

CASE 6915: JAKE L. HAMON FOR A NON-  
STANDARD GAS PRORATION UNIT AND AN UNOR-  
THODOX WELL LOCATION, LEA COUNTY, NEW  
MEXICO

12

Case No.

6915

Application

Transcripts

Small Exhibits

ETC



BRUCE KING  
GOVERNOR  
LARRY KEHOE  
SECRETARY

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

June 20, 1980

POST OFFICE BOX 2088  
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Kellahin & Kellahin  
Attorneys at Law  
Post Office Box 1769  
Santa Fe, New Mexico

Re: CASE NO. 6915  
ORDER NO. R-6380

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:

Mr. J. D. Ramey X  
Mr. J. D. Ramey X  
Mr. J. D. Ramey X

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. 6915  
Order No. R-6380

APPLICATION OF JAKE L. HAMON  
FOR A NON-STANDARD GAS PRORATION  
UNIT AND AN UNORTHODOX WELL  
LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 4, 1980,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 18th day of June, 1980, 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  
a 328-acre non-standard gas proration unit comprising the S/2  
of Section 8, Township 20 South, Range 36 East, NMPM, North  
Gordo-Morrow Gas Pool, to be dedicated to a well to be drilled  
at an unorthodox location 660 feet from the South line and 1980  
feet from the West line of said Section 8.

(3) That the entire non-standard proration unit may reason-  
ably be presumed productive of gas from the North Gordo-Morrow  
Gas Pool and that the entire non-standard gas proration unit  
can be efficiently and economically drained and developed by the  
aforesaid well.

(4) That no offset operator objected to the proposed un-  
orthodox location and non-standard proration unit.

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Case No. 6915  
Order No. R-6380

(5) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the North Osado-Morrow Gas 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 a 320-acre non-standard gas proration unit in the North Osado-Morrow Gas Pool comprising the S/2 of Section 8, Township 20 South, Range 36 East, NMPH, Lea County, New Mexico, is hereby established and dedicated to a well to be drilled at an unorthodox location 660 feet from the South line and 1980 feet from the West line of said Section 8.

(2) 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*  
JOE D. RAMEY  
Director

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
4 June 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Jake L. Hamon for a non- ) CASE  
standard gas proration unit and an un- ) 6915  
orthodox well location, Lea County, New )  
Mexico. )

BEFORE: Daniel S. Nutter

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 to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

W. Thomas Kellahin, Esq.  
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1 MR. NUTTER: We'll call next Case Number  
2 6915.

3 MR. PADILLA: Application of Jake L. Hamon  
4 for a non-standard gas proration unit, and unorthodox well  
5 location, Lea County, New Mexico.

6 MR. KELLAHIN: If the Examiner please, I  
7 am Tom Kellahin of Santa Fe, New Mexico, appearing on behalf  
8 of the applicant, and I have two witnesses.

9  
10 (Witnesses sworn.)

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

15  
16 DIRECT EXAMINATION

17 BY MR. KELLAHIN:

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

20 A My name is John Casey. I am the district  
21 geologist for Jake L. Hamon in Midland, Texas.

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

25 A I have.

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1 Q And as a geologist have you studied and  
2 are you familiar with the facts surrounding this particular  
3 application?

4 A I am familiar with it.  
5  
6 MR. KELLAHIN: We tender Mr. Casey as an  
7 expert geologist.

8 Q MR. NUTTER: Mr. Casey is qualified.  
9 Mr. Casey, would you please turn to what  
10 we've marked as Exhibit Number One, identify that, and explain  
11 to us what Jake L. Hamon is seeking to accomplish?

12 A Exhibit One is an outline of the North  
13 Osudo Morrow Gas Field. We've outlined that in yellow. Each  
14 of the units are outlined in yellow, and Jake Hamon's pro-  
15 posal is to drill a non-standard location 1980 from the west  
16 and 660 from the south of Section 8 and utilize the south  
17 half of Section 8 as the proration unit.

