

CASE 3928: Application of JAKE L.
HAMON for creation of new oil
pool and special pool rules.

Case Number

3928

Application

Transcripts

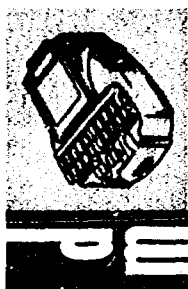
Small Exhibits

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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
November 5, 1969

EXAMINER HEARING

IN THE MATTER OF:)
)
)

Case No. 3928 being reopened pursuant)
to the provisions of Order No. R-3586,) Case No. 3928
which order established 80-acre spacing)
units for the East Shoe Bar-Devonian,)
Lea County, New Mexico, for a period)
of one year.)

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: Case 3928.

MR. HATCH: Case 3928. In the matter of Case No. 3928 being reopened pursuant to the provisions of Order No. R-3586, which order established 80-acre spacing units for the East Shoe Bar-Devonian, Lea County, New Mexico, for a period of one year.

MR. HINKLE: Clarence Hinkle, Hinkle, Bondurant and Christy, Roswell, appearing on behalf of Jake Hammond. We have two witnesses I would like to have sworn.

MR. UTZ: Other appearances in the case? You may stand and be sworn, please.

(Witnesses sworn.)

(Whereupon, Applicant's Exhibits 1 through 6 were marked for identification.)

R. L. SPEARS

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 R. L. Spears, Midland, Texas, Jake L. Hammond.

Q What is your position with Mr. Hammond?

A District geologist.

Q Mr. Hammond is an independent oil operator?

A Yes.

Q Operating in Southeast New Mexico?

A Yes.

MR. UTZ: Spell your last name, please.

THE WITNESS: S-p-e-a-r-s.

Q (By Mr. Hinkle) Have you previously testified before the New Mexico Oil Conservation Commission?

A No.

Q Are you a graduate geologist?

A Yes.

Q Give briefly your educational background and experience as a geologist.

A Graduate from Oklahoma State University in 1951; employed by Sunray Oil Corporation four and one half years; employed by Seaboard Oil Corporation approximately three years at which time they were merged into Texaco Incorporated, and employed by Texaco for approximately ten years; employed by Jake L. Hammond January 1, 1969.

Q During your time of employment with Mr. Hammond, have you made a study of these Shoe Bar-Devonian area?

A Yes, I have.

Q What does that study consist of?

A Consist of subsurface mapping on the Devonian producing formation in the Shoe Bar East Devonian Field and the surrounding fields.

Q Did you participate in the hearing a year ago under which and pursuant to which the order was entered for temporary special pool rules for this field?

A No, I did not.

Q Who testified on behalf of Mr. Hammond at that time?

A Mr. Jim O'Bryan.

Q And is he any longer with Mr. Hammond?

A No longer employed by Mr. Hammond.

Q Have you prepared or has there been prepared under your direction certain exhibits for introduction into this case?

A Yes.

Q Refer to Exhibit 1 and explain what it is and what it shows.

A Exhibit 1 is a general map of the Shoe Bar East Devonian area, Lea County, New Mexico, showing the various

producing fields or abandoned fields in the area of the Shoe Bar East Devonian Field; plus, it shows the leases in the subject area.

Q Do you have any further comments with respect to exhibit?

A No, I don't.

Q Refer to Exhibit No. 2 and explain that to the Commission.

A Exhibit No. 2 is a subsurface structure map of the Shoe Bar East Devonian Field and fields surrounding the Shoe Bar East Devonian Field as contoured on top of the Devonian Formation that is producing in the Shoe Bar East Devonian Field.

Q Have you seen the original structural map that was introduced at the original hearing a year ago in connection with this case?

A Yes, I have.

Q Is this similar to that structure map?

A Very similar. Most of it was taken from this original map.

Q What is the difference between this and the original structure map that was presented at the original

hearing?

A The difference is the tying of the subsurface data that was obtained since the original well -- the discovery well, the State K 33 No. 1 was drilled.

Q Upon what information is this plat made?

A Subsurface and geophysical information.

Q Now, does the plat indicate a faulting condition?

A Yes. It's a normal fault down thrown to the southwest, which is the boundary of the Shoe Bar East Devonian Field.

Q Now, that was shown on the original plat, was it not?

A Yes, it was.

Q In the exact same position?

A The position is changed a little due to the subsurface information obtained, very slightly though.

Q But, this is a correlation of the subsurface information as result of the additional drilling?

A Yes.

Q Now, at the time of the original hearing, how many wells had been drilled?

A One.

Q What well was that?

A That was the State K 33 No. 1, Jake L. Hammond in Section 30.

Q How many wells have been drilled since the original hearing a year ago?

A Four subsequent wells have been drilled.

Q What are those wells? Where are they located?

A The Jake L. Hammond State K 33 No. 2 was drilled as a south offset to the No. 1 K 33, the discovery well; the Jake L. Hammond No. 1 State A 1320, located in Section 31; the Jake L. Hammond State B 2330 No. 1 drilled in Section 31 and west of the State A 1320 and the Humble No. 1 State C J, located in Section 31 and southeast of the Hammond No. 1 State A 1320.

Q Were all those wells completed as producing wells?

A No. Two producers and two dry holes.

Q Which are the dry holes?

A Humble's No. 1 State C J and the Jake L. Hammond B 2330 No. 1.

Q Exhibit No. 2 shows in a dotted line in green. What does that indicate?

A That indicates productive limits of the field.

Q Upon what information is that based?

A Based on the dry holes in the area.

Q What are some of the characteristics of this pool as to whether it's gas solution or whether it's water drive or otherwise?

A This field produces from the Devonian at proximate depth of 13,000 feet. The Devonian in this area is an active water drive reservoir.

Q Do you have any further comments with respect to this exhibit?

A No, I do not.

MR. UTZ: Would you clarify where the Hammond dry hole is?

THE WITNESS: The Hammond dry hole No. 1 B 2330 is located as a west offset to the Jake L. Hammond No. 1 State A 1320; both wells located in the north part of Section 31.

MR. UTZ: The total of three producing wells in the pool at this time?

THE WITNESS: Yes.

MR. UTZ: They all top allowable wells?

THE WITNESS: No, I don't think so.

MR. HINKLE: The next witness will testify as to the production.

MR. UTZ: Are there other questions of the witness? He may be excused.

(Witness excused.)

H. W. 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 H. W. Shaw, Midland, Texas, employed by Jake L. Hammond.

Q What is your position with Mr. Hammond?

A District production superintendent.

Q Have you previously testified before the New Mexico Oil Conservation Commission?

A I have.

Q And your qualifications as a geologist are a matter of record with the Commission?

A As an engineer.

Q Engineer. Have you made a study of the East Shoe Bar Pool?

A I have.

Q What does that study consist of?

A I will start with our Exhibit No. 3 which shows the oil and gas production of each of the three productive wells by months and also the cumulative production of oil and gas for each of the three wells.

Q The State K 33 No. 1, shown on Exhibit 3, was completed in September, 1968?

A That's correct.

Q And this shows the production through September, 1969?

A Yes, sir.

Q Was the production record available at this time for October?

A The figures for production in October had not yet been accumulated.

Q And on the State K 33 No. 2, it wasn't completed until April, 1969; is that right?

A That's correct.

Q And this shows the production through September of that well?

A Yes, sir.

Q And likewise, on State A 1320 No. 1; it was completed in January of 1969?

A Yes, sir.

Q And shows production through September of this year?

A Yes, sir.

Q What is the status of the production of these wells at the present time?

A The State K 33 No. 1 was completed as a flowing well and in June of 1969, however, it required to put it on the pump. As shown by the production figures the amount of oil produced monthly did increase greatly at the time the well was put on the pump, but since has declined.

The State K 33 No. 2 was completed as a pumping well originally, making a large percentage of water. State A 1320 is the only flowing well in the pool and it is still flowing, although the production rate is decreasing.

This -- these wells have a very low gas-oil ratio in the neighborhood of 250 to 300 cubic feet per barrel, which is out of the ordinary actually with the type of production we have, which is 61 gravity crude oil.

However, we have a very active water drive in the field and the flow rate for the State A 1320 is still in the neighborhood of 385 barrels a day at an Artesian type of flow because we do not have enough gas to actually do the lifting from the reservoir.

MR. UTZ: When was the No. 2 converted to pump?

THE WITNESS: State K 33 No. 2 was put on the pump initially.

MR. UTZ: I thought you said it was completed flowing initially?

THE WITNESS: No. K 33 No. 1 was initially completed flowing.

Q (By Mr. Hinkle) And then put on the pump?

A And then put on the pump.

Q Will any of these wells make their allowable at the present time?

A No, sir. They will not make an 80-acre allowable.

Q Now, refer to Exhibit No. 4 and explain what this is and what it shows.

A Exhibit No. 1 shows the monthly production in barrels plotted against time for each of the three producing wells and on each of those three we have injected a decline

curve to the productive limit.

For the State A 1320 the decline curve shows a total production of 290,000 barrels; for the State K 33 No. 1 a total production of 287,500 barrels; and for the State K 33 No. 2 a total production of 89,000 barrels.

Q Based upon this information have you made a study of the economics of this pool?

A I have. Our Exhibit No. 5 shows the actual well costs of the three producing wells, the average of which is shown at the bottom of the exhibit to be \$290,150 per well.

