

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1162

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 26, 1963

EXAMINER HEARING

IN THE MATTER OF:)

Application of Jake L. Hamon for a)
unit agreement, Lea County, New Mexico.)
Applicant, in the above-styled cause,)
seeks approval of the Southeast Bell)
Lake Unit Area comprising 9,597.09)
acres of State, Federal and Fee lands)
in Townships 24 and 25 South, Ranges 34)
and 35 East, Lea County, New Mexico.)

Case 2835

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: We will call Case 2835.

MR. DURRETT: Application of Jake L. Hamon for a unit agreement, Lea County, New Mexico.

MR. BRATTON: Howard Bratton, appearing on behalf of the applicant. We have one witness.

(Witness sworn.)

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

JAMES R. O'BRIEN

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



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DIRECT EXAMINATION

BY MR. BRATTON:

Q Will you state your name, by whom you are employed and in what capacity?

A My name is James R. O'Brien and I am a petroleum geologist for Jake L. Hamon, in Midland, Texas.

Q Have you testified before this Commission before?

A I have not.

Q Would you state your qualifications for the record, please?

A I am a graduate of Texas A. & M., class of '57. I worked for the Pure Oil Company as a subsurface geologist and the last four years as a subsurface geologist for Jake L. Hamon doing geology in covering the entire Permian Basin.

Q Are you familiar with the Southeast Bell Lake Unit Area and the Southeast Bell Lake Unit Area Agreement?

A I am.

MR. BRATTON: Are the witness's qualifications acceptable?

MR. NUTTER: Yes.

Q Referring to Exhibit No. 1, which is the proposed form of unit agreement which has been submitted, and specifically to the Exhibit A attached to it, does that indicate the area

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covered by this unit?

A Yes, it does.

Q Without going into a description of it, it's a proposed unit of 9,597.09 acres of Federal, State and Fee lands, is that true?

A That's true.

Q Is the unit agreement a standard form of Federal unit agreement?

A Yes, it is.

Q Which has been approved by the United States Geological Survey as to form and area?

A Yes.

Q And by the office of the Land Commissioner?

A Yes, it has.

Q Of the acres in the unit, what percentage of commitment of the working interest do you have?

A One hundred per cent.

Q Are you in the process of inviting all of the royalty and overriding royalty owners to join in the unit.

A Yes. We have one man working full time on that and he has continually been contacting all the royalty owners in the unit area.

Q To date I believe you have two overriding royalty

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owners who do not desire to join?

A That's right.

Q But efforts are being made to contact all owners in the area?

A Yes.

Q What does the unit agreement call for in the way of a well?

A The unit agreement calls for a well to test the Devonian formation, or to a depth of 15,000 feet.

Q Jake Hamon is to be the operator of the unit?

A Yes.

Q Exhibit No. 2, I believe, is a letter from the United States Geological Survey, is that correct, indicating approval as to form and area of the unit agreement?

A Yes.

Q And you've likewise received a letter from the Commissioner of Public Lands to the same effect, is that correct?

A Yes.

Q Refer then, Mr. O'Brien, if you will, to your Exhibits Numbers 3 and 4, I believe Exhibit No. 3 is a contour map on the top of the Delaware, and Exhibit 4 on the top of the Devonian, is that correct?

A That is correct.

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Q And Exhibit No. 5 is your written geological report of this area, is that correct?

A That is correct.

Q Go briefly through Exhibit No. 5 with reference to 3 and 4, explaining what you are shooting for here and on what information.

A All right. Exhibit No. 3, the contoured map of the top of the Delaware group indicates to the west of Continental Bell Lake Unit a structural low that is indicated on the deep contour interpretation as a major fault with over 1200 feet of throw. This fault extends to the Southeast on a regional trend, it is well established. The indicated closure at Bell Lake on the Delaware indicates a positive anomalous trend toward the southeast following that deep fault, and there is on the shallow interpretation an area across the Southeast Bell Lake Unit proposed area a flattening on the top of the limestone that indicates a large nosing or a large closed area.

We have extrapolated downward to the Devonian, the Devonian anomaly that is indicated on Exhibit 4, and we have postulated the fault to carry through with at least 100 foot of throw. We have set up the Devonian anomaly.

We have also seen seismic information which is favorable, or leads favorably to the conclusion that this anomaly is here.

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Q This seismic work that you've seen confirmed your subsurface work, is that correct?

A The seismic does confirm the subsurface work.

Q Now, the Devonian, of course, is your objective. What does your Exhibit 5 reflect with respect to that? Does your unit outline conform to the structure that you anticipate?

A Yes, the unit outline conforms very well to the structure that we anticipate.

Q It encompasses the area that you would anticipate to be productive in the Devonian?

A Yes.

Q Mr. O'Brien, would the operation of this area under the unit agreement in your judgment prevent physical waste?

A Yes, definitely.

Q In other words, under a unit operation you can develop and produce the area in the most efficient manner to recover the greatest possible ultimate recovery?

A Yes, we believe so.

Q Would the approval of the unit agreement protect correlative rights?

A Yes.

Q Was Exhibit 1 prepared in the office of Jake Hamon and Exhibits 3, 4 and 5 prepared by you?



A Yes.

MR. BRATTON: We would offer in evidence Applicant's Exhibits 1 through 5.

MR. NUTTER: Jake Hamon's 1 through 5 will be admitted in evidence.

(Whereupon, Applicant's Exhibits 1 through 5 were offered and admitted in evidence.)

Q (By Mr. Bratton) Is there anything else you care to state with respect to this application, Mr. O'Brien?

A No.

MR. BRATTON: We have nothing further at this time.

MR. NUTTER: Are there any questions of Mr. O'Brien?

CROSS EXAMINATION

BY MR. NUTTER:

Q This Exhibit No. 3 is a contour map of the Delaware limestone?

A Yes.

Q What is this contour map based on, on seismic information?

A On the Delaware?

Q Yes.

A No, sir. The contour interpretation does follow some seismic that I have seen, but generally it is based upon the

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datum points of the Delaware based on electric log correlations.

Q From the wells that have been drilled in this general area?

A From the wells that have been drilled.

Q The Devonian is a vertical extrapolation of the contours here on the Delaware?

A Yes, sir.

Q That extrapolation extends over a period of quite a few thousand feet?

A Yes, sir, it does. If I may add, it does at Bell Lake, and we feel the same situation holds true here.

Q And this same type of extrapolation can be made at Bell Lake and it has been confirmed by the deep drilling there?

A Yes, sir.

Q What is the basis for the fault that runs north-south across Exhibit No. 4?

A The basis for that fault is the datum points on the top of the Devonian derived from electric log correlations where they exhibit in excess of 1200 feet of throw in the Bell Lake No. 5 well. We have a minus 12,337 as opposed to a minus 11,107 on the tops of the Devonian in less than a mile distance.

Q So you've just continued the fault right on down farther southeast?

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A Yes, and the trend of that fault fits in with the over-all regional tectonic picture of this area.

Q In your opinion is the size of the unit area adequate to give Jake Hamon control of this structure in the event production would be obtained?

A Yes, sir.

Q Do you feel that the unit area encompasses acreage which is not included in the structure?

A No, sir.

Q And the location of the well to be drilled is in the Southeast Quarter of the Southwest Quarter of Section 2, Township 25 South, 34 East, is that correct?

A That is correct.

Q As indicated on your exhibit.

MR. NUTTER: Any further questions of Mr. O'Brien?
He may be excused.

(Witness excused.)

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

MR. BRATTON: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case 2835? We will take the case under advisement.



