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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
CASE 9829

EXAMINER HEARING

IN THE MATTER OF:

Application of Roberts and Hammack, Inc.,
for a Non-standard Oil Proration Unit,
Lea County, New Mexico

TRANSCRIPT OF PROCEEDINGS

BEFORE: MICHAEL E. STOGNER, EXAMINER

STATE LAND OFFICE BUILDING

SANTA FE, NEW MEXICO

November 29, 1989

A P P E A R A N C E S

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FOR THE DIVISION:

ROBERT G. STOVALL

Attorney at Law

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Legal Counsel to the Divison

State Land Office Building

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Santa Fe, New Mexico

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FOR THE APPLICANT:

JAMES G. BRUCE, ESQ.

500 Marquette NW #740

Albuquerque, N.M. 87102

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I N D E X

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1 HEARING EXAMINER: Call next case, Number
2 9829.

3 MR. STOVALL: Application of Roberts and
4 Hammack, Inc., for a non-standard oil proration unit,
5 Lea County, New Mexico.

6 HEARING EXAMINER: Call for appearances.

7 MR. BRUCE: Mr. Examiner, my name is Jim
8 Bruce, from the Hinkle Law Firm, representing the
9 Applicants. I have one witness to be sworn.

10 HEARING EXAMINER: Are there any other
11 appearance in this matter? Will the witness please
12 stand and be sworn.

13 JOHN A. HAMMACK

14 Called as a witness herein, after having been first
15 duly sworn upon his oath, testified as follows:

16 EXAMINATION

17 BY MR. BRUCE:

18 Q. Mr. Hammack, would you please state your
19 full name and city of residence.

20 A. John Asa Hammack, Dallas Texas.

21 Q. What is your occupation, and who are you
22 employed by?

23 A. I'm president of Roberts and Hammack Oil,
24 Inc., which is an oil well petroleum operating
25 company.

1 Q. Have you previously testified before the
2 OCD as an engineer?

3 A. No, sir.

4 Q. Would you please outline your educational
5 and work background?

6 A. I'm a graduate of the U.S. Military Academy
7 and have a Bachelor of Science from that institution.
8 I have been a registered petroleum engineer in the
9 state of Texas since the late 1950s, and I have been
10 active in the oil business since 1954 to the present
11 date.

12 Q. Are you familiar with the engineering
13 matters and other matters involved in Case 9829?

14 A. Yes, sir.

15 MR. BRUCE: Mr. Examiner, are the witness's
16 credentials acceptable?

17 HEARING EXAMINER: Mr. Hammack is so
18 qualified.

19 Q. Mr. Hammack, would you state briefly what
20 Roberts and Hammack seeks in this case?

21 A. Roberts and Hammack, Inc., seeks approval
22 of a non-standard oil proration unit in Lea County,
23 New Mexico. This case involves the Graham State
24 Community Well No. 1, which was located at a standard
25 location 1,980 feet from the south and west line of

1 Section 8, Township 11 South, Range 33 East.

2 Originally the north half of the southwest
3 quarter of Section 8 was dedicated to this well, and
4 we seek to rededicate this well to the northeast
5 quarter of the southwest quarter and the northwest
6 quarter of the southeast quarter of Section 8, to form
7 a non-standard, 80-acre oil spacing-proration unit.

8 We intend to recomplete the well in the
9 North Bagley-Permo Pennsylvanian Pool.

10 Q. Would you please refer to Exhibits 1-A and
11 1-B, and discuss the proposed unit and discuss your
12 future plans in this area?

13 A. Yes, in 1-A it outlines the proposed unit
14 that we request today. If this unit is approved, we
15 plan to recomplete this well in the Wolfcamp zone.

16 We also plan to bid in the 40 acres in the
17 southeast of the southwest quarter of Section 8, and
18 pool that 40 acres with the southwest of the
19 southeast, to form another non-standard 80-acre pool,
20 and recomplete the well there known as the
21 Shea-Climenko in the same zone.