Exhibit No. 6 shows total costs spent in the area, approximate cost so far, including our State B 2330, which was a dry hole. And, I gave it an estimated cost of \$290,000.00. It probably would be a little more than that actually because we attempted a completion in the Pennsylvanian and then later converted it to a salt water disposal well through administrative order of the Commission.

Just for the four wells the approximate investment so far has been \$1,160,000.00. Using figures that I gave you for total estimated recovery allowable oil from Exhibit No. 5 we show a total estimated recovery of 665,500 barrels and using a figure of two dollars per barrel net after

royalty, taxes and lifting costs, this gives a total revenue for the lease of \$1,331,000.00. After deducting our investment, gives a net profit of \$171,000.00 to the operators for the total field, which is a return on investment over a five-year period of 14.74 percent.

Now, that's a total of 14.74 percent, not that much per year.

Q Now, refer back to Exhibit No. 2, which is a structure plat. Do you agree with the productive limits that are shown on this plat?

A Yes, sir.

Q I believe you have already testified that this is a water drive pool?

A It is.

Q In your opinion will the wells that have been drilled within the productive limits effectively and efficiently drain all the productive area?

A Yes, sir.

Q Why do you say that?

A Well, the State K 33 No. 1 and No. 2 together at the present time are producing approximately 300 barrels of salt water per day and on the pump; so, we know that they are fairly close to the outer productive limit of

the field.

The State A 1320, although it is not making any water at the present time, has a production decline and a slight pressure decline at the surface and with the water drive we feel that with the small productive limit of the field, it will drain the area assigned to it.

Q In your opinion would any greater amount of oil be recovered by going back and drilling the undrilled 40-acre location?

A No, sir.

Q In other words, your testimony is that you will recover as much oil with these wells as if you had drilled them all on 40 acres?

A That is correct.

Q What is your recommendation to the Commission with respect to the temporary special pool rules which have been adopted?

A My recommendation is that the temporary 80-acre spacing, which was ordered a year ago, be continued permanently.

Q In your opinion would that be in the interest of conservation, prevention of waste?

A It would.

Q And would be in the interest of protecting correlative rights?

A Yes, sir.

Q Do you have any further comments?

A No, sir.

MR. HINKLE: I believe that's all.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Shaw, do you anticipate any further drilling in this pool?

A No, sir.

Q You don't know whether anybody else --

A So far as we know no one anticipates any.

Humble did drill the diagonal offset to the State A 1320 and the Devonian porosity was below the water level which indicates the limit of the field in that direction.

Our dry hole to the south of our State K 33 No. 2 finds the limit to the south and our geophysical information is what we are using to outline the limits to the north along with a dry hole to the northwest and we do not believe that there are anymore locations which would be productive.

Q With Hammond owning all three wells in the pool, he couldn't very well drain anybody but himself, could he?

A That's correct.

MR. UTZ: Other questions of the witness? He may be excused.

(Witness excused.)

MR. UTZ: Statements in this case?

MR. HATCH: The Commission has received a telegram dated November 4, 1969, re Case 3928. "Getty Oil Company concurs with Jake L. Hammond's proposal that rules provided for the East Shoe Bar-Devonian Pool, Lea County, by Order R-3586."

MR. HINKLE: I might ask him one question here to clarify that telegram.

What is Getty's interest in this pool?

THE WITNESS: Getty is a working interest owner in the pool with Jake L. Hammond as the operator.

MR. HINKLE: And this is a working interest unit in which there are several interested with Mr. Hammond?

THE WITNESS: That is correct.

MR. HINKLE: And Mr. Hammond is the operator of the pool?

THE WITNESS: Yes, sir.

MR. HINKLE: Okay.

MR. UTZ: The case will be taken under advisement.

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STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, GLENDA BURKS, Court Reporter 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.

Glenda Burks
 NOTARY PUBLIC

My Commission Expires:

March 12, 1973

I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the Examiner hearing of Case No. 3928
 heard by me on July 5, 1969.

Theresa W. Examiner
 New Mexico Oil Conservation Commission

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 12, 1968
EXAMINER HEARING

IN THE MATTER OF:

Application of Jake L. Hamon for the
Creation of a new oil pool and for
Special Pool Rules, Lea County,
New Mexico.

) Case No. 3928
)
)
)
)

BEFORE: D. S. NUTTER

TRANSCRIPT OF HEARING

MR. NUTTER: Call Case 3928.

MR. HATCH: Application of Jake L. Hamon for the creation of a new oil pool and for special pool rules, Lea County, New Mexico.

MR. HINKLE: Clarence Hinkle, Hinkle, Bondurant and Christy, appearing on behalf of Jake L. Hamon. We have one witness and three exhibits. I would like to have Mr. O'Brien sworn.

(Witness sworn.)

(Applicant's Exhibits 1, 2 and 3 marked for identification.)

* * * * *

J A M E S R. O ' B R I E N, 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 James R. O'Brien, residence 4417 Story, Midland, Texas, in the employ of Jake L. Hamon, Midland, Texas, as a Geologist.

Q What is your title of employment with Mr. Hamon?

A I am a Geologist.

Q Are you a graduate geologist?

A Yes, I am.

Q Have you previously testified before the Oil Conservation Commission?

A Yes, I have.

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

A Yes, sir, they are.

Q Are you familiar with the application of Jake Hamon in Case 3928?

A Yes, I am.

Q What is Mr. Hamon seeking by this application?

A Mr. Hamon seeks temporary Field Rules caused by the discovery of his State "K-33" Well No. 1 located 1980 feet from the south line and 1980 feet from the west line of Section 30, Township 16 South, Range 36 East, Lea County, New Mexico, with the provision for 80-acre spacing and an 80-acre allowable.

Q These are temporary Rules?

A Temporary Rules.

Q Have you prepared or has it been prepared under your direction certain exhibits to be introduced in this case?

A Yes.

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

A Exhibit No. 1 is simply a field map of the area. We have outlined the various producing fields surrounding Mr. Hamon's discovery with their producing horizons. Also in Sections 30 and 31 of Township 16 South, Range 36 East, we have outlined acreage attendant to the discovery well.

Q The outline you refer to is the outline in yellow?

A Yes, the outline in yellow.

Q Does that outline a working interest unit?

A Yes, it is.

Q Is Mr. Hamon the operator of that unit?

A He is the operator of that unit. Since this particular plat was prepared the southwest quarter of the northwest quarter of Section 31 has been brought into the unit and should be included within the yellow line. It is not on this plat, however.

Q Does this area have an official name as of yet?

A As of yet, no.

Q What do you refer to it as?

A We refer to it as the Shoc Bar East Devonian Area.

Q When was the well started and when was it completed?

A This well was commenced in June of 1968 and it was

completed on September 23, 1968.

Q What was the original objective of the well as far as formations are concerned?

A The original objectives geologically were the Wolfcamp and the Straun.

Q Do you have a Wolfcamp or Straun producer in the area?

A A strong producer was located in the northeast of the northeast of Section 30; it's now abandoned.

Q Did you make a discovery in this well in either the Straun or the Wolfcamp?

A No, we did not.

Q At what formation was the discovery made?

A Our discovery was made from the Devonian.

Q At the approximate depth of what?

A 13,050 feet.

Q Did you make a drillstem test upon entering the formation?

A Yes, in drilling into what should be more specifically called Silero Devonian, we tested rocks below the Woodford formation and encountered porosity lower down into the section. We took a long drillstem test, from 13,038 to 13,080 feet, the tool was open seven and a half hours, and I'll try to minimize this or shorten it as much as possible. On this

particular drillstem test we had gas to the surface in 2 hours, water blanket to the surface in 2 hours and 35 minutes, oil to the surface in 3 hours. We flowed water blanket and oil for 1 hour with no gauge, flowed 33.26 barrels of fluid which was 90% oil and 10% drilling mud in 3 and 1/2 hours. Then the tool was shut in, and we reversed out 58 barrels of oil and 84 and a half barrels of formation water, chloride 17,500 parts per million. We had recovery during the flow test absolutely no formation water at the surface..

Our recovery from the tool was 90 feet of muddy water below the circulating sub, and in the sample chamber we recovered 100 cubic centimeters of water, chlorides 19,000 parts per million, plus 8/10ths of a cubic foot of gas, absolutely no oil. We had shut-in pressures that are normal for this depth in this area for the Devonian.

Q After you completed the well, did you make another potential test of the well?

A Yes, we initially potentialized the Silero Devonian flowing 205.05 barrels of oil plus 88 barrels of water in 24 hours and this is approximately 42% formation water. That was on September 23, 1968 and on October the 9th, 1968, we made application for new allowable.

Q Discovery allowable?

A Well, just a new allowable. We had an increase in daily production in this well. We had to ask for an allowable of 268 barrels of oil and we were making about 26% formation water with this oil. This well is currently producing from the Devonian about 265 barrels of oil plus 17% water, daily.

Q Do you have any other test data with respect to Exhibit No. 1?

A No, sir.

Q Now, refer to Exhibit No. 2 and explain to the Commission what this is and what it shows.

Q Exhibit No. 2 is a Devonian, or more specifically a Silero Devonian structural map, on 1 to 2,000 inch scale, contour interval, 100 feet. This shows the subsurface Silero Devonian contours using the available deep control in this area.

Q Upon what information was this map or plat based?

