

CASE 6714: JAKE L. HAMON FOR AN UNOR-  
THODOX GAS WELL LOCATION, LEA COUNTY,  
NEW MEXICO

Case Number

6714

Application

Transcripts.

Small Exhibits

ETC.



BRUCE KING  
GOVERNOR

LARRY KEHOE  
SECRETARY

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

December 31, 1979

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-2434

Mr. Thomas Kellahin  
Kellahin & Kellahin  
Attorneys at Law  
Post Office Box 1769  
Santa Fe, New Mexico

Re: CASE NO. 6714  
ORDER NO. R-6201

**Applicant:**

**Jake L. Hamon**

Dear Sir:

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

Yours very truly,

JOE D. RAMEY  
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD	<u>X</u>
Artesia OCD	<u>X</u>
Aztec OCD	

**Other**

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6714  
Order No. R-6201

APPLICATION OF JAKE L. HAMON  
FOR AN UNORTHODOX GAS WELL  
LOCATION AND APPROVAL OF INFILL  
DRILLING, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 28, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 21st day of December, 1979, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Jake L. Hamon, seeks approval of an unorthodox gas well location for his State E-8913 Well No. 2 to be drilled at a point 660 feet from the South line and 660 feet from the West line of Section 20, Township 20 South, Range 36 East, NMPM, to test the Morrow formation, North Osudo-Morrow Gas Pool, Lea County, New Mexico.
- (3) That all of said Section 20 is to be dedicated to the well.
- (4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.
- (5) That no offset operator objected to the proposed unorthodox location.



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Case No. 6714  
Order No. R-6201

(6) That the applicant further seeks a finding that the drilling of said State E-8913 Well No. 2 is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

(7) That Jake L. Hamon is the operator of a 640-acre standard proration unit consisting of all of said Section 20 in the North Osudo-Morrow Gas Pool.

(8) That said 640-acre standard unit is dedicated to applicant's State E-8913 Well No. 1 located in Unit D of said Section 20.

(9) That the evidence presented demonstrated that said State E-8913 Well No. 1 cannot effectively and efficiently drain said 640-acre gas proration unit.

(10) That the evidence presented further demonstrated that the drilling and completion of applicant's said new well should result in production of approximately 690 million additional cubic feet of gas from said proration unit which would not otherwise be recovered from the proration unit.

(11) That such additional recovery will result in said unit being more efficiently and economically drained.

(12) That said new well is to be drilled as an "infill" well on the existing 640-acre standard proration unit.

(13) That in order to permit the drainage of a portion of the reservoir covered by said 640-acre standard proration unit which cannot be effectively and efficiently drained by the existing well thereon, the subject application for unorthodox location, infill drilling, and simultaneous dedication should be approved.

(14) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Jake L. Hamon, is hereby authorized to drill his State E-8913 Well No. 2 at an unorthodox gas well

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Case No. 6714  
Order No. R-6201

location 660 feet from the South and West lines of Section 20, Township 20 South, Range 36 East, NMPM, as an infill well on an existing 640-acre standard proration unit being all of said Section 20, North Osudo-Morrow Gas Pool, Lea County, New Mexico. The authorization for infill drilling granted by this order is necessary to permit the drainage of a portion of the reservoir covered by the existing 640-acre proration unit which cannot efficiently and economically be drained by any existing well thereon.

(2) That said proration unit shall be simultaneously dedicated to applicant's proposed new well and to its State E-8913 Well No. 1 located in Unit D of said Section 20.

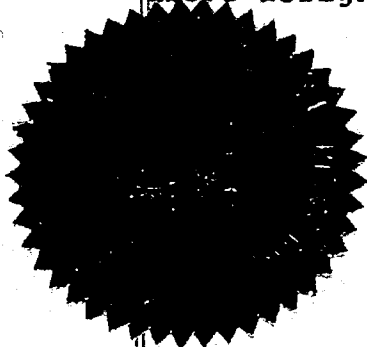
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



JOE D. RAMEY  
Director



S E A L

fd/

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3020 Plaza Blanca (SOS) 471-2462  
Santa Fe, New Mexico 87501

Page 1

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
28 November 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Jake L. Hamon for an un-  
orthodox gas well location and approval  
of infill drilling, Lea County, New  
Mexico.

CASE  
6714

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

1 MR. STAMETS: Call next Case 6714.

2 MR. PADILLA: Application of Jake L. Hamon  
3 for an unorthodox gas well location and approval of infill  
4 drilling, Lea County, New Mexico.

5 MR. STAMETS: This case was heard at the  
6 November 28th Examiner Hearing and was continued for purposes  
7 of re-advertisement.

8 Is there any additional testimony in Case  
9 6714?

10 There being none, the case will be taken  
11 under advisement.

12  
13 (Hearing concluded.)  
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SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3020 Plaza Blanca (SOS) 471-2462  
Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a Certified Shorthand Reporter,  
DO HEREBY CERTIFY that the foregoing and attached Transcript  
of Hearing before the Oil Conservation Division was reported  
by me; that the said transcript is a full, true, and correct  
record of the hearing, prepared by me to the best of my  
ability from my notes taken at the time of the hearing.

Sally W. Boyd C.S.R.  
Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is  
a complete and correct transcript of the proceedings in  
the Examiner's hearing of Case No. 6714  
heard by me on 4-28 1975.  
Richard R. Hammett, Examiner  
Oil Conservation Division

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3030 Plaza Blanca (SOS) 471-2402  
Santa Fe, New Mexico 87501

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
28 November 1979

EXAMINER HEARING

IN THE MATTER OF:

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For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
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Santa Fe, New Mexico 87501

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Is there any additional testimony in Case  
6714?

There being none, the case will be taken  
under advisement.

(Hearing concluded.)

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3030 Plaza Blanca (SOS) 471-4462  
Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a Certified Shorthand Reporter,  
DO HEREBY CERTIFY that the foregoing and attached Transcript  
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record of the hearing, prepared by me to the best of my  
ability from my notes taken at the time of the hearing.

Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. \_\_\_\_\_,  
heard by me on \_\_\_\_\_ 19\_\_\_\_.

\_\_\_\_\_, Examiner  
Oil Conservation Division

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3020 Plaza Blanca (606) 471-2462  
Santa Fe, New Mexico 87501



JASON W. KELLAHIN  
W. THOMAS KELLAHIN  
KAREN AUBREY

KELLAHIN and KELLAHIN  
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TELEPHONE 982-4285  
AREA CODE 505

November 1, 1979

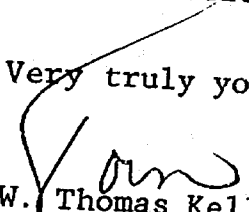
Mr. Richard L. Stamets  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Jake L. Hamon  
NMOCD Case No. 6714  
October 31, 1979

Dear Richard:

In accordance with your request at the above referenced hearing, please find enclosed the volumetric calculations upon which Mr. Cooksey based his opinion of additional gas to be recovered from this well.

Very truly yours,

  
W. Thomas Kellahin

WTK:mm  
Encl.

cc: John Casey  
Jim Cooksey

RECEIVED  
NOV 7 - 1979  
OIL CONSERVATION DIVISION  
SANTA FE

JAKE L. HAMON  
State E-8913 Well #2  
Osudo, North (Morrow) Gas Field  
Lea County, New Mexico

Reserve Calculation for TXO Morrow Ed:

Data used in calculations:

A. Specific Gravity Gas	.604
B. Reservoir Temperature	124°F
	624°R
C. Reservoir Pressure	2742 psia
D. Porosity	19%
E. Water Saturation	4%
F. Net Pay	15%
G. Gas Deviation factor	0.862
Estimate the following:	
H. Productive Acres	80
I. Average Thickness	7.5'
J. Recovery Factor	80%

Formation Volume Factor - Bg

$$Bg = \frac{35.42.P}{.T} = \frac{(35.42) (2742)}{(.862) (624)}$$

$$Bg = 181 \text{ SCF/scf}$$

$$Vb = 43560 - d - t - \emptyset (1-Sw) (.001)$$

$$Vb = (43560) (80) (7.5) (.19) (.96) (.001)$$

$$Vb = 4767$$

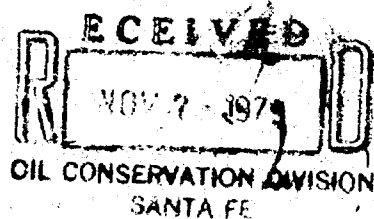
$$OGIP = Bg V2$$

$$OGIP = (4767) (181)$$

$$OGIP = 862,864 \text{ mcf}$$

$$\begin{aligned} \text{Recoverable Gas} &= OGIP \times RF \\ &= (862,864) (.88) \end{aligned}$$

$$\text{Recoverable Gas} = 690,291 \text{ mcf}$$



Docket No. 43-79

Dockets Nos. 45-79 and 1-80 are tentatively set for December 12, 1979 and January 3, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - NOVEMBER 27, 1979

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6609: (DE NOVO)

Application of Napeco Inc. for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Strawn oil pool for its Benson Deep Unit Well No. 1 located in Unit O of Section 33, Township 18 South, Range 30 East, and special rules therefor, including 160-acre spacing and standard well locations.