22 If these workovers are successful, it is
23 our intentions to drill a well in the northeast of the
24 southeast, to the same zones.

25 Q. If you'll look at Exhibit 1-A, it

1 identifies several wells on there. Could you discuss
2 the status of the wells in Section 8, the south half?

3 A. The south half of Section 8, the Graham
4 State is, at the present time, temporarily abandoned.
5 The Shea-Climenko is temporarily abandoned, the
6 Champion State is temporarily abandoned, and the well
7 presently in the northeast to the southeast is
8 plugged.

9 Q. And so your plans would form three 80-acre
10 spacing units, covering the east half of the southwest
11 quarter and the southeast quarter of Section 8, is
12 that correct?

13 A. That is correct, sir.

14 Q. What is the makeup, looking at Exhibit 1-B,
15 what is the makeup of the acreage in that 200 acres?

16 A. The acres in there, you have 200 acres in
17 that area, which is owned by Union Pacific Resources.
18 And they are giving us a farmout on that acreage. The
19 40 acres that is located in the southeast of the
20 southwest quarter, we have placed up for bid at the
21 December 19th bid date.

22 Q. And the southeast of the southwest quarter
23 is state land, is that correct?

24 A. That is correct, sir.

25 Q. Would you please now refer to Exhibit 2 and

1 discuss your proposed recompletion of the Graham State
2 Well?

3 A. Exhibit No. 2 shows a schematic of the
4 well. We propose to set a bridge plug at 9,100 feet
5 and perforate the Wolfcamp B zone located at
6 8712-8718.

7 Q. Now, in your opinion, do the three well
8 locations in the northeast to the southeast, the
9 northeast to the southwest and the southeast to the
10 southwest, represent the three best possible well
11 locations for this 240 acres?

12 A. Yes, they do.

13 Q. And, in your opinion, will the granting of
14 this application and the formation of the non-standard
15 unit you have just discussed, lead to the best
16 recovery of hydrocarbons and be in the interests of
17 conservation and the prevention of waste?

18 A. Yes, I do.

19 Q. Were Exhibits 1-A, 1-B, and Exhibit 2
20 prepared by you or under your direction?

21 A. Yes, they were.

22 Q. Furthermore, was notice of this application
23 of Roberts and Hammack given by mail to the offset
24 operators?

25 A. Yes, we mailed copies to each of the offset

1 operators.

2 MR. BRUCE: Mr. Examiner, they omitted to
3 bring those letters with us, and we request permission
4 to submit those after the hearing.

5 HEARING EXAMINER: Do you have at least one
6 copy? Or is there any copy of that letter?

7 THE WITNESS: We can have one FAX'd to you,
8 sir.

9 HEARING EXAMINER: That will be okay, too.
10 Submit that subsequent to today's hearing, Mr. Bruce.

11 MR. BRUCE: And I move the admission of
12 Exhibits 1-A, 1-B and 2.

13 HEARING EXAMINER: Exhibits 1-A, 1-B, and 2
14 will be admitted into evidence at this time.

15 MR. BRUCE: I have no further questions of
16 the witness at this time.

17 EXAMINATION

18 BY MR. STOGNER:

19 Q. Mr. Hammack, is your proposal for
20 recompleting the Wolfcamp, is that correct?

21 A. Yes, sir, that is correct, sir.

22 Q. What Wolfcamp pool is this--what well in?

23 A. I'm not sure, sir.

24 Q. Okay. What I'm confused about here, when
25 the application was made, I understood this was going

1 to be a rededication in the existing North Bagley
2 Permo-Pennsylvanian Pool, which is spaced on 80-acre
3 proration units pursuant to special pool rules by
4 Order No. R-3249 as amended.

5 This is the first I've heard of the
6 Wolfcamp recompletion and I'm not sure, is the
7 Wolfcamp completed on 80-acre proration units out
8 there?

