Sections 32, 33, and 35, Township 16 South, Range 30 East, and Section 4, Township 17 South, Range 30 East, Eddy County, New Mexico.
- CASE 3148: Application of Newmont Oil Company for a waterflood buffer zone, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks establishment of the NW/4 SE/4 of Section 28, the W/2 SW/4 of Section 33, and the SE/4 NW/4 and SE/4 NE/4 of Section 34, all in Township 16 South, Range 31 East, as a buffer zone adjacent to its Square Lake Waterflood Project, Eddy County, New Mexico.
- CASE 3149: Application of Newmont Oil Company for amendment of Order No. R-2178-B, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an amendment of Order No. R-2178-B to include the S/2 SE/4 of Section 11, Township 18 South, Range 29 East, in Stage I of the Loco Hills Sand Unit Waterflood Project, to approve two Stage I water injection wells in said Section 11, and to include the NE/4 NE/4 of Section 15, Township 18 South, Range 29 East, in Stage III of the waterflood project.
- CASE 3150: Application of California Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Bogle Flats Unit Area comprising 11,091 acres, more or less, of State and Federal lands in Township 22 South, Range 23 East, Eddy County, New Mexico.
- CASE 3151: Application of Jake L. Hamon for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its State E-8321 Well No. 1 located in Unit L of Section 4, Township 21 South, Range 35 East, Lea County, New Mexico, to produce oil from the Wolfcamp and Strawn formations through parallel strings of tubing.
- CASE 3152: Application of Jake L. Hamon for the creation of a new oil pool and for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Wolfcamp production for its State E-8321 Well No. 1 located in Unit L of Section 4, Township 21 South, Range 35 East, Lea County, New Mexico, and for the promulgation of special rules for said pool, including a provision for 80-acre spacing and fixed well locations.

- CASE 3153: Application of Jake L. Hamon for the creation of a new oil pool and for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Strawn production for its State E-8321 Well No. 1 located in Unit L. of Section 4, Township 21 South, Range 35 East, Lea County, New Mexico, and for the promulgation of special rules for said pool, including a provision for 80-acre spacing and fixed well locations.
- CASE 3154: Application of Atlantic Refining Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Culwin Queen Unit Area comprising 820 acres, more or less, of State and Federal lands in Townships 18 and 19 South, Ranges 30 and 31 East, Eddy County, New Mexico.
- CASE 3155: Application of Atlantic Refining Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Shugart Pool in its Culwin Queen Unit Area by the injection of water into the Queen formation through six injection wells in Section 36, Township 18 South, Range 30 East, Section 31, Township 18 South, Range 31 East, Section 1, Township 19 South, Range 30 East, and Section 6, Township 19 South, Range 31 East, Eddy County, New Mexico.
- CASE 3156: Application of Continental Oil Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Cass Pool, Lea County, New Mexico, including a provision for 80-acre spacing and the transfer of allowables.
- CASE 3157: Application of The Pure Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to complete its Red Hills Unit Well No. 1 located 330 feet from the South line and 2310 feet from the East line of Section 32, Township 25 South, Range 33 East, Lea County, New Mexico, as a dual completion (conventional) to produce gas from the Wolfcamp and Pennsylvanian formations through parallel strings of tubing.
- CASE 3158: Application of The Pure Oil Company for the creation of a new gas pool and for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Wolfcamp gas pool for its Red Hills Unit Well No. 1 located 330 feet from the South line and 2310 feet from the East line of Section 32, Township 25 South, Range 33 East, Lea County, New Mexico, and the promulgation of special pool rules including a provision for 640 acre spacing.
- CASE 3159: Application of The Pure Oil Company for the creation of a new gas pool and for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Pennsylvanian gas pool for its Red Hills Unit Well No. 1, located 330 feet from the South line and 2310 feet from the East line of Section 32, Township 25 South, Range 33 East, Lea County, New Mexico, and the promulgation of special pool rules including a provision for 640-acre spacing.

November 24th Examiner Hearing

- CASE 3160: Application of Texaco Inc. for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (tubingless) of its State of New Mexico "R" (NCT-4) Well No. 1 located in Unit C of Section 7, Township 18 South, Range 35 East, Lea County, New Mexico, to produce oil from the Vacuum-San Andres and Vacuum-Abo Reef Pools through parallel strings of 2-7/8 inch casing cemented in a common well bore.
- CASE 3161: In the matter of the hearing called by the Oil Conservation Commission upon its own motion to permit Southern Union Production Company and all other interested parties to show cause why the Robert Mims-State Well No. 1 located in Unit M of Section 16, Township 29 North, Range 9 West, San Juan County, New Mexico, should not be properly repaired or plugged in accordance with a Commission approved plugging program.
- CASE 3162: Application of Continental Oil Company for a waterflood expansion and an administrative procedure, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to convert to water injection its General American Green "B" Wells Nos. 4 and 7, located in Unit H of Section 7 and Unit L of Section 5, respectively, Cave Pool Waterflood Project, Township 17 South, Range 29 East, Eddy County, New Mexico. Applicant further seeks an administrative procedure in exception to Rule 701 whereby additional wells in said project could be converted to water injection prior to receiving response from flooding operations.