Upon application of Yates Petroleum Corporation and Napeco Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

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Docket No. 44-79

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 28, 1979

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

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

Notice is hereby given by the Oil Conservation Division that Giant Industries, Inc., has filed an application for a determination of eligibility to purchase state royalty oil pursuant to Secs. 19-10-64 thru 19-10-70 NMSA 1978 Comp. for its Farmington, New Mexico, refinery, which will be considered by the Commission after December 1, 1979. In the event objection, and evidence to support such objection, is received by the Commission on or before December 1, 1979, to such a determination, notice will be given and the application set for public hearing at a later date.

\* \* \*

CASE 6702: (Continued from October 17, 1979, Examiner Hearing)

Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of South Blanco-Pictured Cliffs and Blanco Mesaverde production in the wellbore of its San Juan 27-5 Unit Well No. 67 located in Unit B of Section 31, Township 27 North, Range 5 West.

CASE 6732: Application of Dorchester Exploration, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Morton Solid State Unit Well No. 1 located 2156 feet from the North line and 990 feet from the West line of Section 4, Township 15 South, Range 34 East, Tres Papalotes-Pennsylvanian Pool.

CASE 6733: Application of Kelloil Inc. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Lea Penn South Unit Area, comprising 1,440 acres, more or less, of State lands in Township 20 South, Range 35 East.

CASE 6734: Application of Southland Royalty Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 27, Township 18 South, Range 29 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6735: Application of Mesa Petroleum Co. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 26, Township 18 South, Range 24 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well. (This case will be dismissed.)

- CASE 6736: Application of Doyle Hartman for compulsory pooling and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Gas Pool to form a 360-acre non-standard gas proration unit comprising the S/2 SE/4 of Section 36, Township 24 South, Range 36 East; SW/4 of Section 31, Township 24 South, Range 37 East; and the N/2 NW/4 and NW/4 NE/4 of Section 6, Township 25 South, Range 37 East, to be dedicated to a well to be drilled 660 feet from the South line and 990 feet from the West line of said Section 31. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6707: (Continued from November 14, 1979, Examiner Hearing)
- Application of Gulf Oil Corporation for a unit agreement, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Southeast Bisti Unit Area, comprising 7,048 acres, more or less, of State and Federal lands in Townships 24 and 25 North, Range 10 West.
- CASE 6737: Application of Gulf Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 4, Township 19 South, Range 32 East, North Lusk-Morrow Gas Pool, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6739: Application of Mobil Oil Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gavilan-Pictured Cliffs and Blanco Mesaverde production in the wellbore of its Jicarilla D Well No. 1 located in Unit N of Section 24, Township 26 North, Range 3 West. Applicant further seeks the establishment of an administrative procedure for approval of downhole commingling of the aforesaid pools in others of its wells in Sections 7, 8, 17, 18, and 19, Township 26 North, Range 2 West, Sections 1, 2, 11 thru 14, 23, and 24, Township 26 North, Range 3 West, and Sections 11 thru 15, 22 thru 27, 35, and 36, Township 27 North, Range 3 West.
- CASE 6740: Application of Hondo Oil and Gas Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Pennsylvanian test well to be drilled 1550 feet from the North line and 660 feet from the West line of Section 10, Township 18 South, Range 28 East, the N/2 of said Section 10 to be dedicated to the well.
- CASE 6741: Application of ARCO Oil and Gas Company for an amendment to Order No. R-6054, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-6054 to amend the findings in said order to make said findings more specific as to the necessity for the drilling of infill wells in the Empire Abo Unit in order to recover additional gas pursuant to the Natural Gas Policy Act of 1978; further to amend said order to make such findings applicable to present and future drilling operations including the drilling of horizontal drainholes.
- CASE 6720: (Continued from November 14, 1979, Examiner Hearing)
- Application of ARCO Oil and Gas Company to drill a horizontal drainhole, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill and complete its Empire Abo Unit Well No. J-213, located in Unit E of Section 6, Township 18 South, Range 28 East, Empire-Abo Pool, with a single horizontal drainhole of about 200 feet in length in the Abo formation.
- CASE 6742: Application of ARCO Oil and Gas Company for an administrative procedure, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of an administrative procedure for approval of the drilling of horizontal drainholes in the Empire Abo Unit, Empire-Abo Pool.
- CASE 6743: (This case will be dismissed.)
- Application of Exxon Corporation for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine in several unlined surface pits located on its Laguna Grande Unit Area in Sections 16, 21, 28, 29, 32, and 33, Township 23 South, Range 29 East.
- CASE 6744: Application of Texas Oil & Gas Corporation for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Riverside-Morrow Gas Pool to provide for 320-acre spacing rather than 160 acres. In the absence of objection, this pool will be placed on the standard 320-acre spacing for Pennsylvanian gas pools rather than the present 160-acre spacing.

- CASE 6745: Application of Harvey E. Yates Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Pennsylvanian formations underlying the W/2 of Section 28, Township 23 South, Range 24 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6746: Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Pennsylvanian formations underlying the S/2 of Section 31, Township 18 South, Range 26 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South line and 1100 feet from the West line of said Section 31. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6747: Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Pennsylvanian formations underlying the S/2 of Section 23, Township 18 South, Range 25 East, to be dedicated to a well to be drilled at an unorthodox location in the center of Unit P of said Section 23. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6748: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Rio Pecos "NM" Fed. Well No. 1, a Morrow test to be drilled 1980 feet from the South line and 1100 feet from the East line of Section 29, Township 18 South, Range 27 East, the S/2 of said Section 29 to be dedicated to the well.
- CASE 6749: Application of Petro-Lewis Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Penrose Skelly, Blinberry, and Drinkard production in the wellbore of its Warlick Well No. 3 located in Unit P of Section 18, Township 21 South, Range 37 East.
- CASE 6750: Application of CO<sub>2</sub>-In-Action, Inc. for creation of a new carbon dioxide gas pool and special pool rules, Harding County, New Mexico. Applicant, in the above-styled cause, seeks the creation of the North Bueyeros-Santa Rosa CO<sub>2</sub> Gas Pool comprising all or parts of Sections 1, 2, 3, 10, 11, and 12, Township 20 North, Range 30 East and Sections 20 thru 23 and 26 thru 35, Township 21 North, Range 30 East, and the promulgation of special rules therefor including a provision for 160-acre spacing units with the option to drill on 40 acres, and with well locations as close as 330 feet to the unit boundary.
- CASE 6725: (Continued from November 14, 1979, Examiner Hearing)  
  
Application of Tenneco Oil Company for three non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 291.23-acre non-standard gas proration unit comprising the W/2 of Section 6 and the NW/4 of Section 7, a 347.58-acre unit comprising the W/2 of Section 19 and the NW/4 of Section 30, and a 375.17-acre unit comprising the SW/4 of Section 30 and the W/2 of Section 31, all in Township 29 North, Range 8 West, Basin-Dakota Pool, each unit to be dedicated to a well to be drilled at a standard location thereon.
- CASE 6751: Application of Tenneco Oil Company for the rescission of special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the rescission of the special pool rules for the Catclaw Draw-Morrow Gas Pool to provide for 320-acre spacing rather than 640 acres. In the absence of objection, the pool rules will be rescinded and the pool placed on standard 320-acre spacing for Pennsylvanian gas pools rather than the present 640-acre spacing.
- CASE 6357: (Reopened and Readvertised)  
  
In the matter of Case 6357 being reopened pursuant to the provisions of Order No. R-5853 which order established temporary special rules and regulations for the South Peterson-Pennsylvanian Pool, with provisions for 80-acre spacing. All interested parties may appear and show cause why the South Peterson-Pennsylvanian Pool should not be developed on 40-acre spacing units.

CASE 6714: (Continued and Readvertised)

Application of Jake L. Hamon for an unorthodox gas well location and approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well to be drilled 660 feet from the South and West lines of Section 20, Township 20 South, Range 36 East, North Osado-Morrow Gas Pool; applicant further seeks a finding that the drilling of said well is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6738: Application of Harlan Drilling Company for drilling drainholes, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill and case a vertical hole to an approximate depth of 1500 at the top of the Gallup formation from a surface location 990 feet from the North line and 990 feet from the West line of Section 1, Township 30 North, Range 16 West, Verde-Gallup Oil Pool, San Juan County, and to then drill four deviated drainholes therefrom, bottoming each of said holes in the Gallup at a vertical depth of 1700 feet and approximately 200 lateral distance from the vertical hole.