18 Q The subject well is subject to the North  
19 Osudo Morrow Pool rules, is it not?

20 A Yes, it is.

21 Q And those rules provide for 640-acre  
22 spacing?

23 A The field rules provide for 640, or ask  
24 for 640, and 1650 from outer boundary on the location.

25 Q The subject location crowds the acreage  
in Section 17, does it not?

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1 A That's right.

2 Q And in that regard, that's the only  
3 direction in which it is unorthodox?

4 A That is true.

5 Q Who is the offset operator in Section 17?

6 A Jake L. Hamon.

7 Q Would you describe for us what the general  
8 boundaries are for the North Osudo Morrow Field?

9 A Well, the boundaries as set out are out-  
10 lined here in yellow. We have one 320-acre unit, being the  
11 north half of Section 29, which Texas Oil and Gas acquired  
12 at an earlier proceeding, and there has been no well drilled  
13 on Section 7, one plugged producer in Section 6.

14 Q All right, sir. Turn to Exhibit Number  
15 Two and identify that.

16 A Exhibit Two is the -- is a plat of the  
17 same area, and we've contoured this on the top of the Morrow  
18 Clastics. We show the datum on the Morrow Clastic for each  
19 of the wells that encountered this zone and underlined them  
20 in red, and have shown that the general configuration of the  
21 field itself is north/south strike, generally westerly dip,  
22 and at our proposed location, northwesterly dip.

23 Q Mr. Casey, would you identify for us any  
24 other previously approved non-standard proration units con-  
25 sisting of 320 acres?

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1 A Yes. The north half of Section 29 is a  
2 320-acre proration unit previously acquired by Texas Oil and  
3 Gas.

4 Q Would you identify for us any other wells  
5 subject to the pool rules that have been drilled at locations  
6 which would constitute unorthodox locations under the pool  
7 rules?

8 A First of all, when Texas Oil and Gas com-  
9 pleted their well last year, Jake Hamon was successful in  
10 acquiring a non-standard location for his well in the north-  
11 east of the northeast of Section 30, a west offset to TXO's  
12 well.

13 The most recent well is Adams in Section  
14 16 on the eastern side of the field, and they acquired per-  
15 mission to drill at a non-standard location.

16 MR. NUTTER: Has that well been completed  
17 yet?

18 A No, sir, it's currently drilling, and as  
19 of late last week it was about 4000 feet and I would guess  
20 it's probably about 6000 feet today.

21 MR. NUTTER: Okay.

22 Q Mr. Casey, do you have an opinion as to  
23 whether or not it is reasonable to develop the south half  
24 of Section 8 as a 320-acre non-standard proration unit?

25 A Yes.

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1 Q What is that opinion?

2 A We think that since we have drilled some  
3 wells on non-standard locations and units in the field that  
4 certainly this well should be drilled on 320 because we've  
5 encountered virgin sands in some of the wells that weren't  
6 drained by existing wells earlier. We will show this, or  
7 demonstrate this with the aid of a cross section, which Mr.  
8 Kellahin and Mr. Examiner, is shown in green on our plat  
9 here, the location of our cross section.

10 Q In your opinion, Mr. Casey, is the pro-  
11 posed location the optimum location within the south half  
12 of Section 8 from which to drill a Morrow test?

13 A Yes, sir, we think that's the best loca-  
14 tion.

15 Q Why could you not move that location far-  
16 ther to the east?

17 A We prefer not to drill it farther to the  
18 east because we have a limit of the Morrow sediments to the  
19 east of the field and although the exact location of this  
20 limit is not known, we certainly don't want to jeopardize  
21 our possibility of getting a good Morrow well when we can  
22 drill due north of the last well completed there.

23 Q Do you have an opinion as to why you should  
24 or should not move the location farther north?

25 A We believe that if we move farther north

1 we'll be encountering the Morrow Clastics at a lower datum  
2 and we can demonstrate that by the datum in the Mallard Alvis  
3 Well in Section 6. We possibly would have to steepen our  
4 dip in order to satisfy the location or the datum in the  
5 Mallard Well, so we don't want to jeopardize our structural  
6 position by moving farther north. Certainly it would be  
7 lower.