A This map was based on the subsurface data in the area, correlated to existing seismic or geophysical data as we know it. The discovery well is indicated in Section 30, the Devonian, the top of the Devonian, at minus 9,051, the red line following the minus 9100 foot contour line is our indicated oil-water contact minus 9101. This is, or has been,

determined by electric log analysis and we believe we have it pinned down to within five or ten feet.

Q Does this plat, Exhibit No. 2, show any faults in the area?

A Yes, we have indicated a northwest-southeast trending fault that would cut the Devonian level. It cuts through Section 31 and through a portion of our acreage in Section 31.

Q This would definitely separate this area from the Shoe Bar Area?

A Very definitely, we are separated. I am not positive what the oil-water contact was in the Shoe Bar Devonian, but I do know that our producing well is below that oil-water contact in that field which is currently abandoned.

Q Are the faults which are shown on Exhibit 2 pretty well defined by the seismic work that has been performed there?

A Yes, they are.

Q Are you drilling, or do you contemplate drilling any additional wells in the area?

A We are currently drilling the Jake L. Hamon State "A-1320" No. 1 in Section 31, 16 South, 36 East. Its footage location is 510 feet from the north line and 1980 feet

from the east line of that section in the northwest of the northeast quarter.

Q Is that well shown on Exhibit 2?

A It is not shown permanently, it might be penciled on their plats. That well was commenced after these plats were made.

Q What is the well currently drilling at?

A We're just drilling out from below the intermediate casing somewhere below 4950 feet.

Q Of course the objective of that is the Devonian Formation?

A The objective is the Devonian Formation. We propose to drill to 13,100 or 200 feet, depending on the structural position.

Q Is your second well located on what would be a standard 80-acre proration unit if special field rules are adopted providing for 80-acre spacing?

A Yes, it is. I would like to make one other point on this plat and that is that having the oil-water contact indicated as we have, the relative size of this particular Devonian structure indicates that it is a small structure and subsequent wells will have to be drilled updip --

Q Which would be to the south?

A -- from the discovery well, which would be toward the south, yes.

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

A No.

Q Now, refer to Exhibit No. 3 and explain what this exhibit is.

A Exhibit No. 3 is a north to south structural cross-section with the discovery well being indicated by the center log of the three logs on the cross-section. This particular cross-section is hung on a subsea datum of minus 8,000 feet.

Q The area that the cross-section follows is shown on the insert plat on Exhibit 3?

A It is shown on the insert plat, the cross-section commences from the left, in the Stanolind A. C. State No. 1 northeast southwest of Section 31, proceeds to the discovery well under question and on the right-hand side the northernmost well is the Union Oil Company Spires No. 1-30 located in the northwest northwest of Section 30.

Q What does this Exhibit 3 show?

A The Exhibit 3 principally shows that faulting can be seen in the subsurface between the Jake Hamon discovery well and the Stanolind State A. C. No. 1 well. There is a

considerable amount of thickening in the Atoka Formation that cannot be correlated, or could not be correlated, normally by any other means than using a fault to explain it. This particular fault is analagous to one on the west side of Shoe Bar. The cross-section also indicates the perforated interval on the discovery well at 13,050 and 13,058 feet and our current flowing potential on the discovery well, as well as the oil-water contact indicated at minus 9101 in the discovery well.

Q You have indicated that these wells are a little over 13,000 feet deep. Do you have any idea of the approximate cost, or whether they are pretty expensive to drill and complete in the area?

A Yes, completed well costs are fairly high. They will exceed a quarter of a million dollars per well.

Q Was the Shoe Bar Field which you have testified to in the area, the other Shoe Bar Field, an economical field, did it ever pay out?

A To the best of my knowledge, not having the well costs and completion costs in the Shoe Bar Field, I can't specifically state, but that field with six or seven producing wells, produces less than 1 million barrels of oil, from the available data, from the Devonian Formation before it was

plugged out.

Q So the economics are not too good as far as that area is concerned?

A That's true.

Q Do you anticipate here that one well will effectively and efficiently drain 80 acres or more?

A Yes.

Q That has been pretty well demonstrated in comparagle Devonian Fields in the area?

A Yes.

Q Do you anticipate that within a year you will have additional information which you will be able to show to the Commission, that one well will effectively and efficiently drain such 80-acres?

A Yes, we will have.

Q At that time you will have more producing history with respect to this area?

A Yes, we will have; we hope to have.

Q In your opinion would the adoption of special field rules providing for 80-acre spacing, 80-acre proration units, prevent the drilling of unnecessary wells and be in the interest of conservation and prevention of waste?

A Yes, it would, in my opinion.

Q Also in the interest of protection of correlative rights?

A Yes.

Q What type of special field rules, if any, or any recommendations you have with respect to the special field rules, to be adopted?

A We would like to ask for an adoption of 80-acre spacing with the proration unit consisting of either the north half, the south half, the east half or the west half of any governmental quarter section with the permission to drill in either 40-acre component, and 150 foot tolerance from the center of that 40-acre component.

Q Both the wells, that is the one that you have completed and the one that you are now drilling, would conform?

A With that spacing pattern, yes, sir.

Q Have you been in touch with all of the owners of acreage in the immediate area that might be affected by the adoption of special field rules?

A Yes, we have.

Q Have you had any objection to the adoption of your proposed rules?

A We have had no objection, only favorable comments.

Q Do you know whether or not any of the companies

which are involved have made any comments or written to the Commission with regard to this case?

A To my knowledge, the Ralph Lowe Estate, the Humble Oil and Refining Company have addressed the Commission by telegram or letter as proponents for our case here, and we have other interested companies present at the hearing today, I believe, who would like to make a statement.

MR. HINKLE: We would like to offer in evidence Exhibits 1, 2 and 3.

MR. NUTTER: Hamon's Exhibits 1 through 3 will be admitted in evidence.

(Whereupon, Hamon's Exhibits 1, 2 and 3 offered and admitted in evidence.)

MR. HINKLE: That's all the direct examination.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. O'Brien, I presume this is a water drive in this reservoir, or do you know yet?

A I don't know yet.

Q You do have a water-oil contact fairly well established?

A Yes.

Q Most of the Devonian Reservoirs in Southeast New

Mexico, or Northern Lea County, are water drive reservoirs, arent they?

A Yes, sir, they are.

Q So the presumption might be that this would also be a water driven?

A The presumption is yes; this well was initially completed on a half inch choke with 40 pounds tubing pressure. The obvious decrease in water percentages that we're making on production and the increases in oil percentage is anomalous to a strong water drive, from my experience.

Q Now, you show on your cross-section on the IP that the gas-oil ratio was 680 to 1. How is the gas-oil ratio holding?

A We have only taken two tests to my knowledge on the gas-oil ratio. It's holding about the same.

Q Do you know whether this reservoir is similar to any reservoir that the Commission has approved 80-acre spacing for, and if so, which one?

A Sir, I would like to make a statement. I looked for and could not find, prior to coming up here, field rules for the Shoe Bar. I was remiss in not getting those. I believe the Bough-Devonian Field in North Lea County which produces from the Silerian Reservoir which I believe this

reservoir really is, is very similar to this in nature and it has 80-acre spacing.

Q And that's the only one that you know of that is similar? Now is this Bough-Devonian that you are referring to --

A Pardon me, sir, the Vacuum-Devonian is one also.

Q Are these Devonian pools that you are referring to Devonian pools in which there's just a small amount of pay in the top of the Devonian that is productive like this one is, or would they be the massive Devonian type of reservoir such as Denton or some of the others?

A No, they wouldn't be the massive. We honestly don't have enough data on this particular reservoir to correlate it specifically to another pre-Woodford Field, if you can follow me there.

Q This is different than the so-called massive-type Devonian pools that we have down there?

A I believe it is, yes, sir.

Q If you had gone much farther down into the formation with your perforations here, you would have been down into the water.

A We would have been below the water. The bottom of our perforations are five feet above our indicated water-oil

contact.

Q What are the surface elevations so we can correlate these perforations with the subsea level. You can just give me your perforations, if you have them, on subsea basis; you have 13,050.

A Yes, sir, I have those, our perforations are 13,050, 13,058 that correlates to a subsea depth of minus 9,088, minus 9,096.

Q 88 to 96?

A Yes, the apparent effective perforations are the bottom two feet.

Q And 9101 is your water-oil contact?

A 9101 is the water-oil contact, yes, sir.

MR. NUTTER: Are there any other questions of the witness? He may be excused.

(Witness excused)

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

MR. HINKLE: No, but I think there are several people here who would like to make a statement.

MR. KREUZ: Yes, I'd like to make a statement on behalf of Mobil Oil Corporation. My name is C. R. Kreuz, spelled, K-r-e-u-z; Mobil as an operator in the subject area, supports and recommends approval of Mr. Hamon's application,

including the provision for 80-acre proration units.

MR. COON: John A. Coon, on behalf of Getty Oil Company, Midland, Texas. I have appeared before the Commission and my qualifications are on record. Getty Oil Company has approximately 1,120 acres interest in this amount of acreage in the immediate vicinity of Mr. Hamon's well. We agree with the testimony that has been presented, and we support Mr. Hamon's request for these special field rules. From our knowledge, we are of the opinion that this reservoir can be adequately drained by this 80-acre spacing and we approve of the field rules.

MR. NUTTER: Thank you.

MR. HINKLE: I think there were some communications to the Commission.