77

Readvertise  
6714  
take out 5/2  
Put in infill findings

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3030 Plaza Blanca (SOS) 471-3432  
Santa Fe, New Mexico 87501

Page 1

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
Oil Conservation Division  
State Land Office Bldg.  
Santa Fe, New Mexico  
31 October 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Jake L. Hamon for an  
unorthodox gas well location, Lea  
County, New Mexico.

CASE  
6714

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87503

For the Applicant:

W. Thomas Kellahin, Esq.  
KELLAHIN & KELLAHIN  
500 Don Gaspar  
Santa Fe, New Mexico 87501



I N D E X

JOHN CASEY

Direct Examination by Mr. Kellahin

Cross Examination by Mr. Stamets

JAMES COOKSEY

Direct Examination by Mr. Kellahin

E X H I B I T S

Applicant Exhibit One, Structure Map

Applicant Exhibit Two, Cross Section

Applicant Exhibit Three, Isopach

Applicant Exhibit Four, Map

Applicant Exhibit Five, Production Map

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Page 3

1 MR. STAMETS: We'll call next Case 6714.

2 MR. PADILLA: Application of Jake L. Hamon  
3 for an unorthodox gas well location, Lea County, New Mexico.

4 MR. KELLAHIN: I'm Tom Kellahin, appearing  
5 on behalf of the applicant, and I have two witnesses.

6 MR. STAMETS: I'd like to have them stand  
7 and be sworn. Are there any other appearances in this case?

8 (Witnesses sworn.)

9 JOHN CASEY

10 being called as a witness and having been duly sworn upon  
11 his oath, testified as follows, to-wit:

12 DIRECT EXAMINATION

13 BY MR. KELLAHIN:

14 Q Will you please state your name, by whom  
15 you're employed, and in what capacity?

16 A My name is John Casey. I'm employed by  
17 Jake L. Hamon. I'm the District Geologist for Mr. Hamon in  
18 the Midland office.

19 Q Mr. Casey, have you previously testified  
20 before the Oil Conservation Division as a geologist and had  
21 your qualifications accepted and made a matter of record?

22 A Yes, I have.

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1 MR. KELLAHIN: We tender Mr. Casey as an  
2 expert witness.

3 MR. STAMETS: The witness is considered  
4 qualified.

5 Q Would you please refer to Exhibit Number  
6 One and identify that for us?

7 A Exhibit Number One is a structure map on  
8 the top of the Morrow and on this map we have outlined in  
9 yellow the North Osudo Morrow Gas Field.

10 Q Would you identify for us the proposed  
11 unorthodox location?

12 A Our proposed location is 660 from the  
13 south and west lines of Section 20. We show that as a blue  
14 dot on this exhibit.

15 MR. KELLAHIN: If the Examiner please, I  
16 notice that the case is advertised to dedicate the south  
17 half of Section 20 to the well. It would be our preference  
18 to simply dismiss that portion of the application and to  
19 have an order entered that would allow us to simultaneously  
20 dedicate the entire Section 20 to the proposed well, as well  
21 as to the existing Morrow well out of the northeast quarter  
22 of this same section.

23 MR. STAMETS: That portion of the applica-  
24 tion will be dismissed.

25 MR. KELLAHIN: It would be our additional

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1 desire to demonstrate to the Examiner that the second well  
2 on the section will drain Morrow production that cannot be  
3 produced from that first well.

4 MR. STAMETS: You can certainly do that;  
5 however, that wasn't advertised and I don't believe I can  
6 write an order to that effect.

7 MR. KELLAHIN: We would -- we would request  
8 that we be allowed to put on our case today and have it re-  
9 advertised to include additional findings for an infill well  
10 and for the simultaneous dedication of the acreage, which --  
11 I don't mean simultaneous dedication, but the fact that we  
12 can get the FERC findings for that infill well.

13 MR. STAMETS: We also have the administra-  
14 tive process available.

15 MR. KELLAHIN: Let's go off the record for  
16 a minute.

17 (Thereupon a discussion was  
18 had off the record.)

19 Q. (Mr. Kellahin continuing.) Mr. Casey,  
20 would you identify for us the outline of the cross section  
21 indicated on this exhibit?

22 A. Yes, Mr. Kellahin. We have a cross section,  
23 a stratigraphic section, that we will show, and the cross  
24 section is shown on this subsurface map, A-A'. It's a green  
25 line.

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1 Q Have any of the adjacent wells or adjoining  
2 wells in these particular sections been the subject of  
3 hearings before the Commission?

4 A Yes.

5 Q Would you please refer to the Texas Oil  
6 and Gas Well in the north half of Section 29 and tell me  
7 whether that well is at a standard location or not?

8 A No, it is not. It is a 660 location from  
9 the north and west lines of Section 29.

10 Q What would be a standard location for this  
11 particular pool?

12 A The field rules set out that the standard  
13 location be 1650 from an outer boundary.

14 Q Are any of the wells in this pool drilled  
15 at a standard location?

16 A One well is.

17 Q And where is that?

18 A It is the Flag Redfern Well in Section 18,  
19 the only well drilled as a standard location.

20 Q Are any of the previously approved unortho-  
21 dox locations, are any of those wells penalized in any way?

22 A No.

23 Q How about the Hamon well in the northeast  
24 quarter of Section 30?

25 A There will be no penalty there. We are

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1 just now completing that well.

2 Q The -- summarize for us generally why you  
3 have proposed a location 660 out of the southwest corner of  
4 this section, Mr. Casey.

5 A We feel that this will allow us to minimize  
6 the risk in drilling a well which we hope will encounter the  
7 producing body that is present in the Texas Oil and Gas Well  
8 to the south and which is present, as we have recently deter-  
9 mined, in our well in the northeast of Section 30.

10 Q What is the status of the Hamon well in the  
11 northeast of 30?

12 A We presently are hooking up surface equip-  
13 ment and preparing to sell gas. It has been completed but  
14 we're hooking it up at this time.

15 Q Are you ready with the cross section now?

16 A Yes.

17 Q Would you please refer to what we have  
18 marked as Exhibit Number Two and identify that?

19 A Exhibit Number Two is the stratigraphic  
20 cross section A-A' to which we referred when we discussed  
21 Exhibit One. It is shown on Exhibit One as a green line from  
22 A to A'.

23 This cross section shows the producing body  
24 in the Texas Oil and Gas Well which we have referred to, in  
25 the north half of Section 29. We also show the Jake L. Hamon

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1 No. 2 Union State Well, which we are just presently completing  
2 and what we have done here, is proceed from the Jake L.  
3 Hamon No. 1 Union State Well on the south, proceeded through  
4 our new well, the No. 2 Union State, through the Texas Oil  
5 and Gas No. 1 Osudo State Well, through our proposed location  
6 then to the Moran No. 1 State Well, and to the Jake L. Hamon  
7 No. 1 State E-8913, located in the north half of Section 20.

8 Q Mr. Casey, what is the primary objective  
9 of the proposed location?

10 A Our proposed location, our primary ob-  
11 jective is the sand body which I have designated as the TXO  
12 Sand, and which I have shown is the producing sand in the  
13 Texas Oil and Gas Well, and which will be the producing body  
14 in our latest well, the No. 2 Union State.

15 Q Would you compare the TXO Sand that you  
16 propose to encounter at this location with the log of the  
17 existing well in Section 20, which is the Hamon State E-8913  
18 Well?

19 A First of all, of course, the -- the logs  
20 are different in that the No. 2 Union State is a new comple-  
21 tion. We have a new log.

22 The State E-8913, which is the log on the  
23 far right of the cross section, is an old log, but the dif-  
24 ference in the sand bodies is apparent from the thickness of  
25 the sands and also the producing interval in the E-8913.

1 Let me call attention to the fact that on  
2 the E-8913, that well is completed open hole and is shown  
3 in red, the open hole section being from 11,440 to 11,457.

4 We show these sand bodies in the E-8913  
5 as being discontinuous and not correlative to the other wells.

6 Q Describe for me, will you, Mr. Casey, your  
7 reasons for your opinion that the sands present in the State  
8 E-8913 Well would not be continuous to the proposed location  
9 in the southwest quarter of the same section?

10 A First of all, the physical characteristics  
11 exhibited when the E-8913 was drilled, there was no indica-  
12 tion during the course of drilling to warrant testing any  
13 of those sands and they were not tested; however, when the  
14 well reached a total depth of 11,440, it was reported that  
15 it blew out, and subsequent to that, of course, the pipe was  
16 set at that depth and the hole deepened to the 11,457, and  
17 then the completion was affected in that interval.

18 Q Okay. Please refer to Exhibit Number  
19 Three and identify it.

20 A Exhibit Number Three is an Isopach map on  
21 the TXO sand body to which I've referred and which I have  
22 shown on the cross section. This is the producing sand body  
23 that earlier I had determined produced in the Texas Oil and  
24 Gas Well and was also present in the Moran No. 1 State in  
25 Section 19.