8 Q Apart from the fact that the pool rules  
9 require for 640-acre spacing, is it not true, Mr. Casey, that  
10 the well has a practical matter -- the pool, as a practical  
11 matter, been developed on 320-acre spacing?

12 A That's true.

13 Q Let's look at Exhibit Number Three, please.  
14 Would you identify Exhibit Three for us and explain what in-  
15 formation it contains?

16 A Exhibit Number Three is our stratigraphic  
17 cross section, the location of which is shown on that last  
18 exhibit with the green line.

19 On the north and on the left side of our  
20 cross section is the Mallard Alvis Well. Proceeding from  
21 left to right through our proposed location, the next two,  
22 the Jake L. Hamon No. 2 Amerada Federal Well, which was re-  
23 cently completed, and then to the Hamon No. 1 Amerada Fed-  
24 eral. and to the Hamon No. 1 State E-8913.

25 Q In what progression were these wells

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1 drilled?

2 A The Hamon No. 1 E-8913 on the right side  
3 of the cross section was probably the first one on this  
4 cross section that was drilled. Then we drilled the No. 1  
5 Amerada Federal, and we show the producing zone and the com-  
6 pletion data on that well. And then last year we were able  
7 to obtain the permission to drill a second well on that sec-  
8 tion, which was the Hamon No. 2 Amerada Federal. We drilled  
9 because the first well we showed did not adequately and suf-  
10 ficiently drain the reservoir. The Mallard Alvis well --

11 Q Excuse me, Mr. Casey.

12 A Yes.

13 Q Before you leave the No. 2 Amerada Feder-  
14 al Well, has that well been the subject of a Commission  
15 hearing?

16 A Yes, it has.

17 Q And what was that?

18 A That was -- Tom, I believe that was in  
19 late last year, October or November. I don't remember the  
20 exact date, but we were able to get that well drilled as a  
21 second well on this Section 17.

22 Q Is this the well that blew out?

23 A This is the well that blew out. There  
24 has been a later hearing for a tubingless completion on this  
25 well.

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1 Q Your cross section for that particular well indi-  
2 cates there is no log.

3 A There were no logs obtained because the  
4 drill pipe is cemented in the hole.

5 Q And what is the total depth of that well?

6 A We had a total depth there of 11,133. We  
7 had just encountered the Morrow Clastics and drilled a short  
8 distance when that well blew out in a reservoir of Morrow Sand  
9 that we did not have present in the No. 1 Amerada Federal.

10 Q The cross section, Mr. Casey, indicates  
11 the potential of Morrow production further down in the struc-  
12 ture below the total depth of that well. As a practical --  
13 well, as a matter of fact, do you know whether production  
14 exists below the level of the total depth of that well?

15 A No, Mr. Kellahin, I surely don't. We of  
16 course would have hoped that we would encounter other sands  
17 below the one that blew out but we're unable to penetrate  
18 those and so it will require another well. Hopefully we'll  
19 find those at the proposed location.

20 Q What conclusions do you draw from the  
21 cross section, Mr. Casey?

22 A The main conclusion that can be drawn from  
23 this cross section is that the sands, the Morrow Sands, pro-  
24 ducing in the North Osudo are discontinuous. We have shown  
25 that we found new sands with virgin reservoir pressures that --

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1 well, at other locations, and 320's is probably the desired  
2 spacing for this field.

3 Q Were Exhibits One, Two, and Three prepared  
4 by you directly or compiled under your direction and super-  
5 vision?

6 A Yes, they were.

7 Q Mr. Casey, in your opinion will approval  
8 of this application be in the best interests of conservation,  
9 the prevention of waste, and the protection of correlative  
10 rights?

11 A I surely believe that, yes.

12 MR. KELLAHIN: That concludes our examin-  
13 ation of Mr. Casey.

14  
15 CROSS EXAMINATION

16 BY MR. NUTTER:

17 Q Mr. Casey, how about your No. 2 State  
18 E-8913, how is it doing?

19 A Mr. Examiner, we're in the Morrow Clastics  
20 today. Drilling is proceeding very slowly because we had to  
21 set a protection string to guard against this possibility of  
22 a blowout, and today we're probably 20 or 30 feet below this  
23 correlative point here of the Morrow Clastics, but to date  
24 we have not encountered any drilling breaks or any indication  
25 of hydrocarbons.