9 A. It's my understanding it is, sir, but I
10 better check that and give you further information.

11 HEARING EXAMINER: Mr. Bruce, I'll tell you
12 what. Let's, at this point, take a break on your case
13 and let you dig out that Wolfcamp information.

14 Also, if you can, while we're at it, get
15 with our FAX operator and have a copy of the notice
16 sent to those operators, that way we'll have it
17 today. And then, say, in about another hour or two
18 we'll recall your case.

19 Unfortunately, this case will have to be
20 readvertised, but we can go ahead and hear your case
21 today while Mr. Hammack is here. Unfortunately, to
22 take care of the Wolfcamp it will have to be
23 readvertised and I couldn't issue an order until after
24 the second hearing in December at this point. But
25 let's go ahead and take a break from this case and let

1 you dig out that information, what Wolfcamp pool is
2 out there and what pool rules it's under.

3 Q. (BY MR. STOGNER) Mr. Hammack, while I've
4 still got you here, will the Pennsylvanian Formation
5 in this well be tested anymore, or is it going to be
6 abandoned?

7 A. It's abandoned, sir.

8 HEARING EXAMINER: Okay. At this time
9 let's take a break from this particular case.

10 (And the proceedings were recessed.)

11 HEARING EXAMINER: Let's go back on the
12 record to Case No. 9829. Mr. Bruce?

13 MR. BRUCE: Mr. Stogner, we went back and
14 checked the pool rules and by nomenclature, Order No.
15 R-7279, the Bagley and North Bagley Wolfcamp pools
16 were abolished, and the North Bagley Pennsylvanian
17 Pool had its vertical limits extended to include the
18 Wolfcamp formation and was renamed the North Bagley
19 Permo-Pennsylvanian Pool, and under the OCD
20 nomenclature orders, the north Bagley Permo-Penn
21 includes Section 8, the section we're concerned with
22 here.

23 HEARING EXAMINER: What was that order
24 number again?

25 MR. BRUCE: R-7279.

1 HEARING EXAMINER: R-7279. So that takes
2 care of the Wolfcamp.

3 MR. BRUCE: That takes care of the
4 Wolfcamp.

5 Next, we are having a copy of the notice
6 letter telecopied to us, and we will submit it. I
7 would like to ask Mr. Hammack one question.

8 JOHN A. HAMMACK

9 Having been recalled, testified further as follows:

10 FURTHER EXAMINATION

11 BY MR. BRUCE:

12 Q. Mr. Hammack, I understand that the letter
13 went out last week, is that correct?

14 A. Early part of last week, yes, sir.

15 MR. BRUCE: So this case will need to be
16 readvertised for the next hearing, I believe, Mr.
17 Examiner.

18 HEARING EXAMINER: I think we can just
19 continue it. We don't need to readvertise it. We'll
20 so continue it to 12-13-89, for a notification
21 requirement.

22 MR. BRUCE: And I will submit the notice
23 letter as Exhibit No. 3, which should be arriving
24 momentarily.

25 HEARING EXAMINER: Who all was notified

1 again?

2 THE WITNESS: MGF, Chevron, Union Pacific
3 Resources, and Shell.

4 FURTHER EXAMINATION

5 BY MR. STOGNER:

6 Q. Okay. I want to ask you a question now
7 about Exhibit No. 1-B. I'm still a little confused
8 how you're involved whenever all this proposed
9 proration unit belongs to Union Pacific Resources.

10 A. We're taking a farmout from Union Pacific.

11 Q. Does this farmout cover all their holdings
12 in Section 8?

13 A. The south half of Section 8.

14 Q. Just the south half of Section 8?

15 A. Yes, sir.

16 Q. Now, if this well is successful in the
17 Wolfcamp, you're proposing, as I understand it, to
18 drill another well to the south of this, in which a
19 non-standard proration unit would be formed utilizing
20 the southeast to the southwest and the southwest to
21 the southeast?