3152

PROFITABILITY ANALYSIS
Jake L. Hamon and Perry R. Bass
State "E-8321" No. 1
Section 4, T-21-S, R-35-E
Lea County, New Mexico

WC 7%
22-55%
1.05 BO
57-11%
57%
20-25%
50 BO
50 BO
11.05
J. Vacuum
2750

PARAMETERS:

Item

- (1) Cost to drill and complete dual discovery well to 11,529
(2) Estimated subsequent dual well costs, to tanks:
(3) Estimated recovery per acre foot, Wolfcamp:
(4) Estimated recovery per acre foot, Strawn:
(5) Net Wolfcamp pay thickness: 47 feet
(6) Net Strawn pay thickness: 18 feet
(7) Per acre recovery, Wolfcamp (Item 3 x Item 5): 2350 BO
(8) Per acre recovery, Strawn (Item 4 x Item 6): 900 BO
(9) Estimated oil price per barrel (after lifting costs): \$2.00

\$280,000

\$240,000

50 BO

50 BO

WOLFCAMP ANALYSIS

- (A) 80 Acre Spacing (assigning 1/2 dual well costs to this reservoir):

Estimated recovery = 80 acres x Item (7) 188,000 BO
Gross income = Item (9) x 188,000 \$ 376,000
Net income = \$376,000 - 1/2 Item (1) = 376,000
- 140,000
\$ 236,000

Net income on 80 acre spacing =

- (B) 40 Acre Spacing (assigning 1/2 estimated cost of two dual wells to this reservoir):

Estimated two well recovery = 188,000 BO
Estimated two well cost = 1/2 Item (1) + 1/2 Item (2) = \$ 260,000
Net income = Gross - Cost = 376,000
- 260,000
\$ 116,000

Net income 40 acre spacing =

STRAWN ANALYSIS

- (A) 80 Acre Spacing (assigning 1/2 dual well cost to this reservoir):

Estimated recovery = 80 acres x Item (8) = 72,000 BO
Gross income = Item (9) x 72,000 BO = \$ 144,000
Net income = \$144,000 - 1/2 Item (1) = 144,000
- 140,000
\$ 4,000

Net income on 80 acre spacing =

- (B) 40 Acre Spacing (assigning 1/2 estimated cost of two dual wells to this reservoir):

Estimated two well recovery = 72,000 BO
Estimated two well cost = 1/2 Item (1) + 1/2 Item (2) = \$ 260,000
Net income = Gross - Cost = 144,000
- 260,000
\$ 116,000

Net loss on 40 acre spacing =

DUAL WELL ANALYSIS (WOLFCAMP AND STRAWN)

(A) 80 Acre Spacing: Net income Wolfcamp = \$236,000
Net income Strawn = 4,000
Net income dual well \$240,000

(B) 40 Acre Spacing: Net income, two wells = \$ 240,000
Estimated second well costs = 240,000
Net income two dual wells = \$ 000,000

NEW MEXICO OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

Application of Jake L. Hamon for the creation of a new oil pool for the Osado Wolfcamp production from the Jake L. Hamon State E-8321 No. 1 well located in Section 4, Township 21 South, Range 35 East, N.M.P.M. and for the promulgation of temporary special rules and regulations governing said pool, including provision for 80 acre spacing.

100-2152

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Comes Jake L. Hamon, acting by and through the undersigned attorneys, and hereby makes application for the creation of a new oil pool for the Osado Wolfcamp production from the Jake L. Hamon State E-8321 No. 1 well located in Unit L of Section 4, Township 21 South, Range 35 East, N.M.P.M. and for the promulgation of temporary special rules and regulations governing said pool, including a provision for 80 acre spacing and in support thereof respectfully shows:

1. That there is attached hereto, made a part hereof and for purposes of identification marked Exhibit "A" a plat showing the location of the Jake L. Hamon State E-8321 No. 1 well and the ownership of the oil and gas leases covering the area surrounding said well.

2. That the Jake L. Hamon State E-8321 No. 1 well was commenced on July 5, 1964 and was completed at a total depth of 11,529 feet on October 5, 1964. That said well was dually completed as a well capable of producing in paying quantities from both the Osado Wolfcamp and the Osado Strawn zones or formations, and that it is believed that each of said zones constitutes a separate pool or reservoir. The Osado Wolfcamp producing zone was found at a depth of from 10,203 feet to 10,307 feet.

3. That from the best information available, it is believed that all of Section 4, Township 21 South, Range 35 East, N.M.P.M. will be productive from the Osado Wolfcamp zone above referred to and that said section should be included within the definition of said pool.