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1 Q And no blowouts?

2 A Not yet.

3 Q But it's nearing completion now?

4 A Yes, sir, it is. We expect that unless  
5 we have some problem, that two weeks should be sufficient to  
6 finish that well.

7 Q And that and this Adams State up here in  
8 Section 16 are the only currently drilling wells in this pool?

9 A Yes, sir, that is true.

10 MR. NUTTER: Are there any further ques-  
11 tions of Mr. Casey? He may be excused.

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

16  
17 DIRECT EXAMINATION

18 BY MR. KELLAHIN:

19 Q Mr. Cooksey, would you please state your  
20 name and occupation?

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

23 Q Mr. Cooksey, have you previously had your  
24 qualifications as an expert petroleum engineer accepted and  
25 made a matter of record by the Division?

1 A Yes, sir, I have.

2 Q Have you studied the facts surrounding this  
3 particular application?

4 A Yes, sir, I have.

5 MR. KELLAHIN: We tender Mr. Cooksey as  
6 an expert petroleum engineer.

7 MR. NUTTER: Mr. Cooksey is qualified.

8 Q Mr. Cooksey, would you please refer to  
9 what we've marked as Exhibit Number Four and identify that  
10 for us?

11 A Exhibit Number Four is a tabulation of  
12 the production from the North Osudo Morrow Field, Lea County,  
13 New Mexico. It lists the wells that have or are currently  
14 producing from the field and the first column on the left is  
15 the cumulative production, 1978. The monthly production for  
16 each well is shown for 1979. The cumulative production is  
17 the far column on the righthand side of the exhibit.

18 There is one well that has been omitted  
19 from the particular tabulation; that is the Jake L. Hamon  
20 Amerada Federal No. 2. It commenced to produce in late April

21 Q Excuse me, Mr. Casey, what was the --  
22 I mean Mr. Cooksey. What was the name of that well?

23 A The Jake L. Hamon Amerada Federal No. 2.  
24 It is currently producing today but production commenced  
25 late in April and it has not been reported and included on

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1 this tabulation.

2 Q Do you have any production information  
3 for the Mallard exploration well?

4 A No, sir, that well has been plugged for  
5 some time and it did not produce, to my knowledge, in 1979.

6 Q Can you give us a cumulative production  
7 for the Mallard Well?

8 A It produced 884,354 Mcf and last produced  
9 in 1976.

10 Q What's the purpose of Exhibit Number Four?

11 A We prepared Exhibit Number Four to show  
12 that there has been several new wells drilled in the area,  
13 specifically the Texas Oil and Gas No. 1 Osudo State Com.  
14 It was drilled in Section 29, as has been discussed by Mr.  
15 Casey. Its first production was recorded in March of 1979.  
16 This particular well encountered a zone of Morrow that had not  
17 been effectively drained by the other wells in the field. It  
18 offset the Jake L. Hamon Union State No. 1 and at the time  
19 it commenced to produce, the Hamon Union State No. 1 produced  
20 7 Mcf for that month.

21 As the result of the successful production  
22 of Texas Oil and Gas, Jake Hamon drilled its Union State No.  
23 2. It is currently producing from the same Morrow horizon  
24 as the Texas Oil and Gas Well and commenced producing in Octo-  
25 ber. These two wells have supplied us production data, per-

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1 formance data to conclude that wells need to be drilled on  
2 320 acres in this area to efficiently and effectively encounter  
3 the Morrow stringers that are not continuous throughout the  
4 field area.

5 Mr. Hamon later drilled the Amerada Feder-  
6 al No. 2, which is in Section 17, and encountered a thin Mor-  
7 row zone. It blew out and was later completed through the  
8 drill pipe and is currently producing in excess of five million  
9 cubic feet of gas a day, 77 barrels of condensate per day,  
10 which also supplies additional data by which you can conclude  
11 that the Morrow stringers are not continuous through the  
12 area.