22 A. We would work over that well that's already
23 there, sir.

24 Q. Okay. No. 1?

25 A. Shea-Climenko.

1 Q. All right. And those two non-standard
2 proration units would take care of any--we've got
3 these non-standard proration units across the quarter
4 section lines, and these two would take care of that,
5 and any other formation units would be standard?

6 A. That is correct, sir.

7 Q. What kind of a time schedule are you
8 looking at on your well to the south, the
9 Shea-Climenko?

10 A. Well, the first step would be, we bid the
11 lease in on the 19th; second step is, we'll work over
12 the Graham State sometime within the next 30 to 45
13 days; we'll test it for 30 days, and then we'll work
14 over the Shea-Climenko if we're successful.

15 We've worked over a total of four wells in
16 this area. Two of them have been successful--I'm
17 sorry five wells. Two of them have been successful
18 and three of them have been unsuccessful.

19 Q. Which ones have been successful?

20 A. The one that was successful is the Gulf
21 Ohio, which is in the east half of the northeast
22 quarter section of Section 8. And the Collier, which
23 is in the section to the east of that.

24 The wells that have been unsuccessful are
25 the Champion State, which is in the southeast to

1 southeast, the Graham State C, which is in the section
2 to the south, and the Mathers A, which is
3 approximately one mile south of this location.

4 Q. How about the MGF Gulf Ohio State Well No.
5 1? What's its status?

6 A. It's temporarily abandoned or abandoned.
7 You're speaking about the MGF?

8 Q. Yes, sir.

9 A. It's either temporarily abandoned or
10 plugged and abandoned. I'm not sure.

11 HEARING EXAMINER: All right, I apologize
12 for the confusion and I an appreciate your helping me
13 get that straightened out.

14 There will be no need to readvertise, but
15 however, as Mr. Bruce pointed out, for notification
16 requirements and purposes, this case will have to be
17 continued to the Examiner's hearing scheduled for
18 December 13, 1989, so an order will not be issued
19 until after that time. I don't think there will be a
20 reason for your return at that point.

21 THE WITNESS: Thank you very much.

22 HEARING EXAMINER: Unless you're
23 anticipating some objection. Does anybody else have
24 anything further today?

25 This witness may be excused, and Case No.

1 9829 will be continued to the Examiner's hearing
2 scheduled for December 13, 1989.

3 Mr. Bruce, any copies of notification, if
4 you'll just make those a part of the record between
5 now and that time. Thank you.

6 Let's take about a 10-minute recess at this
7 time.

8 (Thereupon, a recess was taken.)

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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

Cases: 9712, 9713, 9828, 9838, 9799,
9812, 9813, 9788, 9827, 9829

CONTINUATIONS AND DISMISSALS
FROM THE EXAMINER HEARING

TRANSCRIPT OF PROCEEDINGS

BEFORE: DAVID R. CATANACH, EXAMINER

STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

December 13, 1989

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FOR THE DIVISION: ROBERT G. STOVALL
 Attorney at Law
 Legal Counsel to the Divison
 State Land Office Building
 Santa Fe, New Mexico

1 HEARING EXAMINER: We'll call this hearing
2 to order this morning for Docket No. 3589. We'll run
3 through the continuances and dismissals first this
4 morning.

5 Call Case 9712.

6 MR. STOVALL: In the matter of the hearing
7 called by the Oil Conservation Division on its own
8 motion to permit Tom L. Ingram, American Employers'
9 Insurance Company, and other interested parties to
10 appear to show cause why the Chappell "5" Well No. 1
11 in San Miguel County, New Mexico, should not be
12 plugged and abandoned in accordance with a
13 Division-approved plugging program.

14 We knew if we postponed this case long
15 enough that that well would somehow get plugged, and
16 so the Division moves to dismiss it at this time.