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1 Q How many feet of producing sand to you  
2 attribute to the Texas Oil and Gas Well?

3 A The Texas Oil and Gas Well, there's a 12-  
4 foot section of the TXO Sand.

5 Q And how many feet of producing sand have  
6 you encountered in the Hamon Union State Well?

7 A In the Hamon Union State No. 2 Well our  
8 logs indicate that we have 15 feet of this same sand present,  
9 and it is the sand body which we will be producing, and let  
10 me add, too, that on our cross section we do show those  
11 producing intervals, the perforations.

12 Q Did you encounter this producing sand in  
13 the Hamon Union State No. 1 Well?

14 A No, we did not.

15 Q And how about the Hamon State E-8913 Well?

16 A We do not have that sand body present in  
17 that well.

18 Q And the Moran well in Section 19?

19 A The Moran Well in Section 19, I have shown  
20 on our cross section that this TXO Sand body does exist in  
21 the Moran No. 1 State Well. I have three wells now that have  
22 the TXO Sand and those three thicknesses are shown on my  
23 Isopach map.

24 Q Where would a standard location 1650 out  
25 of the west and south corner of this section place you on

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1 your Isopach?

2 A. Mr. Kellahin, it would be beyond the limit,  
3 as I have shown, on my Isopach map.

4 Q. In your opinion is the proposed unorthodox  
5 location the optimum location from which to develop the TXO  
6 Sand in Section 20?

7 A. Yes, I believe, as I show here, that we  
8 should have -- hopefully, we will have 10 to 12 feet of the  
9 TXO Sand at our proposed location.

10 Q. Do you have an opinion as to whether or not  
11 this well ought to be penalized in any way?

12 A. No, I do not. It is the same location, of  
13 course, as Texas Oil and Gas has for their well in 29.

14 Q. Now, Mr. Casey, can you express an opinion  
15 as to whether or not the TXO -- the Texas Oil and Gas Well  
16 in Section 29 is draining any portion of Section 20?

17 A. I definitely believe it is, yes.

18 Q. And that's the reason for this particular  
19 location?

20 A. Very definitely.

21 Q. And in your opinion, Mr. Casey, will ap-  
22 proval of this application protect the working interest  
23 owners' correlative rights in Section 20?

24 A. I believe it will.

25 Q. And will it be in the best interests of

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1 conservation and the prevention of waste?

2 A. I definitely believe that.

3 Q. Were Exhibits One, Two, and Three prepared  
4 by you or compiled under your direction and supervision?

5 A. They were.

6 MR. KELLAHIN: We move the introduction of  
7 Exhibits One, Two, and Three.

8 MR. STAMETS: These exhibits will be ad-  
9 mitted.

10 MR. KELLAHIN: That concludes my examina-  
11 tion of Mr. Casey.

12 CROSS EXAMINATION

13 BY MR. STAMETS:

14 Q. Mr. Casey, is there -- what's the status  
15 of the Moran No. 1 State Well? Is it a good producer? Has  
16 it exhausted the Morrow reservoirs?

17 A. Mr. Stamets, it is a good producer. It  
18 is currently producing. On our cross section I show the  
19 overall perforations, and that is all we've been able to  
20 determine, and I have talked to Moran's people about the  
21 possibility of getting the selective perforations. I'm  
22 sure they've selectively perforated these sand bodies. But  
23 this well, as we have testified to in the past in other  
24 hearings, was originally drilled as Southwestern Natural Gas,  
25

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1 I believe, and then later was owned by Hytech, and is now  
2 operated by Moran, and I don't know, they don't seem to have  
3 all the records available for telling me exactly what is  
4 perforated and what is producing.

5 Q How long has that well been on production?

6 A We have some other exhibits which we will  
7 show, but the cum on that well to September 1 of this year  
8 is a little over, about 2-1/2 billion, 2.5 billion something.

9 On my exhibit here, I don't have the date  
10 at which time that was completed but it is one of the more  
11 recent. Yes, I do have that on another one. It was com-  
12 pleted 2-12-70.

13 In August that well made about 10, 10.2  
14 million.

15 Q That was for the entire month?

16 A Yes, August, right.

17 Q It doesn't look like the drainage is all  
18 that great between that well and the other two wells that  
19 are now completed in that zone.

20 A That's -- yes, I would say that is apparent  
21 from their production. I don't know -- of course I can't  
22 testify as to their completion or how it was completed or  
23 treated.

24 Q Well, referring to all your exhibits now  
25 that you've presented here, there -- is it safe to conclude

1 that there is no way that the existing well in Section 20  
2 could produce the gas from this zone?

3 A. Our existing No. 1 E-8913?

4 Q. Yes.

5 A. No, sir. In my interpretation, I do not  
6 believe that the TXO Sand is present in that well.

7 Q. Okay.

8 MR. STAMETS: Any other questions of the  
9 witness? He may be excused.

10  
11 JAMES COOKSEY

12 being called as a witness and having been duly sworn upon  
13 his oath, testified as follows, to-wit:

14  
15 DIRECT EXAMINATION

16 BY MR. KELLAHIN:

17 Q. Mr. Cooksey, would you please state your  
18 name, by whom you're employed, and in what capacity?

19 A. My name is James Cooksey. I'm employed by  
20 Jake L. Hamon, Dallas, Texas, as an engineer.

21 Q. And, Mr. Cooksey, have you previously  
22 testified before the Commission and had your qualifications  
23 as an engineer accepted and made a matter of record?

24 A. Yes, I have testified and my qualifications  
25 are a matter of record.

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1 MR. KELLAHIN: We tender Mr. Cooksey as  
2 an expert witness.

3 MR. STAMETS: He is considered so qualified.

4 Q Would you please refer to what we've marked  
5 as Exhibit Number Four and identify that?

6 A Yes, sir. This is a map that's been  
7 labeled bottom hole pressure map. It is a map of the same  
8 area as shown on the previous exhibit. The wells that have  
9 been discussed by Mr. Casey are so identified on the map and  
10 we have shown the completion dates and the bottom hole pres-  
11 sures that are available to us on each of the wells in the  
12 Osudo North Morrow Gas Field.

13 For example, in Section 20, Mr. Hamon has  
14 the State #-8913 Well No. 1. It was completed in May of  
15 1965 with an initial reservoir pressure of 6653. Has subse-  
16 quent pressures taken on it in September of '69. The pressure  
17 had reduced to 882 pounds; September of '72, 279 psi; and  
18 August of '76 the bottom hole pressure was reported to be  
19 218 psi.

20 Q What's the most current available pressure  
21 information you have on the Texas Oil and Gas Well in Section  
22 29?

23 A Well, the Texas Oil and Gas Well, the  
24 Osudo State No. 1, we have available to us the bottom hole  
25 pressure that was reported on the potential test, which was

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1 taken in March of 1979, which appeared to be a calculated  
2 pressure of 4887 psi.

3 Q What type of pressures have you encountered  
4 in the Hamon Union State No. 2 Well in Section 30?

5 A The No. 2 Union State Well in Section 30  
6 was completed in October of 1979, recently, and the bottom  
7 hole pressure was recorded in that well on October 24th, be-  
8 fore any production from the reservoir, or from the wellbore,  
9 as 2729 psi.

10 Q Mr. Cooksey, do you have an opinion as to  
11 whether those two wells are producing out of the same portion  
12 of the Morrow formation?

13 A It's my opinion that they produce from  
14 what's been referred to here as the Texas Oil and Gas Sand,  
15 a Morrow stringer in the Morrow body, and it is my opinion  
16 that examining the geologic exhibits that were made available  
17 to me, that they do produce from a common source of supply.

18 Q Please refer to Exhibit Number Five and  
19 identify it.

20 A Exhibit Number Five is labeled a production  
21 map. It covers the same geographical area, same wells are  
22 shown. We have added the August, 1979 reported production  
23 for each of the wells in the field, plus the cumulative  
24 production.

25 For example, again, the Hamon State E-8913

1 Well No. 1 produced during the month of August, 1979, 8,754  
2 Mcf gas, and its cumulative production has been 8,900,288  
3 Mcf.

4 Q Mr. Cooksey, do you have an opinion as to  
5 whether the proposed location will produce gas that would not  
6 otherwise be produced from the Hamon E-8913 Well in Section  
7 20?

8 A It is my opinion, and again this is based  
9 on the geological interpretation, that the proposed location  
10 for the State E-8913 Well No. 2 will recover gas from that  
11 640-acre unit that the No. 1 Well on the same unit will not  
12 recover.

13 Q Do you have an estimate of the total  
14 volume of gas to be produced at that location?

15 A The -- it's my opinion, based on volumetric  
16 calculations, that the productive area of the TXO Sand in  
17 Section 20 will have a recovery in the neighborhood of a  
18 half a million Mcf gas. Half a Bcf.