4. That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells and to otherwise prevent waste and to protect correlative rights, it is believed to be for the best interests of all concerned to promulgate temporary special rules and regulations providing for the development of said pool on 80 acre spacing units.

5. That because of the character of the Osudo Wolfcamp zone, it is believed that said well will effectively, efficiently and economically drain 80 acres or more, but due to the lack of production history and complete reservoir information, it is believed that it is for the best interests of all concerned that temporary special rules and regulations be established for a one year period in order to allow the operators in the pool to gather reservoir information to conclusively establish the area that can be effectively, efficiently and economically drained and developed by one well.

6. Applicant proposes that the special rules and regulations should provide that each well be located on a standard 80 acre unit comprising the N $\frac{1}{4}$, S $\frac{1}{4}$, E $\frac{1}{4}$ or W $\frac{1}{4}$ of a governmental quarter section and that the first well drilled on every standard or non-standard unit shall be located in the NW $\frac{1}{4}$ or SE $\frac{1}{4}$ of a governmental quarter section and that each such well be located within 200 feet of the center of a governmental quarter section.

7. That it is also proposed that a standard proration unit consist of from 79 to 81 acres and that each unit be assigned an 80 acre proportional factor of 5.67 for allowable purposes and that in the event there is more than one well on an 80 acre proration unit the operator may produce the allowable assigned to the unit from the wells thereon in any proportion.

It is respectfully requested that this matter be set down for hearing at the first examiners hearing after giving notice as required by applicable laws and regulations.

Respectfully submitted,

JAKE L. HAMON

HINKLE, BONDURANT & CHRISTY

BY

BY

P.O. Box 10

Roswell, New Mexico

Attorneys for Jake L. Hamon

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY DAILY COPY, CONVENTIONS

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

January 5, 1966

EXAMINER HEARING

IN THE MATTER OF:

In the matter of Case No. 3152 being re-
opened pursuant to the provisions of Order
No. R-2821, which order established 80-
acre spacing units for the Osudo-Wolfcamp
Pool, Lea County, New Mexico, for a period
of one year.

Case No. 3152

In the matter of Case No. 3153 being re-
opened pursuant to the provisions of Order
No. R-2822, which order established 80-
acre spacing units for the Osudo-Strawn
Pool, Lea County, New Mexico, for a period
of one year.

Case No. 3153

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: We will call next Case 3152.

MR. DURRETT: In the matter of Case No. 3152 being reopened pursuant to the provisions of Order No. R-2821, which order established 80-acre spacing units for the Osudo-Wolfcamp Pool, Lea County, New Mexico, for a period of one year.

MR. NUTTER: And Case 3153.

MR. DURRETT: In the matter of Case No. 3153 being reopened pursuant to the provisions of Order No. R-2822, which order established 80-acre spacing units for the Osudo-Strawn Pool, Lea County, New Mexico, for a period of one year.

MR. NUTTER: Are there any appearances on behalf of anyone concerned with Cases 3152 and 53?

MR. KELLAHIN: Jason Kellahin. I would like to enter an appearance on behalf of Amerada Petroleum Corporation. We will not have any testimony to offer, however.

MR. NUTTER: The original applicant in these cases was Jake Hammon. Is there an appearance for Jake Hammon in these cases? Mr. Kellahin.

MR. KELLAHIN: If the Examiner please, the situation as to this Case 3152, the Osudo-Wolfcamp Pool, apparently development has been completed with the drilling of four wells and the performance data on these wells indicate that none of them will pay out. Amerada's well is probably the best well in the field and will ultimately recover according to

our estimates approximately 55,000 barrels, so even 80-acre spacing on this basis would not be economic.

The well at the present time is on the pump and it is making the 80-acre allowable. It is capable of making slightly on the income, Amerada does ask in the interest of the economic factors involved that the 80-acre proration unit be continued in effect.

MR. NUTTER: To your knowledge there are no further drilling operations contemplated?

MR. KELLAHIN: None are contemplated, and insofar as Amerada knows, none of the other operators contemplate any further drilling either.

MR. NUTTER: Any other appearance to be made in either of these cases?

MR. DURRETT: Mr. Examiner, I might state for the record at this time that the Commission has received a letter from the British American Oil Producing Company which I will read in part. One paragraph reads, "We have no basis for supporting continuation of 80-acre spacing unit. No further development in these two pools is anticipated since the Strawn and Wolfcamp production are producing formations in the area of our leases are definitely non-commercial. If an interested party appears requesting continuation of the spacing

provisions we will have no objection to their request."

MR. NUTTER: Thank you. Anything further in Case 3152 or 3153? We will take the cases under advisement.

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Witness my Hand and Seal this 12th day of January, 1966.

Ada Dearnley
NOTARY PUBLIC

My Commission Expires:

June 19, 1967.

I do hereby certify that the foregoing is a complete record of the proceedings in the hearing of Case No. 3152-3153 heard by me on 1/5, 1966.

Adrian, Examiner
New Mexico Oil Conservation Commission