13 Based on this data it is our opinion that  
14 the proposed location, Eddy No. 1 in Section 8, has a great  
15 possibility of encountering the same stringer that's producing  
16 from the Amerada Federal No. 2 and that other Morrow stringers  
17 that might not be throughout the field area.

18 Q In your opinion, Mr. Cooksey, is the pro-  
19 posed location the optimum location within the south half of  
20 Section 8 from which to test the Morrow formation?

21 A Based on my engineering information, it is.

22 Q And in your opinion, Mr. Cooksey, is the  
23 dedication of a 320-acre non-standard gas proration unit  
24 consisting of the south half of Section 8 the logical and  
25 reasonable amount of acreage to dedicate to the subject well?

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1 A It is in my opinion.

2 Q Would you turn to Exhibit Number Five,  
3 please, and identify that?

4 A Exhibit Number Five is a reserve calcula-  
5 tion estimate. The information used in this calculation was  
6 obtained mainly from the Amerada Federal No. 2, the reservoir  
7 pressure, sand thickness, recovery factor, based on experience,  
8 the porosity. Information was obtained from other wells in  
9 the field. These calculations indicate that should the Eddy  
10 No. 1 encounter a 6-foot sand stringer, essentially the same  
11 one as in the Hamon Amerada Federal No. 2, it should recover  
12 3.59 Bcf gas.

13 MR. NUTTER: Now, you said if it encountered  
14 the same 6-foot stringer in the Amerada Federal No. 2, now  
15 that's the well that only tapped the top of the Clastics and  
16 blew out. It never was completed in the rest of the formation,  
17 right?

18 A That is correct. It did encounter a 6-  
19 foot sand drilling break, which was identifiable on the mud  
20 logger, and I made these calculations only based on that 6-  
21 foot stringer.

22 MR. NUTTER: But you would hope that you  
23 would get down there and get into some more pays before you --  
24 before this one blew out.

25 A Yes, that's correct, Mr. Nutter. We hope

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1 to penetrate the entire Morrow formation and analyze the re-  
2 maining zones.

3 Q Based upon your study of the reserve esti-  
4 mates for the subject acreage, Mr. Cooksey, in your opinion  
5 will the drilling of the subject Morrow test support the de-  
6 dication of the 320-acre non-standard proration unit to it?

7 A Yes, sir, it will.

8 Q And were Exhibits Four and Five prepared  
9 by you or compiled under your direction and supervision?

10 A Yes, sir.

11 MR. KELLAHIN: If the Examiner please,  
12 we move the introduction of Jake L. Hamon Exhibits One through  
13 Five.

14 MR. NUTTER: Hamon Exhibits One through  
15 Five will be admitted in evidence.

16  
17 CROSS EXAMINATION

18 BY MR. NUTTER:

19 Q Now, Mr. Cooksey, I notice on this Exhibit  
20 Number Four that the Union State Well in 1979 was producing  
21 just very nominal amounts. Has that well finally been aban-  
22 doned?

23 A Yes, sir, that well was plugged and aban-  
24 doned, I believe, in January, 1980.

25 Q And you do have another well on that 640-

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1 acre unit now?

2 A Yes, sir, that would be the Union State  
3 No. 2. If you'll refer to either one of the maps, those two  
4 wells are both located in the northeast quarter of Section 30.

5 Q Has Hamon given any consideration to re-  
6 questing a hearing from the Division for the abolition of the  
7 640-acre rule and adopting 320-acre spacing for this pool?

8 A Yes, sir, we have. We've been in consult-  
9 ation with our attorney and we will proceed, probably, on  
10 that line in the very near future.

11 We do anticipate --  
12 Q You're satisfied 640 is too wide for the  
13 pool?

14 A I personally am.

15 MR. NUTTER: Are there any further ques-  
16 tions for Mr. Cooksey? He may be excused.

17 Do you have anything further, Mr. Kellahin?

18 MR. KELLAHIN: No, sir.

19 MR. NUTTER: Does anyone have anything  
20 they wish to offer in Case Number 6915?

21 We'll take the case under advisement.

22

23

(Hearing concluded.)