MR. HATCH: The Commission has received communication from Ralph Lowe Estate in support of the application and communication from Humble Oil and Refining and Union Oil of California offering no objection to the application.

MR. NUTTER: Thank you. Anyone else have anything in 3928? We will take the case under advisement.

I N D E X

WITNESS		PAGE
JAMES A. O'BRIEN		2
Direct Examination by Mr. Hinkle		14
Cross Examination by Mr. Nutter		
EXHIBITS	MARKED	OFFERED AND ADMITTED
Applicant's 1, 2, 3	2	14

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

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

WITNESS my hand this 21st day of November, 1968.

Ada Dearnley
I do hereby certify that the foregoing is
a complete record of the proceedings of
the Bernalillo hearing of Case No. 3928
heard by me on 11/12 1968.
[Signature]
New Mexico Oil Conservation Commission

State of New Mexico
Oil Conservation Commission



P. O. BOX 2088
SANTA FE

November 21, 1968

Re: Case No. 3928
Order No. R-3586

DOCKET MAILED Applicant:

Date 10-24/69 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

Carbon copy of order also sent to:

Hobbs OCC x
 Artesia OCC _____
 Aztec OCC _____
 Other _____

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE No. 3928
Order No. R-3586-A

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 5, 1969,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 10th day of November, 1969, 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-3586, dated November 21, 1968,
temporary Special Rules and Regulations were promulgated for the
East Shoe Bar-Devonian Pool, Lea County, New Mexico, establishing
80-acre spacing units for a period of one year.

(3) That pursuant to the provisions of Order No. R-3586,
this case was reopened to allow the operators in the subject pool
to appear and show cause why the East Shoe Bar-Devonian Pool
should not be developed on 40-acre spacing units.

(4) That the evidence establishes that one well in the
East Shoe Bar-Devonian Pool can efficiently and economically
drain and develop 80 acres.

(5) That the Special Rules and Regulations promulgated by
Order No. R-3586 have afforded and will afford to the owner of
each property in the pool the opportunity to produce his just
and equitable share of the oil in the pool.

-2-

CASE No. 3928

Order No. R-3586-A

(6) 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, the Special Rules and Regulations promulgated by Order No. R-3586 should be continued in full force and effect until further order of the Commission.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the East Shoe Bar-Devonian Pool, Lea County, New Mexico, promulgated by Order No. R-3586, are hereby continued in full force and effect until further order of the Commission.

(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


DAVID F. CARGO, Chairman


ALEX J. ARMILLO, Member


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


esr/

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. 3928
Order No. R-3586
NOMENCLATURE

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 12, 1968, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 21st day of November, 1968, 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 Devonian production in Lea County, New Mexico, and the promulgation of special rules and regulations governing said pool, including a provision for 80-acre spacing units.

(3) That the Jake L. Hamon State "K-33" Well No. 1, located 1980 feet from the South line and 1980 feet from the West line of Section 30, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico, having its top perforations at 13,050 feet, has discovered a separate common source of supply which should be designated the East Shoe Bar-Devonian Pool; that the vertical

-2-

CASE No. 3928
Order No. R-3586

limits of said pool should be the Devonian formation; that the horizontal limits of said pool should be the SW/4 of the aforesaid Section 30.

(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 East Shoe Bar-Devonian 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 November, 1969, at which time the operators in the subject pool should be prepared to appear and show cause why the East Shoe Bar-Devonian 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 Devonian production, is hereby created and designated the East Shoe Bar-Devonian Pool, with vertical limits comprising the Devonian formation, and horizontal limits comprising the SW/4 of Section 30, Township 16 South, Range 36 East, NMPH, Lea County, New Mexico.

(2) That temporary Special Rules and Regulations for the East Shoe Bar-Devonian Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
EAST SHOE BAR-DEVONIAN POOL

RULE 1. Each well completed or recompleted in the East Shoe Bar-Devonian Pool or in the Devonian formation within one mile thereof, and not nearer to or within the limits of another designated Devonian 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, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. 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 location shall be notified of the application by

-4-

CASE No. 3928

Order No. R-3586

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 operators offsetting the proposed location or if no objection to the unorthodox location has been entered 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 9.0 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.

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 the locations of all wells presently drilling to or completed in the East Shoe Bar-Devonian Pool or in the Devonian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before December 1, 1968.

(2) That each well presently drilling to or completed in the East Shoe Bar-Devonian Pool or in the Devonian formation within one mile thereof shall receive a 40-acre allowable until a Form C-102 dedicating 80 acres to the well has been filed with the Commission.

(3) That this case shall be reopened at an examiner hearing in November, 1969, at which time the operators in the subject pool may appear and show cause why the East Shoe Bar-Devonian 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.


--5--


CASE No. 3928
Order No. R-3586

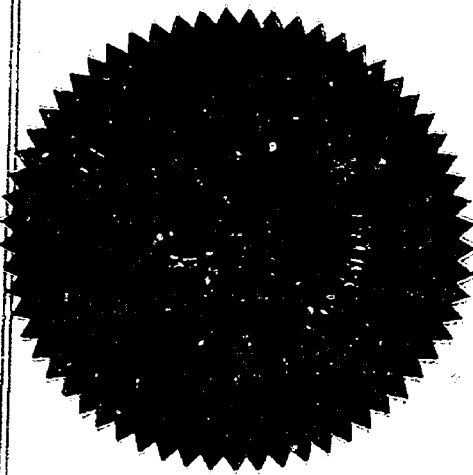
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


GORTON B. HAYS, Member


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



esr/

3928,

Heard. 11-5-69

Rec. 11-5-69

Grant Lake S. Hamour,
request for a permanent
order for R-3586 in the
E. Shore Bar - Her. oil pool.
This pool appears to be
fully developed with 3 wells.
It is a water drive pool
and appears that it will
easily drain 80 Ac.

Shute



Telegram

LA020 NSC091
NS MDA045 RS PD=MIDLAND TEX 4 1010A CST=

pc 2
Nov 4 1969
1969 NOV 4 AM 9:36

A L PORTER SEC DIR
NM OIL CONSERV CMMM= SANTA FE NMEX=1
RE RULES REVIEW CASE 3928 REOPENE DEAST SHOE BAR DEVONIAN
POOL •

GETTY OIL CONCURS WITH J L HAMMONDS PROPOSAL
THAT RULES PROVIDED FOR THE EAST SHOE BAR DEVONIAN POOL
LEA CO BY ORDER R-3586
J E PIERCE MIDLAND DIST MGR BOX 1231

3928 R-3586 1231.

Docket No. 20-69

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 5, 1969

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 4243: Application of Mobil Oil Corporation for downhole commingling,
Lea County, New Mexico. Applicant, in the above-styled
cause, seeks authority to commingle production from the Vacuum-
Upper Pennsylvanian Pool and the Vacuum-Middle Pennsylvanian
Pool in the wellbore of its Bridges State Well No. 121 located
in Unit L of Section 13, Township 17 South, Range 34 East,
Lea County, New Mexico.

CASE 4244: Application of Gulf Oil Corporation for an amendment to Order
No. R-1084, Lea County, New Mexico. Applicant, in the above-
styled cause, seeks the amendment of Order No. R-1084 to
permit the simultaneous dedication of the 480-acre non-standard
gas proration unit established by said order to its H. T.
Mattern (NCT-E) Wells No. 10 and 11 located, respectively, 660
feet from the South line and 1980 feet from the West line of
Section 1 and 1980 feet from the East line and 660 feet from
the North line of Section 12, both in Township 22 South,
Range 36 East, Eumont Gas Pool, Lea County, New Mexico.
Applicant further seeks authority to produce the allowable
assigned to said unit from either of the aforesaid wells in
any proportion.

CASE 3889: In the matter of Case No. 3889 being reopened pursuant to the
provisions of Order No. R-3585, which order established
160-acre spacing units and 160-acre proportional factors of
4.77 for the Middle Allison-Pennsylvanian Pool, Lea and
Roosevelt Counties, New Mexico, for a period of one year.
All interested parties may appear and show cause why said
pool should not be developed on less than 160-acre spacing
and why the 160-acre proportional factor of 4.77 should or
should not be retained.

CASE 4245: Application of Texas Pacific Oil Company, Inc., for several
non-standard gas proration units, Lea County, New Mexico.
Applicant, in the above-styled cause, seeks the dedication
and rededication of certain acreage and the establishment of
the following non-standard gas proration units in Townships
22 and 23 South, Range 36 East, Jalmat Gas Pool, Lea County,
New Mexico:

November 5, 1969, Examiner Hearing

-2-

Docket No. 30-69

A 160-acre unit comprising the W/2 SE/4 and the E/2 SW/4 of Section 8, Township 22 South, Range 36 East, to be dedicated to the State "A" a/c-2 Well No. 56 located in Unit J of said Section 8;

A 200-acre unit comprising the NW/4 and the NW/4 SW/4 of Section 11, Township 22 South, Range 36 East, to be dedicated to the State "A" a/c-2 Well No. 42 located in Unit E of said Section 11;

A 280-acre unit comprising the SE/4, S/2 SW/4, and the NE/4 SW/4 of Section 11, Township 22 South, Range 36 East, to be dedicated to the State "A" a/c-2 Well No. 36 located in Unit M of said Section 11;

A 200-acre unit comprising the N/2 NE/4, the SE/4 NE/4, and the NE/4 NW/4 of Section 15 and the SE/4 SW/4 of Section 10, Township 23 South, Range 36 East, to be dedicated to the State "A" a/c-1 Well No. 31 located in Unit H of said Section 15;

A 160-acre unit comprising the S/2 NW/4, SW/4 NE/4 and the NW/4 NW/4 of Section 15, Township 23 South, Range 36 East, to be dedicated to the State "A" a/c-1 Well No. 33 located in Unit F of said Section 15;

A 240-acre unit comprising the SW/4 of Section 3 and the N/2 NW/4 of Section 10, Township 23 South, Range 36 East, to be dedicated to the State "A" a/c-1 Well No. 35 located in Unit L of said Section 3;

A 160-acre unit comprising the S/2 NW/4 and N/2 SW/4 of Section 10, Township 23 South, Range 36 East, to be dedicated to the State "A" a/c-1 Well No. 37 located in Unit F of said Section 10.