17 HEARING EXAMINER: Case 9712 is hereby
18 dismissed.

19 * * * * *

20 HEARING EXAMINER: Call Case 9713.

21 MR. STOVALL: In the matter of the hearing
22 called by the Oil Conservation Division on its own
23 motion to permit Tom L. Ingram, American Employers'
24 Insurance Company, and all other interested parties to
25 show cause why the Gihon "31" Well No. 1, San Miguel

1 County, New Mexico, should not be plugged and
2 abandoned in accordance with a Division-approved
3 plugging program. Worked for two of them.

4 Move to dismiss this case as well.

5 HEARING OFFICER: Case 9713 is hereby
6 dismissed.

7 * * * * *

8 HEARING EXAMINER: Call Case 9828.

9 MR. STOVALL: Application of Bill Fenn,
10 Inc., for an amendment of Division Order No. R-8951 as
11 amended, Eddy County, New Mexico.

12 Applicant requests this case be dismissed.

13 HEARING OFFICER: Case 9828 is hereby
14 dismissed.

15 * * * * *

16 HEARING EXAMINER: Call Case 9838.

17 MR. STOVALL: Application of Parker
18 Drilling Company for the institution of gas
19 prorationing and the adoption of Special Rules for the
20 Pitchfork Ranch-Atoka Gas Pool, Lea County, New
21 Mexico.

22 Applicant requests this case be continued
23 to December 27, 1989.

24 HEARING OFFICER: Case 9838 will hereby be
25 continued to the December 27th docket.

1 * * * * *

2 HEARING EXAMINER: Call Case 9799.

3 MR. STOVALL: The application of Bannon
4 Energy Incorporated for an unorthodox oil well
5 location, Rio Arriba County, New Mexico.

6 Applicant requests this case be dismissed.

7 HEARING OFFICER: Case 9799 is hereby
8 dismissed.

9 * * * * *

10 HEARING EXAMINER: Call Case 9812.

11 MR. STOVALL: Application of Meridian Oil,
12 Inc., on behalf of El Paso Natural Gas Company, for an
13 unorthodox coal gas well location, Rio Arriba County,
14 New Mexico.

15 Applicant requests this case be continued
16 to December 27, 1989.

17 HEARING OFFICER: Case 9812 is hereby
18 continued to the December 27th docket.

19 * * * * *

20 HEARING EXAMINER: Call Case 9813.

21 MR. STOVALL: Application of Meridian Oil,
22 Inc., on behalf of El Paso Natural Gas Company, for an
23 unorthodox coal gas well location, Rio Arriba County,
24 New Mexico.

25 Applicant requests this case be continued

1 to December 27.

2 HEARING OFFICER: Case 9813 is hereby
3 continued to the December 27th docket.

4 * * * * *

5 HEARING EXAMINER: Call Case 9788.

6 MR. STOVALL: Application of Yates
7 Petroleum Corporation for directional drilling and an
8 unorthodox gas well location, Eddy County, New Mexico.
9 Applicant requests this case be dismissed.

10 HEARING OFFICER: Case 9788 is hereby
11 dismissed.

12 * * * * *

13 HEARING EXAMINER: Call Case 9827.

14 MR. STOVALL: Application of Exxon
15 Corporation for special casinghead gas allowable, Lea
16 County, New Mexico.

17 The Applicant requests this case be
18 continued to a hearing in February of 1990. Hearing
19 date to be determined when the schedule is published.

20 HEARING EXAMINER: Case 9827 is hereby
21 continued to the first hearing in February 1990.

22 * * * * *

23 HEARING EXAMINER: At this time we'll call
24 Case 9829.

25 MR. STOVALL: Application of Roberts and

1 Hammack, Inc., for a nonstandard oil proration unit,
2 Lea County, New Mexico.

3 Mr. Examiner, this case has been previously
4 heard and is being readvertised to correct notice
5 deficiencies.

6 HEARING EXAMINER: Are there any additional
7 appearances at this time?

8 MR. STOVALL: We will take this case under
9 advisement.

10 HEARING EXAMINER: There being no further
11 appearances, Case 9829 will be taken under advisement
12 at this time.

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