19 We expect this particular TXO Sand to have  
20 suffered drainage. It's our opinion that the reduced bottom  
21 hole pressure of the Union State Well No. 2 in Section 30  
22 attributed approximately a half a billion cubic feet of  
23 drainage from that sand to the Texas Oil and Gas Osudo State  
24 Well No. 1 in Section 29.

25 Q Now tell me again, Mr. Cooksey, what the



1 remaining gas to be produced by this proposed location would  
2 be?

3 A. To be produced?

4 Q. Yes, sir, half a billion cubic feet of gas?

5 A. Yes, sir.

6 Q. And how do you get that result? What  
7 figures do you use?

8 A. That was a volumetric calculation based --

9 Q. Will you summarize for us the factors that  
10 went into the volumetric calculation?

11 A. Yes, sir. The factors used in the volu-  
12 metric calculation were data which was obtained from the most  
13 recently drilled well in the field, that being the Jake L.  
14 Hamon Union State Well No. 2 in Section 30, which reported  
15 a specific gravity of gas of .604; reservoir temperature of  
16 164 degrees Fahrenheit; a reservoir pressure of 2729 psig;  
17 porosity from log calculations, 19 percent; water saturation  
18 from log calculations, 4 percent; and the net effective pay  
19 in the Osudo State No. 2 Well was 15 feet.

20 My calculation for the reserve for the well  
21 that's the subject of this hearing assume approximately 80  
22 acres sand productive and at an average thickness of 7-1/2  
23 feet.

24 Q. In your opinion, Mr. Cooksey, will approval  
25 of this application be in the best interest of conservation,

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1 the prevention of waste, and the protection of correlative  
2 rights?

3 A. Yes, sir, by all means.

4 Q. And in your opinion is the proposed well  
5 necessary in order to effectively and efficiently drain that  
6 portion of the Morrow formation underlying Section 20 that  
7 cannot now, nor reasonably in the future produce out of  
8 that Hamon E-8913 Well?

9 A. That is correct. The well is necessary  
10 to recover hydrocarbons beneath the lease that the current  
11 well on the lease is incapable of recovering.

12 Q. Were Exhibits Four and Five compiled under  
13 your direction and supervision?

14 A. Yes, sir, they were.

15 MR. KELLAHIN: We move the introduction of  
16 Exhibits Four and Five.

17 MR. STAMETS: These exhibits will be ad-  
18 mitted.

19 MR. STAMETS: Mr. Cooksey, I don't have  
20 any questions, but I would ask you to submit a copy of your  
21 calculations of this additional recovery. You've given me  
22 all the parameters. I just would like to see that all down  
23 on a sheet of paper with the parameters identified and your  
24 calculations.

25 MR. COOKSEY: May we submit that at a

1 later date?

2 MR. STAMETS: Certainly.

3 MR. COOKSEY: Like maybe this afternoon or  
4 tomorrow?

5 MR. STAMETS: That will be fine.

6 Any questions of the witness? He may be  
7 excused.

8 Anything further in this case?

9 MR. KELLAHIN: No, sir.

10 MR. STAMETS: The case will be taken under  
11 advisement.

12

13

(Hearing concluded.)

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25

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REPORTER'S CERTIFICATE

I, SALLY W. BOYD, Certified Shorthand Reporter,  
DO HEREBY CERTIFY that the foregoing and attached Transcript  
of Hearing before the Oil Conservation Division was reported  
by me; that the said transcript is a full, true, and correct  
record of the hearing, prepared by me to the best of my  
ability from my notes taken at the time of the hearing.

Sally W. Boyd C.S.R.  
Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 6214  
heard by me on 10-31 19 77.

Richard L. Hunt, Examiner  
Oil Conservation Division

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STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
Oil Conservation Division  
State Land Office Bldg.  
Santa Fe, New Mexico  
31 October 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Jake L. Hamon for an ) CASE  
unorthodox gas well location, Lea ) 6714  
County, New Mexico. )

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Ernest L. Padilla, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87503

For the Applicant: W. Thomas Kellahin, Esq.  
KELLAHIN & KELLAHIN  
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I N D E X

JOHN CASEY

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JAMES COOKSEY

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E X H I B I T S

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1 MR. STAMETS: We'll call next Case 6714.

2 MR. PADILLA: Application of Jake L. Hamon  
3 for an unorthodox gas well location, Lea County, New Mexico.

4 MR. KELLAHIN: I'm Tom Kellahin, appearing  
5 on behalf of the applicant, and I have two witnesses.

6 MR. STAMETS: I'd like to have them stand  
7 and be sworn. Are there any other appearances in this case?

8  
9 (Witnesses sworn.)

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11 JOHN CASEY

12 being called as a witness and having been duly sworn upon  
13 his oath, testified as follows, to-wit:

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16 BY MR. KELLAHIN:

17 Q Will you please state your name, by whom  
18 you're employed, and in what capacity?

19 A My name is John Casey. I'm employed by  
20 Jake L. Hamon. I'm the District Geologist for Mr. Hamon in  
21 the Midland office.

22 Q Mr. Casey, have you previously testified  
23 before the Oil Conservation Division as a geologist and had  
24 your qualifications accepted and made a matter of record?

25 A Yes, I have.

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Page 4

1 MR. KELLAHIN: We tender Mr. Casey as an  
2 expert witness.

3 MR. STAMETS: The witness is considered  
4 qualified.

5 Q Would you please refer to Exhibit Number  
6 One and identify that for us?

7 A Exhibit Number One is a structure map on  
8 the top of the Morrow and on this map we have outlined in  
9 yellow the North Osudo Morrow Gas Field.

10 Q Would you identify for us the proposed  
11 unorthodox location?

12 A Our proposed location is 660 from the  
13 south and west lines of Section 20. We show that as a blue  
14 dot on this exhibit.

15 MR. KELLAHIN: If the Examiner please, I  
16 notice that the case is advertised to dedicate the south  
17 half of Section 20 to the well. It would be our preference  
18 to simply dismiss that portion of the application and to  
19 have an order entered that would allow us to simultaneously  
20 dedicate the entire Section 20 to the proposed well, as well  
21 as to the existing Morrow well out of the northeast quarter  
22 of this same section.

23 MR. STAMETS: That portion of the applica-  
24 tion will be dismissed.

25 MR. KELLAHIN: It would be our additional



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1 desire to demonstrate to the Examiner that the second well  
2 on the section will drain Morrow production that cannot be  
3 produced from that first well.

4 MR. STAMETS: You can certainly do that;  
5 however, that wasn't advertised and I don't believe I can  
6 write an order to that effect.

7 MR. KELLAHIN: We would --- we would request  
8 that we be allowed to put on our case today and have it re-  
9 advertised to include additional findings for an infill well  
10 and for the simultaneous dedication of the acreage, which ---  
11 I don't mean simultaneous dedication, but the fact that we  
12 can get the FERC findings for that infill well.

13 MR. STAMETS: We also have the administra-  
14 tive process available.

15 MR. KELLAHIN: Let's go off the record for  
16 a minute.

17 (Thereupon a discussion was  
18 had off the record.)

19 Q (Mr. Kellahin continuing.) Mr. Casey,  
20 would you identify for us the outline of the cross section  
21 indicated on this exhibit?

22 A Yes, Mr. Kellahin. We have a cross section,  
23 a stratigraphic section, that we will show, and the cross  
24 section is shown on this subsurface map, A-A'. It's a green  
25 line.

1 Q Have any of the adjacent wells or adjoining  
2 wells in these particular sections been the subject of  
3 hearings before the Commission?

4 A Yes.

5 Q Would you please refer to the Texas Oil  
6 and Gas Well in the north half of Section 29 and tell me  
7 whether that well is at a standard location or not?

8 A No, it is not. It is a 660 location from  
9 the north and west lines of Section 29.

10 Q What would be a standard location for this  
11 particular pool?

12 A The field rules set out that the standard  
13 location be 1650 from an outer boundary.

14 Q Are any of the wells in this pool drilled  
15 at a standard location?

16 A One well is.

17 Q And where is that?

18 A It is the Flag Redfern Well in Section 18,  
19 the only well drilled as a standard location.

20 Q Are any of the previously approved unortho-  
21 dox locations, are any of those wells penalized in any way?

22 A No.

23 Q How about the Hamon well in the northeast  
24 quarter of Section 30?

25 A There will be no penalty there. We are

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1 just now completing that well.

2 Q The --- summarize for us generally why you  
3 have proposed a location 660 out of the southwest corner of  
4 this section, Mr. Casey.

5 A We feel that this will allow us to minimize  
6 the risk in drilling a well which we hope will encounter the  
7 producing body that is present in the Texas Oil and Gas Well  
8 to the south and which is present, as we have recently deter-  
9 mined, in our well in the northeast of Section 30.