24

25

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that  
the foregoing Transcript of Hearing before the Oil Conserva-  
tion 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.

Sally W. Boyd CSR.

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 6915  
heard by me on 6/4 1980.  
[Signature], Examiner  
Oil Conservation Division

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ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
4 June 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Jake L. Hamon for a non-  
standard gas proration unit and an un-  
orthodox well location, Lea County, New  
Mexico.

CASE  
6915

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

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## I N D E X

## JOHN CASEY

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MR. NUTTER: We'll call next Case Number 6915.

MR. PADILLA: Application of Jake L. Hamon for a non-standard gas proration unit, and unorthodox well location, Lea County, New Mexico.

MR. KELLAHIN: If the Examiner please, I am Tom Kellahin of Santa Fe, New Mexico, appearing on behalf of the applicant, and I have two witnesses.

(Witnesses sworn.)

JOHN CASEY

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

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

A My name is John Casey. I am the district geologist for Jake L. Hamon in Midland, Texas.

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

A I have.

Q And as a geologist have you studied and are you familiar with the facts surrounding this particular application?

A I am familiar with it.

MR. KELLAHIN: We tender Mr. Casey as an expert geologist.

MR. NUTTER: Mr. Casey is qualified.

Q Mr. Casey, would you please turn to what we've marked as Exhibit Number One, identify that, and explain to us what Jake L. Hamon is seeking to accomplish?

A Exhibit One is an outline of the North Osudo Morrow Gas Field. We've outlined that in yellow. Each of the units are outlined in yellow, and Jake Hamon's proposal is to drill a non-standard location 1980 from the west and 660 from the south of Section 8 and utilize the south half of Section 8 as the proration unit.

Q The subject well is subject to the North Osudo Morrow Pool rules, is it not?

A Yes, it is.

Q And those rules provide for 640-acre spacing?

A The field rules provide for 640, or ask for 640, and 1650 from outer boundary on the location.

Q The subject location crowds the acreage in Section 17, does it not?

A. That's right.

Q. And in that regard, that's the only direction in which it is unorthodox?

A. That is true.

Q. Who is the offset operator in Section 17?

A. Jake L. Hamon.

Q. Would you describe for us what the general boundaries are for the North Osudo Morrow Field?

A. Well, the boundaries as set out are outlined here in yellow. We have one 320-acre unit, being the north half of Section 29, which Texas Oil and Gas acquired at an earlier proceeding, and there has been no well drilled on Section 7, one plugged producer in Section 6.

Q. All right, sir. Turn to Exhibit Number Two and identify that.

A. Exhibit Two is the -- is a plat of the same area, and we've contoured this on the top of the Morrow Clastics. We show the datum on the Morrow Clastic for each of the wells that encountered this zone and underlined them in red, and have shown that the general configuration of the field itself is north/south strike, generally westerly dip, and at our proposed location, northwesterly dip.

Q. Mr. Casey, would you identify for us any other previously approved non-standard proration units consisting of 320 acres?

A Yes. The north half of Section 29 is a 320-acre proration unit previously acquired by Texas Oil and Gas.

Q Would you identify for us any other wells subject to the pool rules that have been drilled at locations which would constitute unorthodox locations under the pool rules?

A First of all, when Texas Oil and Gas completed their well last year, Jake Hamon was successful in acquiring a non-standard location for his well in the northeast of the northeast of Section 30, a west offset to TXO's well.

The most recent well is Adams in Section 16 on the eastern side of the field, and they acquired permission to drill at a non-standard location.

MR. NUTTER: Has that well been completed yet?

A No, sir, it's currently drilling, and as of late last week it was about 4000 feet and I would guess it's probably about 6000 feet today.

MR. NUTTER: Okay.

Q Mr. Casey, do you have an opinion as to whether or not it is reasonable to develop the south half of Section 8 as a 320-acre non-standard proration unit?

A Yes.

Q What is that opinion?