CASE 4246: Application of Humble Oil & Refining Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from 3860 feet to 4020 feet in its New Mexico "S" State Well No. 26 located in Unit L of Section 2, Township 22 South, Range 37 East, South Eunice-San Andres Pool, Lea County, New Mexico.

CASE 3928: (Reopened)

In the matter of Case No. 3928 being reopened pursuant to the provisions of Order No. R-3586, which order established 80-acre spacing units for the East Shoe Bar-Devonian, 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 4247: Application of J. J. Travis for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the North Shugart Queen Unit Area comprising 520 acres, more or less, of federal lands in Sections 20, 21, and 28, Township 18 South, Range 31 East, Shugart (Yates-Seven Rivers-Queen-Grayburg) Pool, Eddy County, New Mexico.

CASE 4248: Application of J. J. Travis for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in his North Shugart Queen Unit Area by the injection of water into the Queen formation through nine wells at orthodox and unorthodox locations in Sections 20 and 21, Township 18 South, Range 31 East, Shugart (Yates-Seven Rivers-Queen-Grayburg) Pool, Eddy County, New Mexico. Applicant further seeks a procedure whereby additional injection wells at orthodox and unorthodox locations may be approved administratively.

CASE 4249: Application of Tenneco Oil Company for amendment of Order No. R-3822 and off-lease storage, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks amendment of Order No. R-3822, which order pooled all mineral interests in the Basin-Dakota Gas Pool underlying the N/2 of Section 11, Township 29 North, Range 13 West, San Juan County, New Mexico, to form a 320-acre gas proration unit dedicated to a well to be drilled at an unorthodox location 2250 feet from the North line and 600 feet from the East line of said Section 11. Applicant now seeks amendment of said order to permit the drilling of said well at a point 2390 feet from the North line and 275 feet from the East line of said Section 11. Applicant further seeks authority to transport, prior to measurement, to another lease for storage the liquid hydrocarbons produced by the subject well.

CASE 3455: (Reopened):

In the matter of Case No. 3455 being reopened pursuant to the provisions of Order No. R-2565-B, which order, among other things, established 320-acre spacing units for the West Puerto Chiquito-Mancos Oil Pool, Rio Arriba County, New Mexico, for a period of three years. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

November 5, 1969, Examiner Hearing

Docket No. 30-69

-4-

CASE 4250: Application of McCrary & Franklin for 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 and Lovington sands through their Shipley Well No. 2 located in Unit K of Section 3, Township 17 South, Range 29 East, Square Lake Pool, Eddy County, New Mexico.

CASE 4251: Application of Kersey & 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 Queen formation through its Welch Well No. 2 located in Unit G of Section 4 and its Welch Well No. 4 located in Unit C of Section 4, both in Township 19 South, Range 31 East, Shugart Pool, Eddy County, New Mexico.

CASE 4220: (Continued from the October 8, 1969, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit E. P. Campbell, and all other interested parties to appear and show cause why the E. P. Campbell Christmas Well No. 1 located in Unit C of Section 6, Township 23 South, Range 36 East, Jalmat Pool, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

TENNECO OIL COMPANY

NOV 3 1969

A Major Component of Tenneco Inc.
P.O. BOX 1031 • 1800 WILCO BUILDING • MIDLAND, TEXAS 79701



October 30, 1969

AM

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

Attention: Mr. Elvis A. Utz,
Examiner

RE: Case 3928 - East Shoebar-
Devonian, Lea County, New
Mexico

Gentlemen:

Please be advised that Tenneco Oil Company, as an offset lease
owner in the subject field, supports permanent 80-acre spacing
for the Devonian reservoir.

Yours very truly,

TENNECO OIL COMPANY

F. J. McDonald
F. J. McDonald
District Production Superintendent

RDC:DR

CLASS OF SERVICE

This is a fast message unless its deferred character is indicated by the proper symbol.

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination

WESTERN UNION TELEGRAM

W. P. MARSHALL
CHAIRMAN OF THE BOARD

R. W. McFALL
PRESIDENT

SYMBOLS

DL=Day Letter
NL=Night Letter
LT=International Letter Telegram

LA032 SSE126
L RWA014 PD=ROSWELL NMEX 11 1046A MST=
NEW MEXICO OIL CONSERVATION COMMISSION=
12 8 HW STATE LAND OFFICE BLDG SANTA FE NMEX=
RE CASE 3928 EXAMINER HEARING NOV 12 1968 UNION OIL CO
OF CALIFORNIA DOES NOT OBJECT TO ADOPTION OF 80 ACRE
PRORATION UNITS BEING REQUESTED BY JAKE L HAMON IN THE
VICINITY OF HIS STATE "K"-33 WELL NUMBER ONE LOCATED
SECTION 30 TOWNSHIP 16 SOUTH RANGE 36 EAST LEA COUNTY
NEW MEXICO=
UNION OIL CO OF CALIFORNIA W M STANLEY DISTRICT
LANDMAN=
3928 12 1968 80 "K"-33 30 16 36=
THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

(1048)•

1968 NOV 11 AM 11 00

WU1201 (11-2-65)

HUMBLE OIL & REFINING COMPANY

MAIN OFFICE 0000
MIDLAND, TEXAS 79701
November 7, 1968
PH 1 03

PRODUCTION DEPARTMENT
SOUTHWESTERN DIVISION
C. A. LANGNER
OPERATIONS MANAGER

POST OFFICE BOX 1600

Yes - please note
16
Shoe Bar East Devonian Pool
Section 30, T-15-S, R-36-E
Lea County, New Mexico

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

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

Gentlemen:

Humble, as an offset owner of acreage to Jake L. Hamon's Shoe Bar East Devonian Pool oil production, has no objection to their planned request for 80-acre spacing for this pool. It is understood that this request will be made at the hearing on November 11, 1968, in Santa Fe, New Mexico.

12th
Yours very truly,

C. A. Langner
C. A. LANGNER

HNR:csd

cc: Mr. Jake L. Hamon

GRS
file in case
3928

Ralph Lowe Estate

Phone MU 4-7447

Box 832

Midland, Texas 79701

November 4, 1968

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

Gentlemen:

The Ralph Lowe Estate as a working interest partner with
Mr. Jake L. Hamon in the Shoe Bar East Devonian Field, Section 30,
T-16-S, R-36-E, Lea County, New Mexico, strongly supports the
request for 80 acre spacing in Case No. 3928.

Very truly yours,

RALPH LOWE ESTATE

Harvin L. Landua
Harvin L. Landua
Co-Executor

HLL:bh

cc: Mr. Clarence Hinkle
Roswell, New Mexico

Mr. A. C. Elliott
c/o Jake L. Hamon
Vaughn Bldg.
Midland, Texas

Docket No. 33-68

DOCKET: EXAMINER HEARING - TUESDAY - NOVEMBER 12, 1968

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 3927: Application of Gulf Oil Corporation for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a producing oil well at an unorthodox location 5 feet from the North line and 1,315 feet from the West line of Section 33, Township 19 South, Range 35 East, as an infill well in the West Pearl Queen Unit Waterflood Project, Pearl-Queen Pool, Lea County, New Mexico.

CASE 3928: 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 Devonian oil pool for its State "K-33" Well No. 1 located 1980 feet from the South and West lines of Section 30, Township 16 South, Range 36 East, Lea County, New Mexico, and for the promulgation of special rules therefor including a provision for 80-acre proration units.

CASE 3929: Application of Leonard Latch for three waterflood projects, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute three waterflood projects by the injection of water into the Yates formation through five wells on his Saunders A, B, and Travis leases located in Sections 12 and 13 of Township 17 South, Range 27 East, Empire (Yates-Seven Rivers) Pool, Eddy County, New Mexico.

CASE 3930: Application of Pan American Petroleum Corporation for a dual completion and water injection, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Meyers "B" Federal Well No. 4 located in Unit E of Section 21, Township 24 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the perforated interval 2950 feet to 3090 feet, Jalmat Gas Pool, and the injection of water for secondary recovery purposes into the Seven Rivers-Queen formations, Langlie-Mattin Pool, in the open-hole interval from 3295 feet to 3650 feet through parallel strings of tubing.

CASE 3931: Application of Pan American Petroleum Corporation for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the interval from 4239 feet to 4389 feet in its Farrell Federal Well No. 10 located in Unit F of Section 28, Township 7 South, Range 33 East, and in

November 12, 1968
Examiner Hearing

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Docket No. 33-68

(Case 3931 continued)

the interval from 4402 to 4422 feet in its State "DF" Well No. 1 located in Unit I of Section 25, Township 7 South, Range 33 East, Chaveroo-San Andres Pool, Roosevelt County, New Mexico.