10 Q What is the status of the Hamon well in the  
11 northeast of 30?

12 A We presently are hooking up surface equip-  
13 ment and preparing to sell gas. It has been completed but  
14 we're hooking it up at this time.

15 Q Are you ready with the cross section now?

16 A Yes.

17 Q Would you please refer to what we have  
18 marked as Exhibit Number Two and identify that?

19 A Exhibit Number Two is the stratigraphic  
20 cross section A-A' to which we referred when we discussed  
21 Exhibit One. It is shown on Exhibit One as a green line from  
22 A to A'.

23 This cross section shows the producing body  
24 in the Texas Oil and Gas Well which we have referred to, in  
25 the north half of Section 29. We also show the Jake L. Hamon

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1 No. 2 Union State Well, which we are just presently completing  
2 and what we have done here, is proceed from the Jake L.  
3 Hamon No. 1 Union State Well on the south, proceeded through  
4 our new well, the No. 2 Union State, through the Texas Oil  
5 and Gas No. 1 Osudo State Well, through our proposed location,  
6 then to the Moran No. 1 State Well, and to the Jake L. Hamon  
7 No. 1 State E-8913, located in the north half of Section 20.

8 Q Mr. Casey, what is the primary objective  
9 of the proposed location?

10 A Our proposed location, our primary ob-  
11 jective is the sand body which I have designated as the TXO  
12 Sand, and which I have shown is the producing sand in the  
13 Texas Oil and Gas Well, and which will be the producing body  
14 in our latest well, the No. 2 Union State.

15 Q Would you compare the TXO Sand that you  
16 propose to encounter at this location with the log of the  
17 existing well in Section 20, which is the Hamon State E-8913  
18 Well?

19 A First of all, of course, the -- the logs  
20 are different in that the No. 2 Union State is a new comple-  
21 tion. We have a new log.

22 The State E-8913, which is the log on the  
23 far right of the cross section, is an old log, but the dif-  
24 ference in the sand bodies is apparent from the thickness of  
25 the sands and also the producing interval in the E-8913.

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1 Let me call attention to the fact that on  
2 the E-8913, that well is completed open hole and is shown  
3 in red, the open hole section being from 11,440 to 11,457.

4 We show these sand bodies in the E-8913  
5 as being discontinuous and not correlative to the other wells.

6 Q Describe for me, will you, Mr. Casey, your  
7 reasons for your opinion that the sands present in the State  
8 E-8913 Well would not be continuous to the proposed location  
9 in the southwest quarter of the same section?

10 A First of all, the physical characteristics  
11 exhibited when the E-8913 was drilled, there was no indica-  
12 tion during the course of drilling to warrant testing any  
13 of those sands and they were not tested; however, when the  
14 well reached a total depth of 11,440, it was reported that  
15 it blew out, and subsequent to that, of course, the pipe was  
16 set at that depth and the hole deepened to the 11,457, and  
17 then the completion was affected in that interval.

18 Q Okay. Please refer to Exhibit Number  
19 Three and identify it.

20 A Exhibit Number Three is an Isopach map on  
21 the TXO sand body to which I've referred and which I have  
22 shown on the cross section. This is the producing sand body  
23 that earlier I had determined produced in the Texas Oil and  
24 Gas Well and was also present in the Moran No. 1 State in  
25 Section 19.

1 Q How many feet of producing sand to you  
2 attribute to the Texas Oil and Gas Well?

3 A The Texas Oil and Gas Well, there's a 12-  
4 foot section of the TXO Sand.

5 Q And how many feet of producing sand have  
6 you encountered in the Hamon Union State Well?

7 A In the Hamon Union State No. 2 Well our  
8 logs indicate that we have 15 feet of this same sand present,  
9 and it is the sand body which we will be producing, and let  
10 me add, too, that on our cross section we do show those  
11 producing intervals, the perforations.

12 Q Did you encounter this producing sand in  
13 the Hamon Union State No. 1 Well?

14 A No, we did not.

15 Q And how about the Hamon State E-8913 Well?

16 A We do not have that sand body present in  
17 that well.

18 Q And the Moran well in Section 19?

19 A The Moran Well in Section 19, I have shown  
20 on our cross section that this TXO Sand body does exist in  
21 the Moran No. 1 State Well. I have three wells now that have  
22 the TXO Sand and those three thicknesses are shown on my  
23 Isopach map.

24 Q Where would a standard location 1650 out  
25 of the west and south corner of this section place you on

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1 your Isopach?

2 A. Mr. Kellahin, it would be beyond the limit,  
3 as I have shown, on my Isopach map.

4 Q In your opinion is the proposed unorthodox  
5 location the optimum location from which to develop the TXO  
6 Sand in Section 20?

7 A. Yes, I believe, as I show here, that we  
8 should have -- hopefully, we will have 10 to 12 feet of the  
9 TXO Sand at our proposed location.

10 Q Do you have an opinion as to whether or not  
11 this well ought to be penalized in any way?

12 A. No, I do not. It is the same location, of  
13 course, as Texas Oil and Gas has for their well in 29.

14 Q Now, Mr. Casey, can you express an opinion  
15 as to whether or not the TXO -- the Texas Oil and Gas Well  
16 in Section 29 is draining any portion of Section 20?

17 A. I definitely believe it is, yes.

18 Q And that's the reason for this particular  
19 location?

20 A. Very definitely.

21 Q And in your opinion, Mr. Casey, will ap-  
22 proval of this application protect the working interest  
23 owners' correlative rights in Section 20?

24 A. I believe it will.

25 Q And will it be in the best interests of

1 conservation and the prevention of waste?

2 A I definitely believe that.

3 Q Were Exhibits One, Two, and Three prepared  
4 by you or compiled under your direction and supervision?

5 A They were.

6 MR. KELLAHIN: We move the introduction of  
7 Exhibits One, Two, and Three.

8 MR. STAMETS: These exhibits will be ad-  
9 mitted.

10 MR. KELLAHIN: That concludes my examina-  
11 tion of Mr. Casey.

12  
13 CROSS EXAMINATION

14 BY MR. STAMETS:

15 Q Mr. Casey, is there -- what's the status  
16 of the Moran No. 1 State Well? Is it a good producer? Has  
17 it exhausted the Morrow reservoirs?

18 A Mr. Stamets, it is a good producer. It  
19 is currently producing. On our cross section I show the  
20 overall perforations, and that is all we've been able to  
21 determine, and I have talked to Moran's people about the  
22 possibility of getting the selective perforations. I'm  
23 sure they've selectively perforated these sand bodies. But  
24 this well, as we have testified to in the past in other  
25 hearings, was originally drilled as Southwestern Natural Gas,

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1 I believe, and then later was owned by Hytech, and is now  
2 operated by Moran, and I don't know, they don't seem to have  
3 all the records available for telling me exactly what is  
4 perforated and what is producing.

5 Q How long has that well been on production?

6 A We have some other exhibits which we will  
7 show, but the cum on that well to September 1 of this year  
8 is a little over, about 2-1/2 billion, 2.5 billion something.

9 On my exhibit here, I don't have the date  
10 at which time that was completed but it is one of the more  
11 recent. Yes, I do have that on another one. It was com-  
12 pleted 2-12-70.

13 In August that well made about 10, 10.2  
14 million.

15 Q That was for the entire month?

16 A Yes, August, right.

17 Q It doesn't look like the drainage is all  
18 that great between that well and the other two wells that  
19 are now completed in that zone.

20 A That's -- yes, I would say that is apparent  
21 from their production. I don't know -- of course I can't  
22 testify as to their completion or how it was completed or  
23 treated.

24 Q Well, referring to all your exhibits now  
25 that you've presented here, there -- is it safe to conclude

1 that there is no way that the existing well in Section 20  
2 could produce the gas from this zone?

3 A. Our existing No. 1 E-8913?

4 Q. Yes.

5 A. No, sir. In my interpretation, I do not  
6 believe that the TXO Sand is present in that well.

7 Q. Okay.

8 MR. STAMETS: Any other questions of the  
9 witness? He may be excused.

10 JAMES COOKSEY

11 being called as a witness and having been duly sworn upon  
12 his oath, testified as follows, to-wit:

13 DIRECT EXAMINATION

14 BY MR. KELLAHIN:

15 Q. Mr. Cooksey, would you please state your  
16 name, by whom you're employed, and in what capacity?

17 A. My name is James Cooksey. I'm employed by  
18 Jake L. Hamon, Dallas, Texas, as an engineer.

19 Q. And, Mr. Cooksey, have you previously  
20 testified before the Commission and had your qualifications  
21 as an engineer accepted and made a matter of record?

22 A. Yes, I have testified and my qualifications  
23 are a matter of record.  
24  
25

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1 MR. KELLAHIN: We tender Mr. Cooksey as  
2 an expert witness.