CASE 3932:

Application of Pan American Petroleum Corporation for down-hole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Justis-Blinbry and Justis-Fusselman Pools in the wellbore of its State "AJ" Well No. 6 located in Unit M of Section 30, Township 25 South, Range 38 East, Lea County, New Mexico, with the provision that no more than one single allowable will be produced from said well.

CASE 3933:

Application of Texaco, Inc., for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot waterflood project by the injection of water into the Drinkard formation through its C. H. Lockhart Federal NCT Well No. 8 located in Unit P of Section 18, Township 22 South, Range 38 East, Drinkard Pool, Lea County, New Mexico. Applicant further seeks a procedure whereby said project may be expanded administratively without a showing of a well response.

CASE 3934:

Application of Texaco Inc., 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 Drinkard formation through the Drinkard string of its multiple completed (tubingless) V. M. Henderson Well No. 8 located in Unit E of Section 30, Township 21 South, Range 37 East, Drinkard Pool, Lea County, New Mexico.

CASE 3935:

Application of Sinclair Oil Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot waterflood project by injection of water into the Yates and Seven Rivers formations through its B Davis Well No. 1 located 330 feet from the South and West lines of Section 34, Township 23 South, Range 36 East, Jalmat Pool, Lea County, New Mexico.

November 12, 1968

Examiner Hearing

-3-

Docket No. 33-68

CASE 3936: Application of Tenneco Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates and Seven Rivers formations in the perforated interval from approximately 2920 feet to 3134 feet in its E. J. Wells Well No. 2 located in Unit G of Section 12, Township 25 South, Range 36 East, Jalmat Pool, Lea County, New Mexico.

CASE 3937: Application of Anadarko Production Company for an amendment to Order No. R-2977, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-2977, as corrected by Order No. R-2977-A, which authorized a cooperative waterflood project in the Square Lake Pool, Eddy County, New Mexico, to delete the water injection well previously authorized to be drilled 2630 feet from the South line and 2650 feet from the East line of Section 31, Township 16 South, Range 31 East, and to authorize for water injection its Grier Federal Well No. 6 located 1980 feet from the South and East lines of said Section 31.

CASE 3938: Application of Aztec Oil & Gas Company for compulsory pooling and a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying Lots 6, 7, NE/4 SW/4, and SE/4 SW/4 of Section 6, Township 29 North, Range 10 West, Aztec-Pictured Cliffs Gas Pool, San Juan County, New Mexico. Said non-standard unit to be dedicated to a well to be drilled 1830 feet from the South line and 1530 feet from the West line of said Section 6. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 3939: Application of Aztec Oil & Gas Company for four unorthodox gas well locations, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of unorthodox Blanco-Mesaverde Gas Pool locations for four wells located as follows:

SAN JUAN COUNTY, NEW MEXICO

Township 30 North, Range 11 West

Hampton Well No. 4 - 1,140 feet from the West line
and 970 feet from the North line
of Section 13

November 12, 1968
Examiner Hearing
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Docket No. 33-68

(Case 3939 continued)

Township 31 North, Range 12 West
Richardson Well No. 7 - 1,584 feet from the East line
and 1,621 feet from the South line
of Section 15

East Well No. 10 1,770 feet from the North line
and 790 feet from the West line of
Section 26

East Well No. 8 790 feet from the South and East
lines of Section 26.

CASE 3940:

Application of Shell Oil Company for an amendment to Order No. R-2808, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-2808 to permit the dedication of a non-standard proration unit authorized therein to its Livingston Wells Nos. 7 and 2 located in Units V and W, respectively, of Section 3, Township 21 South, Range 37 East, Tubb Gas Pool, Lea County, New Mexico. Applicant further seeks authority to produce the allowable assigned to said unit from either of the aforesaid wells in any proportion.

CASE 3941:

Application of Agua, Inc., for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, proposes to dispose of produced salt water into the San Andres formation in the open-hole interval between the casing shoe set at 2050 feet and a cement plug at 5400 feet after cleaning out and acidizing the well between 2050 feet and 3600 feet in its Empire-Abo SWD Well No. 01, formerly the Humble Federal Empire-Abo Well No. 3, located in Unit O of Section 1, Township 18 South, Range 27 East, Empire-Abo Field, Eddy County, New Mexico.

CASE 3942:

Application of Cities Service Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates and Seven Rivers formations in the perforated interval from approximately 3790 feet to 3834 feet in its Closson "B" Well No. 18 located in Unit M of Section 19, Township 22 South, Range 36 East, Jalmat Pool, Lea County, New Mexico.

November 12, 1968
Examiner Hearing

Docket No. 33-68

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- CASE 3943: Application of Continental Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Lynn A-28 Well No. 5, located in Unit A of Section 28, Township 23 South, Range 36 East, Lea County, New Mexico, in such a manner as to produce gas from the Yates formation of the Jalmat Gas Pool through the casing-tubing annulus and to dispose of produced salt water through tubing into the Seven Rivers formation of said pool in the interval from 3340 to 3374 feet.
- CASE 3944: Application of Sun Oil Company for a pressure maintenance project, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project in its James McFarland Lease by the injection of water into the San Andres formation through its James McFarland Well No. 4 located in the NW/4 SW/4 of Section 20, Township 7 South, Range 33 East, Chaveroo-San Andres Pool, Roosevelt County, New Mexico. Applicant further seeks the promulgation of special rules to govern operation of said pressure maintenance project.
- CASE 3945: Application of Mobil Oil Corporation for lease commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Vacuum Grayburg-San Andres production from its State "G" lease comprising the W/2 NE/4 and SE/4 NE/4 of Section 24, Township 17 South, Range 34 East, Lea County, New Mexico, with Vacuum Grayburg-San Andres production from that portion of its Bridges State lease comprising the W/2 of said Section 24, allocating the production to each lease on the basis of monthly well tests.

November 12, 1968
Examiner Hearing

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Docket No. 33-68

CASE 3943:

Application of Continental Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Lynn A-28 Well No. 5, located in Unit A of Section 28, Township 23 South, Range 36 East, Lea County, New Mexico, in such a manner as to produce gas from the Yates formation of the Jalmat Gas Pool through the casing-tubing annulus and to dispose of produced salt water through tubing into the Seven Rivers formation of said pool in the interval from 3340 to 3374 feet.

CASE 3944:

Application of Sun Oil Company for a pressure maintenance project, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project in its James McFarland Lease by the injection of water into the San Andres formation through its James McFarland Well No. 4 located in the NW/4 SW/4 of Section 20, Township 7 South, Range 33 East, Chaveroo-San Andres Pool, Roosevelt County, New Mexico. Applicant further seeks the promulgation of special rules to govern operation of said pressure maintenance project.

CASE 3945:

Application of Mobil Oil Corporation for lease commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Vacuum Grayburg-San Andres production from its State "G" lease comprising the W/2 NE/4 and SE/4 NE/4 of Section 24, Township 17 South, Range 34 East, Lea County, New Mexico, with Vacuum Grayburg-San Andres production from that portion of its Bridges State lease comprising the W/2 of said Section 24, allocating the production to each lease on the basis of monthly well tests.

Exhibit #3

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
App. EXHIBIT NO. 3	
CASE NO. 3928	

SEOE BAR EAST, DEVONIAN
STATE K-33 No. 1

Complete Devonian 6676 in place

	GAS SALES	OIL PRODUCTION	ACCUMULATIVE GAS SALES	ACCUMULATIVE OIL PRODUCTION
1968				
September	1,213	2,377	1,213	2,377
October	5,171	7,605	6,384	9,982
November	4,558	6,703	10,942	16,685
December	4,869	7,160	15,811	23,845
1969				
January	3,400	7,119	19,211	30,964
February	1,528	5,379	20,739	36,343
March	1,224	5,669	21,963	42,012
April	915	3,671	22,878	45,683
May	1,567	5,904	24,445	51,587
June	2,596	8,278	27,041	59,865
July	2,620	7,761	26,661	67,626
August	1,756	8,308	28,417	75,934
September	1,834	5,940	30,251	81,874

SHOE BAR EAST, DEVONIAN

STATE K-33 No. 2

W. P. ...
W. P. ...

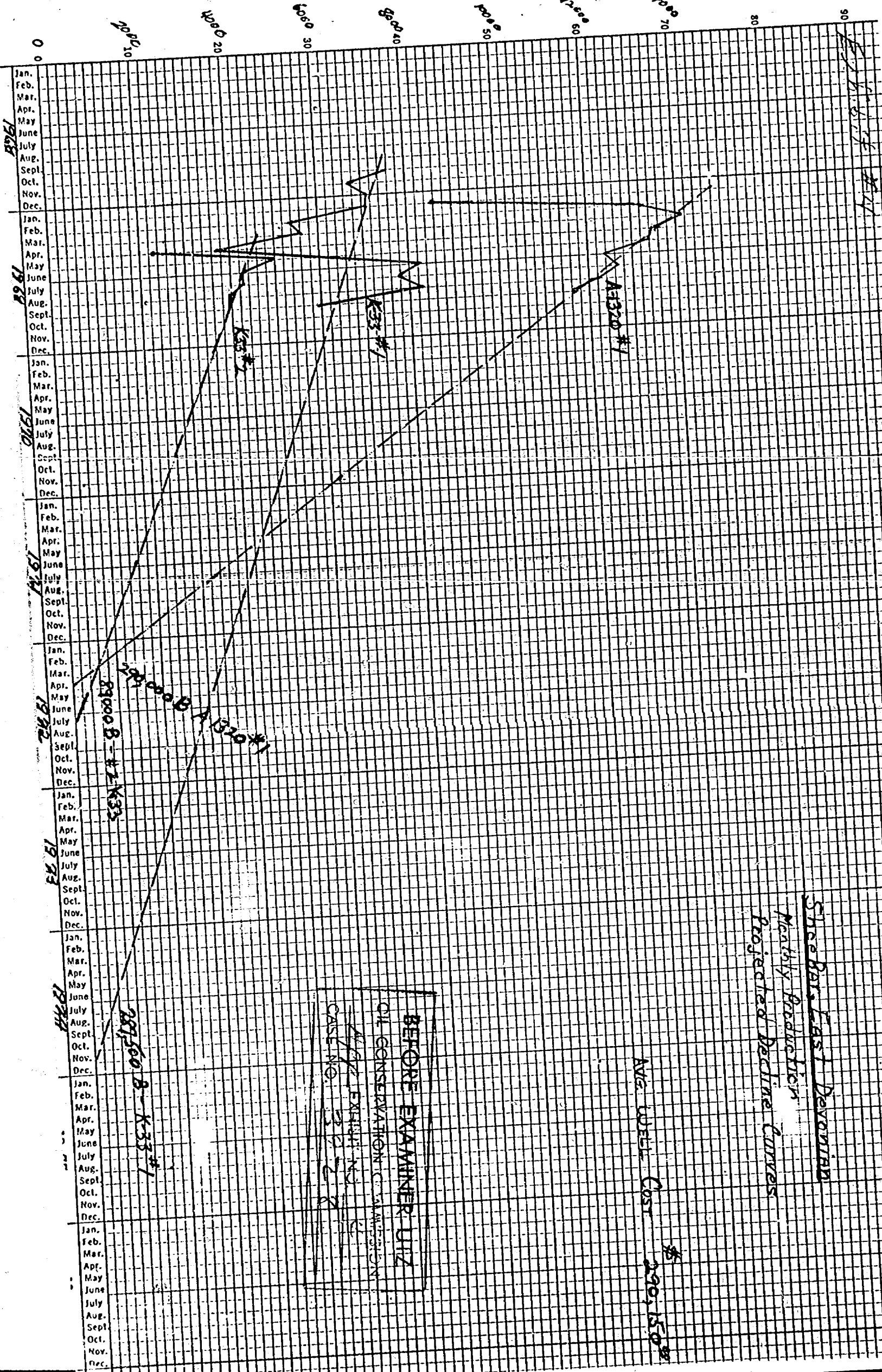
	GAS SALES	OIL PRODUCTION	ACCUMULATIVE GAS SALES	ACCUMULATIVE OIL PRODUCTION
1969				
April	374	2,317	374	2,317
May	536	4,989	910	7,306
June	543	4,284	1,453	11,590
July	573	4,271	2,026	15,861
August	440	3,996	2,466	19,857
September	568	3,960	3,034	23,817

SHOE BAR EAST, DEVONIAN

STATE A-1320 No. 1

	GAS SALES	OIL PRODUCTION	ACCUMULATIVE GAS SALES	ACCUMULATIVE OIL PRODUCTION
1969				
January	2,410	8,495	2,410	8,495
February	3,370	13,110	5,780	21,605
March	3,559	14,171	9,339	35,776
April	3,642	13,481	12,981	49,257
May	3,818	13,429	16,799	62,686
June	3,535	12,392	20,334	75,078
July	3,367	12,677	23,701	87,755
August	3,665	12,205	27,366	99,960
September	2,905	11,618	30,271	111,578

BGLS / MONTH



She Bar East Devonian
Monthly Production
Projected Decline Curves

AVG WELL COST \$290,150⁰⁰

BEFORE EXAMINER USE
OIL CONSERVATION COMMISSION
440 EXHIBIT NO. 1
CASE NO. 30-2-2

Exhibit #5

SHOE BAR EAST, DEVONIAN

	STATE K-33 # 1	STATE K-33 # 2	STATE A-1320
Footage Cost	175,000	170,000	171,000
Daywork	19,448	9,293	7,947
Packers, Float Equipment	2,181	947	1,310
Geological	3,623	1,139	1,690
Inspection	336	1,694	1,218
Tubular	41,682	47,647	51,976
Bits	130	136	---
Labor and Welding	4,563	3,905	5,769
Mud and Chemicals	3,313	---	---
Cement & Cementing Services	4,252	3,637	3,256
Well Surveys	7,509	3,670	6,800
Rental	1,897	680	1,204
Drill Stem Tests	2,393	---	---
Perforations	2,280	897	704
Trucking	1,607	538	143
Miscellaneous	851	1,765	44
Payroll	2,378	793	1,512
Overhead	2,628	2,090	1,386
Treatment	---	1,477	491
Dirtwork	1,042	46	868
Mud oil	133	1,069	299
Xmas Tree	3,277	3,685	2,732
Damages	1,310	315	868
Stake Location	125	87	94
Tanks	13,239	14,892	10,557
Pumping Equipment	16,267	16,717	---
Totals	\$311,463	\$287,119	\$271,868

Average \$290,150 per well

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
App. EXHIBIT NO. 5
CASE NO. 3928

Exhibit #6

SHOE BAR EAST, DEVONIAN

ECONOMICS

WELL COSTS

State K-33 No. 1
State K-33 No. 2
State A-1320 No. 1
State B-2330 No. 1

4 Wells @ \$290,000.00 = \$1,160,000.00 investment

TOTAL ESTIMATED RECOVERABLE OIL

State K-33 No. 1
State K-33 No. 2
State A-1320 No. 1

Total

287,500 barrels
89,000 barrels
290,000 barrels
665,500 barrels

REVENUE

Estimating net price of oil after royalty, taxes and lifting cost at \$2.00 per barrel.

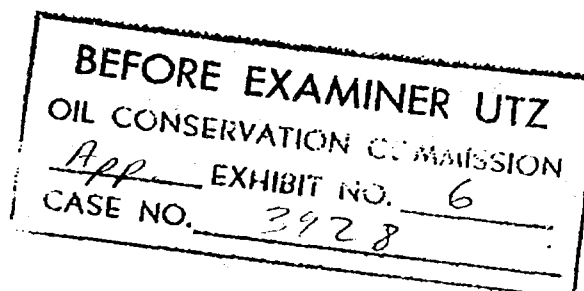
665,500 barrels X \$2.00 = \$1,331,000.00

RETURN ON INVESTMENT

Revenue less Investment

\$1,331,000.00 - \$1,160,000.00 = \$171,000.00

Return on investment = 14.74%



CLARENCE E. HINKLE
W. E. BONDURANT, JR.
S. B. CHRISTY IV
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
MICHAEL R. WALLER

STUART D. SHANOR
C. O. MARTIN
PAUL J. KELLY, JR.

LAW OFFICES
HINKLE, BONDURANT & CHRISTY
600 HINKLE BUILDING
ROSWELL, NEW MEXICO 88201

October 18, 1968

MIDLAND, TEXAS OFFICE
521 MIDLAND TOWER
(915) MU 3-4891
OF COUNSEL: HIRAM M. DOW

TELEPHONE (505) 622-8510
POST OFFICE BOX 10

Case 2928

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

60 Oct 21 1968

Attention: Mr. Dan Nutter

Gentlemen:

This will refer to my telephone conversation yesterday with Mr. Dan Nutter relative to the application filed by Jake L. Hamon for the adoption of temporary special field rules because of the discovery made in the Hamon State K-33 No. 1 well in the Devonian formation located in Section 30, Township 16 South, Range 36 East, Lea County.

I advised that we would redraft the application to provide for special field rules including 80 acre spacing rather than 160 acre spacing and it was my understanding that you would change the notice being published for the examiner's hearing and that this would probably be set down for the special hearing to be held on November 12.

Yours very truly,

HINKLE, BONDURANT & CHRISTY

By 

CEH:cs

Enc.

cc: Taylor LaGrone

RECEIVED

Date *11-16-68*

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

APPLICATION OF JAKE L. HAMON FOR)
THE ADOPTION OF TEMPORARY SPECIAL)
FIELD RULES BECAUSE OF THE DISCOVERY)
MADE IN THE DEVONIAN FORMATION IN THE)
HAMON STATE K-33 NO. 1 WELL LOCATED)
1980 FEET FROM THE SOUTH LINE AND 1980)
FEET FROM THE WEST LINE OF SECTION 30,)
TOWNSHIP 16 SOUTH, RANGE 36 EAST, N.M.P.M.)
LEA COUNTY, NEW MEXICO, INCLUDING 80 ACRE)
SPACING UNITS)

33 OCT 21 1968

Case 3928

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico

Comes Jake L. Hamon, with offices at Dallas, Texas, acting by and through the undersigned attorneys, and hereby makes application for the adoption of temporary special field rules because of the discovery made in the Devonian formation in the Hamon State K-33 No. 1 well located 1980 feet from the south line and 1980 feet from the west line of Section 30, Township 16 South, Range 36 East, N.M.P.M. Lea County, New Mexico, including 80 acre spacing units including 80 acre allowable, and in support thereof respectfully shows:

1. That applicant has completed a well capable of producing oil and gas in paying quantities from the Devonian formation at a depth of 13,130 feet, said well having been completed on or about September 11, 1968 and is designated on the Oil Conservation Commission records as the Hamon State K-33 No. 1 well located 1980 feet from the south line and 1980 feet from the west line of Section 30, Township 16 South, Range 36 East, N.M.P.M. Lea County, New Mexico.