3 MR. STAMETS: He is considered so qualified.

4 Q Would you please refer to what we've marked  
5 as Exhibit Number Four and identify that?

6 A Yes, sir. This is a map that's been  
7 labeled bottom hole pressure map. It is a map of the same  
8 area as shown on the previous exhibit. The wells that have  
9 been discussed by Mr. Casey are so identified on the map and  
10 we have shown the completion dates and the bottom hole pres-  
11 sures that are available to us on each of the wells in the  
12 Osudo North Morrow Gas Field.

13 For example, in Section 20, Mr. Hamon has  
14 the State #-3913 Well No. 1. It was completed in May of  
15 1965 with an initial reservoir pressure of 6653. Has subse-  
16 quent pressures taken on it in September of '69. The pressure  
17 had reduced to 882 pounds; September of '72, 279 psi; and  
18 August of '76 the bottom hole pressure was reported to be  
19 218 psi.

20 Q What's the most current available pressure  
21 information you have on the Texas Oil and Gas Well in Section  
22 29?

23 A Well, the Texas Oil and Gas Well, the  
24 Osudo State No. 1, we have available to us the bottom hole  
25 pressure that was reported on the potential test, which was

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1 taken in March of 1979, which appeared to be a calculated  
2 pressure of 4887 psi.

3 Q What type of pressures have you encountered  
4 in the Hamon Union State No. 2 Well in Section 30?

5 A The No. 2 Union State Well in Section 30  
6 was completed in October of 1979, recently, and the bottom  
7 hole pressure was recorded in that well on October 24th, be-  
8 fore any production from the reservoir, or from the wellbore,  
9 as 2729 psi.

10 Q Mr. Cooksey, do you have an opinion as to  
11 whether those two wells are producing out of the same portion  
12 of the Morrow formation?

13 A It's my opinion that they produce from  
14 what's been referred to here as the Texas Oil and Gas Sand,  
15 a Morrow stringer in the Morrow body, and it is my opinion  
16 that examining the geologic exhibits that were made available  
17 to me, that they do produce from a common source of supply.

18 Q Please refer to Exhibit Number Five and  
19 identify it.

20 A Exhibit Number Five is labeled a production  
21 map. It covers the same geographical area, same wells are  
22 shown. We have added the August, 1979 reported production  
23 for each of the wells in the field, plus the cumulative  
24 production.

25 For example, again, the Hamon State E-8913

Well No. 1 produced during the month of August, 1979, 8,754 Mcf gas, and its cumulative production has been 8,900,288 Mcf.

Q Mr. Cooksey, do you have an opinion as to whether the proposed location will produce gas that would not otherwise be produced from the Hamon E-8913 Well in Section 20?

A It is my opinion, and again this is based on the geological interpretation, that the proposed location for the State E-8913 Well No. 2 will recover gas from that 640-acre unit that the No. 1 Well on the same unit will not recover.

Q Do you have an estimate of the total volume of gas to be produced at that location?

A The -- it's my opinion, based on volumetric calculations, that the productive area of the TXO Sand in Section 20 will have a recovery in the neighborhood of a half a million Mcf gas. Half a Bcf.

We expect this particular TXO Sand to have suffered drainage. It's our opinion that the reduced bottom hole pressure of the Union State Well No. 2 in Section 30 attributed approximately a half a billion cubic feet of drainage from that sand to the Texas Oil and Gas Osudo State Well No. 1 in Section 29.

Q Now tell me again, Mr. Cooksey, what the

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1 remaining gas to be produced by this proposed location would  
2 be?

3 A. To be produced?

4 Q. Yes, sir, half a billion cubic feet of gas?

5 A. Yes, sir.

6 Q. And how do you get that result? What  
7 figures do you use?

8 A. That was a volumetric calculation based --

9 Q. Will you summarize for us the factors that  
10 went into the volumetric calculation?

11 A. Yes, sir. The factors used in the volu-  
12 metric calculation were data which was obtained from the most  
13 recently drilled well in the field, that being the Jake L.  
14 Hamon Union State Well No. 2 in Section 30, which reported  
15 a specific gravity of gas of .604; reservoir temperature of  
16 164 degrees Fahrenheit; a reservoir pressure of 2729 psig;  
17 porosity from log calculations, 19 percent; water saturation  
18 from log calculations, 4 percent; and the net effective pay  
19 in the Osudo State No. 2 Well was 15 feet.

20 My calculation for the reserve for the well  
21 that's the subject of this hearing assume approximately 80  
22 acres sand productive and at an average thickness of 7-1/2  
23 feet.

24 Q. In your opinion, Mr. Cooksey, will approval  
25 of this application be in the best interest of conservation,

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1 the prevention of waste, and the protection of correlative  
2 rights?

3 A Yes, sir, by all means.

4 Q And in your opinion is the proposed well  
5 necessary in order to effectively and efficiently drain that  
6 portion of the Morrow formation underlying Section 20 that  
7 cannot now, nor reasonably in the future produce out of  
8 that Hamon E-8913 Well?

9 A That is correct. The well is necessary  
10 to recover hydrocarbons beneath the lease that the current  
11 well on the lease is incapable of recovering.

12 Q Were Exhibits Four and Five compiled under  
13 your direction and supervision?

14 A Yes, sir, they were.

15 MR. KELLAMIN: We move the introduction of  
16 Exhibits Four and Five.

17 MR. STAMETS: These exhibits will be ad-  
18 mitted.

19 MR. STAMETS: Mr. Cooksey, I don't have  
20 any questions, but I would ask you to submit a copy of your  
21 calculations of this additional recovery. You've given me  
22 all the parameters. I just would like to see that all down  
23 on a sheet of paper with the parameters identified and your  
24 calculations.

25 MR. COOKSEY: May we submit that at a

1 later date?

2 MR. STAMETS: Certainly.

3 MR. COOKSEY: Like maybe this afternoon or  
4 tomorrow?

5 MR. STAMETS: That will be fine.

6 Any questions of the witness? He may be  
7 excused.

8 Anything further in this case?

9 MR. KELLAHIN: No, sir.

10 MR. STAMETS: The case will be taken under  
11 advisement.

12  
13 (Hearing concluded.)  
14  
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## REPORTER'S CERTIFICATE

I, SALLY W. BOYD, Certified Shorthand Reporter,  
DO HEREBY CERTIFY that the foregoing and attached Transcript  
of Hearing before the Oil Conservation Division was reported  
by me; that the said transcript is a full, true, and correct  
record of the hearing, prepared by me to the best of my  
ability from my notes taken at the time of the hearing.

Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiners hearing of Case No. \_\_\_\_\_ heard by me on \_\_\_\_\_ 19\_\_\_\_.

Oil Conservation Division, Examiner

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Docket No. 41-79

Dockets Nos. 42-79 and 43-79 are tentatively set for November 14 and 28, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 31, 1979

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

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

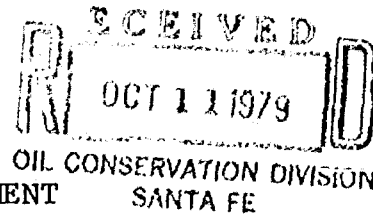
- CASE 6706: Application of Consolidated Oil & Gas, Inc. for alternate filing requirements under the Natural Gas Policy Act of 1978, San Juan, Rio Arriba, and Sandoval Counties, New Mexico. Applicant, in the above-styled cause, seeks an order adopting alternate filing requirements under the Natural Gas Policy Act of 1978 whereby infill wells drilled in the Blanco Mesaverde and Basin-Dakota Pools pursuant to the pool-wide infill drilling findings and rules promulgated for said pools by Division Orders Nos. R-1670-T and R-1670-V, respectively, would qualify as new onshore production wells.
- CASE 6707: Application of Gulf Oil Corporation for a unit agreement, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Southeast Bisti Unit Area, comprising 7,048 acres, more or less, of State and Federal lands in Townships 24 and 25 North, Range 10 West.
- CASE 6708: Application of Doyle Hartman for an unorthodox well location, non-standard proration unit, and approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard proration unit comprising the SW/4 NE/4 and SE/4 NW/4 of Section 36, Township 24 South, Range 36 East, Jalmat Gas Pool, to be dedicated to a well to be drilled at an unorthodox location 2310 feet from the North line and 1650 feet from the East line of said Section 36; applicant further seeks a waiver of existing well spacing requirements and a finding that the drilling of said well is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.
- CASE 6695: (Continued from October 17, 1979, Examiner Hearing)
- Application of Millard Deck Oil Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard gas proration unit comprising the NE/4 NW/4 and NW/4 NE/4 of Section 36, Township 24 South, Range 36 East, Jalmat Gas Pool, to be dedicated to a well to be drilled at a standard location thereon.
- CASE 6709: Application of HNG Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the N/2 of Section 33, Township 16 South, Range 35 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6710: Application of ARCO Oil and Gas Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinberry and Montoya production in the wellbores of the following wells on its State Y Lease: No. 3 located in Unit B, No. 6 located in Unit H, and No. 7 located in Unit A, all in Section 25, Township 25 South, Range 37 East.
- CASE 6711: Application of Sun Oil Company of Delaware for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Mississippian test well to be located 660 feet from the North and East lines of Section 27, Township 14 South, Range 37 East, the E/2 of said Section 27 to be dedicated to the well.
- CASE 6712: Application of Sun Gas Company for approval of infill drilling and simultaneous dedication, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well spacing requirements and a finding that the drilling of its N.M. Federal "N" Well No. 6-E to be located in Unit P of Section 6, Township 30 North, Range 12 West, Basin-Dakota Pool, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.
- CASE 6713: Application of Depeco Inc. for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the White Ranch Unit Area, comprising 18,962 acres, more or less, of State, Federal, and fee lands in Townships 12 and 13 South, Ranges 29 and 30 East.