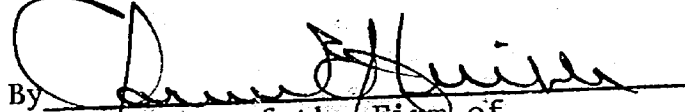
2. That applicant expects to commence, before the first of the year, a second well in the immediate vicinity of the discovery well, but at a location which would constitute an 80 acre spacing unit pattern.

3. That due to the characteristics of the discovery well and until the characteristics of the Devonian pool or reservoir in this area can be definitely determined by the drilling of additional wells, the establishment of 80 acre spacing units and an 80 acre allowable on a temporary basis will avoid the drilling of unnecessary wells and otherwise prevent waste and protect correlative rights and is believed to be in the interest of conservation and the prevention of waste.

4. That applicant requests that this matter be set down for an examiner's hearing at the earliest possible time.

Respectfully submitted,

JAKE L. HAMON

By 

Member of the Firm of
HINKLE, BONDURANT & CHRISTY
Box 10
Roswell, New Mexico
Attorneys for Applicant

SEP 31 8 47 AM '68

(Form C-123)
(Revised 7/1/62)

REQUEST FOR THE EXTENSION OF AN EXISTING POOL

OR

THE CREATION OF A NEW POOL

TO: The Oil Conservation Commission
State of New Mexico

Date September 27, 1968.

The Jake L. Hamon State "K-33"
Name of Operator Name of Lease

1 Located 1980 feet from the South line and 1980 feet
Well No.

from the West line of 30 T-16-S R-36-E
Section Township Range

is outside the boundaries of any pool producing from the same formation. On the basis of the information submitted here-
with on form C-105, we hereby request that the
pool be extended to include the following described area

or that a new pool be created to include the following described area All of Sections 30 and 31, West 1/2 of
Section 32, T-16-S, R-36-E, Lea County, New Mexico

Suggested name: Shoe Bar Devonian East

Name of Producing Formation: Devonian

Jake L. Hamon
Operator

H.W. Shaw
Representative

H.W. Shaw
Superintendent

Case 3928

CLARENCE E. HINKLE
W. E. BONDURANT, JR.
S. B. CHRISTY IV
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
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LAW OFFICES
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600 HINKLE BUILDING
ROSWELL, NEW MEXICO 88201

MIDLAND, TEXAS OFFICE
521 MIDLAND TOWER
(915) MU 3-4891
OF COUNSEL: HIRAM M. DOW

October 9, 1968

TELEPHONE (505) 622-6510
POST OFFICE BOX 10

93 OCT 10 AM 10 1968

Mr. A. L. Porter, Jr.
Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Case 3928

Dear Mr. Porter:

We enclose in triplicate application of Jake L. Hamon for the adoption of temporary special field rules in connection with the discovery made in the Hamon State K-33 No. 1 well in Lea County, and for 160 acre spacing units.

We would like to have this matter set down for an examiner's hearing at the earliest possible time, which we assume will be the first hearing in November.

Yours very truly,

HINKLE, BONDURANT & CHRISTY

By *Clarence E. Hinkle*

CEH:cs
Enc.
cc: H. W. Shaw

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

APPLICATION OF JAKE L. HAMON FOR
THE ADOPTION OF TEMPORARY SPECIAL
FIELD RULES BECAUSE OF THE DISCOVERY
MADE IN THE DEVONIAN FORMATION IN THE
HAMON STATE K-33 NO. 1 WELL LOCATED
1980 FEET FROM THE SOUTH LINE AND
1980 FEET FROM THE WEST LINE OF
SECTION 30, TOWNSHIP 16 SOUTH, RANGE
36 EAST, N.M.P.M. LEA COUNTY, NEW
MEXICO, INCLUDING 160 ACRE SPACING
UNITS.

Case 3928

68 OCT 19 1968

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico

Comes Jake L. Hamon, with offices at Dallas, Texas, acting by and through the undersigned attorneys, and hereby makes application for the adoption of temporary special field rules because of the discovery made in the Devonian formation in the Hamon State K-33 No. 1 well located 1980 feet from the south line and 1980 feet from the west line of Section 30, Township 16 South, Range 36 East, N.M.P.M. Lea County, New Mexico, including 160 acre spacing units, and in support thereof respectfully shows:

1. That applicant has completed a well capable of producing oil and gas in paying quantities from the Devonian formation at a depth of 13,130 feet, said well having been completed on or about September 11, 1968 and is designated on the Oil Conservation Commission records as the Hamon State K-33 No. 1 well located 1980 feet from the South line and 1980 feet from the West line of Section 30, Township 16 South, Range 36 East, N.M.P.M. Lea County, New Mexico.

2. That applicant expects to commence before the first of the year a second well in the immediate vicinity of the discovery well but at a location which would constitute a 160 acre spacing unit pattern.

3. That due to the characteristics of the discovery well and until the characteristics of the Devonian pool or reservoir in this area can be definitely determined by the drilling of additional wells, the establishment of 160 acre spacing units on a temporary basis will avoid the drilling of unnecessary wells and otherwise prevent waste and protect correlative rights and is believed to be in the interest of conservation and the prevention of waste.

4. That applicant requests that this matter be set down for an examiner's hearing at the earliest possible time.

Respectfully submitted,

JAKE L. HAMON

By 

Member of the Firm of
HINKLE, BONDURANT & CHRISTY
Attorneys for Applicant
Box 10
Roswell, New Mexico

DRAFT

GMH/esr

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:

RECORDS CENTER & LAW LIBRARY

CASE No. 3928

Order No. R-3586

NOMENCLATURE

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 12, 1968,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of November, 1968, 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 Devonian production in Lea County, New
Mexico, and the promulgation of special rules and regulations
governing said pool, including a provision for 80-acre spacing
units.

(3) That the Jake L. Hamon State "K-33" Well No. 1, located
1980 feet from the South line and 1980 feet from the West line
of Section 30, Township 16 South, Range 36 East, NMPM, Lea County,
New Mexico, ^{having its top pay zone at 13,050 feet,} has discovered a separate common source of supply
which should be designated the East Shinarump -Devonian
Pool; that the vertical limits of said pool should be the Devonian

formation; that the horizontal limits of said pool should be the SW/4 of the aforesaid Section 30.

(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 East Shue Bar -Devonian 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 November, 1969, at which time the operators in the subject pool should be prepared to appear and show cause why the East Shue Bar -Devonian 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 Devonian production, is hereby created and designated the East Shue Bar -Devonian Pool, with vertical limits comprising the Devonian formation, and horizontal limits comprising the SW/4 of Section 30, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico.

(2) That temporary Special Rules and Regulations for the

SPECIAL RULES AND REGULATIONS
FOR THE
EAST SHOE BAR -DEVONIAN POOL

RULE 1. Each well completed or recompleted in the East
Shoe Bar -Devonian Pool or in the Devonian formation within
one mile thereof, and not nearer to or within the limits of
another designated Devonian 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, or the
unorthodox size or shape of the tract is due to a variation in
the legal subdivision of the United States Public Land Surveys.
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 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 operators offsetting the proposed location or if no objection to the unorthodox location has been entered 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 9.0 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.

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 the locations of all wells presently drilling to or completed in the East Shore Bar -Devonian Pool or in the Devonian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before December 1, 1968.

(2) That each well presently drilling to or completed in the East Shore Bar -Devonian Pool or in the Devonian formation within one mile thereof shall receive a 40-acre allowable

until a Form C-102 dedicating 80 acres to the well has been filed with the Commission.

(3) That this case shall be reopened at an examiner hearing in November, 1969, at which time the operators in the subject pool may appear and show cause why the East Shore Basin Devonian 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.

DRAFT

GMH/esr

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:

RECORDS CENTER

CASE No. 3928

Order No. R-3586-A

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 5, 1969,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this _____ day of November, 1969, 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-3586, dated November 21, 1968,
temporary Special Rules and Regulations were promulgated for the
East Shoe Bar-Devonian Pool, Lea County, New Mexico, establishing
80-acre spacing units for a period of one year.

(3) That pursuant to the provisions of Order No. R-3586,
this case was reopened to allow the operators in the subject pool
to appear and show cause why the East Shoe Bar-Devonian Pool
should not be developed on 40-acre spacing units.

(4) That the evidence establishes that one well in the
East Shoe Bar-Devonian Pool can efficiently and economically
drain and develop 80 acres.

(5) That the Special Rules and Regulations promulgated by Order No. R-3586 have afforded and will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil in the pool.

(6) 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, the Special Rules and Regulations promulgated by Order No. R-3586 should be continued in full force and effect until further order of the Commission.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the East Shoe Bar-Devonian Pool, Lea County, New Mexico, promulgated by Order No. R-3586, are hereby continued in full force and effect until further order of the Commission.

(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.