CASE 6684: (Continued from October 2, 1979, Examiner Hearing)

Application of CO<sub>2</sub>-In-Action, Inc. for creation of a new carbon dioxide gas pool and special pool rules, Harding County, New Mexico. Applicant, in the above-styled cause, seeks the creation of the North Bueyeros-Santa Rosa CO<sub>2</sub> Gas Pool and the promulgation of special pool rules therefor, including a provision for 40-acre spacing and proration units. Said pool would comprise all or parts of Sections 1 thru 4, Township 20 North, Range 30 East, and Sections 8, 9, 10, 15, 16, 17, 20, 21, 22, 27, 28, 32, 33 and 34, Township 21 North, Range 30 East.

CASE 6714: Application of Jake L. Hamon for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well to be drilled 660 feet from the South and West lines of Section 20, Township 20 South, Range 36 East, North Osado-Morrow Gas Pool, the S/2 of said Section 20 to be dedicated to the well.

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION



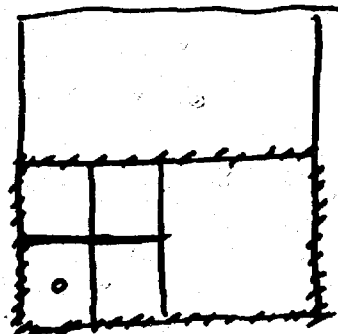
IN THE MATTER OF THE APPLICATION OF  
JAKE L. HAMON FOR APPROVAL OF AN  
UNORTHODOX WELL LOCATION,  
LEA COUNTY, NEW MEXICO

Case 6714

APPLICATION

COMES NOW JAKE L. HAMON, by and through his attorneys,  
KELLAHIN & KELLAHIN, and applies to the Oil Conservation  
Division of New Mexico for approval of an unorthodox well  
location, Lea County, New Mexico and in support thereof  
should show the Division:

1. Applicant is the owner of the right to drill and  
develop Section 20, T20S, R36E, NMPM, Lea County, New Mexico.
2. Applicant proposes to drill a well to test the  
Morrow formation at a location 660 feet from the South Line  
and 660 feet from the West Line of said Section 20.
3. Applicant proposes to dedicate the S/2 of Section 20  
to the subject well.
4. That the subject well will be located in the North  
~~Osado~~ Osado-Morrow Gas Pool.
5. A well located as proposed will recover gas that  
would not otherwise be recovered, allow the operator to  
protect his correlative rights, be in the best interest of  
conservation and not adversely affect the correlative rights  
of any offset operator.



WHEREFORE Applicant prays that this matter be set for hearing and that after notice and hearing, the Division enter its order approving the application as requested.

Respectfully submitted,

JAKE L. HAMON

By 

W. Thomas Kellahin

KELLAHIN & KELLAHIN

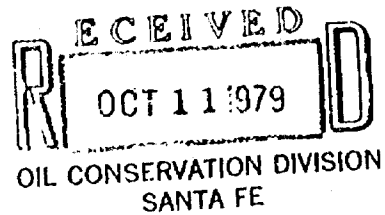
P. O. Box 1769

Santa Fe, New Mexico 87501

Phone: (505) 982-4285

ATTORNEYS FOR APPLICANT

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION



IN THE MATTER OF THE APPLICATION OF  
JAKE L. HAMON FOR APPROVAL OF AN  
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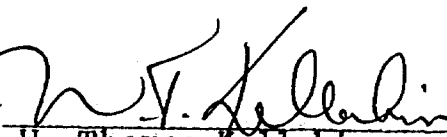
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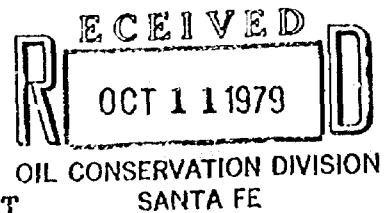
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ATTORNEYS FOR APPLICANT

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION



IN THE MATTER OF THE APPLICATION OF  
JAKE L. HAMON FOR APPROVAL OF AN  
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Case 6714

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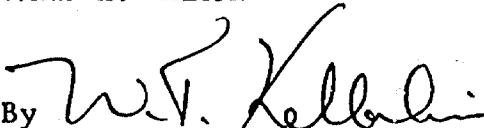
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W. Thomas Kellahin

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Santa Fe, New Mexico 87501

Phone: (505) 982-4285

ATTORNEYS FOR APPLICANT

DRAFT

dr/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6714

ORDER NO. R- 6201

APPLICATION OF JAKE L. HAMON

FOR AN UNORTHODOX GAS WELL LOCATION AND APPROVAL OF INFILL DRILLING,

LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 28,  
19 79, at Santa Fe, New Mexico, before Examiner Richard L. Stamey

NOW, on this        day of       , 19 79, the Division  
Director, 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 Division has jurisdiction of this cause and the subject  
matter thereof.

(2) That the applicant, Jake L. Hamon  
for his State E-8913 Well No 2 to be located drilled at a point  
seeks approval of an unorthodox gas well location, 660  
feet from the South line and 660 feet from the  
West line of Section 20, Township 20 South  
Range 36 East, NMPM, to test the Morrow  
formation, North Osudo-Morrow Gas Pool, Lea  
County, New Mexico.

~~(3) Applicant further seeks a finding that the drilling of said~~  
(3) (4) That the All of said Section 20 is to be  
dedicated to the well.

(4) (4) That a well at said unorthodox location will better  
enable applicant to produce the gas underlying the proration unit.

(5) (6) That no offset operator objected to the proposed unorthodox  
location.

well is necessary to effectively and efficiently drain that portion  
of the proration unit which cannot be so drained by the existing  
well.

(6) That the applicant Further seeks a finding that the drilling of ~~is~~ said State E-8913 Well No. 2 to be located in Unit \_\_\_\_\_ of Section \_\_\_\_\_ Township \_\_\_\_\_, Range \_\_\_\_\_, \_\_\_\_\_

~~Pool~~, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

(7) That Jake L. Hamon is the operator of a 640-acre standard proration unit consisting of ~~the~~ all of said Section 20 in the North Pseudo-Morrow Gas Pool.

(8) That said 640-acre standard unit is dedicated to applicant's State E-8913 Well No 1 located in Unit D of said Section 20.

(9) That the evidence presented demonstrated that said State E-8913 Well No 1 cannot effectively and efficiently drain said 640-acre gas proration unit.

(10) That the evidence presented further demonstrated that the drilling and completion of applicant's said new well should result in production of approximately 690 million additional cubic feet of gas from said proration unit which would not otherwise be recovered from the proration unit.

(11) ~~(10)~~ That such additional recovery will result in said unit being more efficiently and economically drained.

(12) ~~(11)~~ That said new well is to be drilled as an "infill" well on the existing 640-acre " standard proration unit.

(13) ~~(12)~~ That in order to permit the drainage of a portion of the reservoir covered by said 640-acre " standard proration unit which cannot be effectively and efficiently drained by the existing well thereon, the subject application for <sup>unorthodox location</sup> infill drilling and simultaneous dedication should be approved.

(14) ~~(13)~~ That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Jake L. Hamon, is hereby authorized to drill ~~in~~ his State CE-8913 <sup>at an unorthodox gas well location 660 feet from the South and West lines of</sup> Well No. 2 ~~to be located in Unit~~ of Section 20, Township 20 South, Range 36 East, NMPM, as an infill well on an existing 640-acre standard proration unit being ~~the~~ all of said Section 20, North Osage - Morrow Pool, Lea County, New Mexico. The authorization for infill drilling granted by this order is necessary to permit the drainage of a portion of the reservoir covered by the existing 640-acre proration unit which cannot efficiently and economically be drained by any existing well thereon.

(2) That said proration unit shall be simultaneously dedicated to applicant's proposed new well and to its State CE-8913 Well No 1 located in Unit D of said Section 20.

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

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