A We think that since we have drilled some wells on non-standard locations and units in the field that certainly this well should be drilled on 320 because we've encountered virgin sands in some of the wells that weren't drained by existing wells earlier. We will show this, or demonstrate this with the aid of a cross section, which Mr. Kellahin and Mr. Examiner, is shown in green on our plat here, the location of our cross section.

Q In your opinion, Mr. Casey, is the proposed location the optimum location within the south half of Section 8 from which to drill a Morrow test?

A Yes, sir, we think that's the best location.

Q Why could you not move that location farther to the east?

A We prefer not to drill it farther to the east because we have a limit of the Morrow sediments to the east of the field and although the exact location of this limit is not known, we certainly don't want to jeopardize our possibility of getting a good Morrow well when we can drill due north of the last well completed there.

Q Do you have an opinion as to why you should or should not move the location farther north?

A We believe that if we move farther north

we'll be encountering the Morrow Clastics at a lower datum and we can demonstrate that by the datum in the Mallard Alvis Well in Section 6. We possibly would have to steepen our dip in order to satisfy the location or the datum in the Mallard Well, so we don't want to jeopardize our structural position by moving farther north. Certainly it would be lower.

Q Apart from the fact that the pool rules require for 640-acre spacing, is it not true, Mr. Casey, that the well has a practical matter -- the pool, as a practical matter, been developed on 320-acre spacing?

A That's true.

Q Let's look at Exhibit Number Three, please. Would you identify Exhibit Three for us and explain what information it contains?

A Exhibit Number Three is our stratigraphic cross section, the location of which is shown on that last exhibit with the green line.

On the north and on the left side of our cross section is the Mallard Alvis Well. Proceeding from left to right through our proposed location, the next two, the Jake L. Hamon No. 2 Amerada Federal Well, which was recently completed, and then to the Hamon No. 1 Amerada Federal, and to the Hamon No. 1 State E-8913.

Q In what progression were these wells



drilled?

A The Hamon No. 1 E-8913 on the right side of the cross section was probably the first one on this cross section that was drilled. Then we drilled the No. 1 Amerada Federal, and we show the producing zone and the completion data on that well. And then last year we were able to obtain the permission to drill a second well on that section, which was the Hamon No. 2 Amerada Federal. We drilled because the first well we showed did not adequately and sufficiently drain the reservoir. The Mallard Alvis well --

Q Excuse me, Mr. Casey.

A Yes.

Q Before you leave the No. 2 Amerada Federal Well, has that well been the subject of a Commission hearing?

A Yes, it has.

Q And what was that?

A That was -- Tom, I believe that was in late last year, October or November. I don't remember the exact date, but we were able to get that well drilled as a second well on this Section 17.

Q Is this the well that blew out?

A This is the well that blew out. There has been a later hearing for a tubingless completion on this well.

Q Your cross section for that particular well indicates there is no log.

A There were no logs obtained because the drill pipe is cemented in the hole.

Q And what is the total depth of that well?

A We had a total depth there of 11,133. We had just encountered the Morrow Clastics and drilled a short distance when that well blew out in a reservoir of Morrow Sand that we did not have present in the No. 1 Amerada Federal.

Q The cross section, Mr. Casey, indicates the potential of Morrow production further down in the structure below the total depth of that well. As a practical -- well, as a matter of fact, do you know whether production exists below the level of the total depth of that well?

A No, Mr. Kellahin, I surely don't. We of course would have hoped that we would encounter other sands below the one that blew out but we're unable to penetrate those and so it will require another well. Hopefully we'll find those at the proposed location.

Q What conclusions do you draw from the cross section, Mr. Casey?

A The main conclusion that can be drawn from this cross section is that the sands, the Morrow Sands, producing in the North Osuda are discontinuous. We have shown that we found new sands with virgin reservoir pressures that --

well, at other locations, and 320's is probably the desired spacing for this field.

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

A Yes, they were.

Q Mr. Casey, in your opinion will approval of this application be in the best interests of conservation, the prevention of waste, and the protection of correlative rights?

A I surely believe that, yes.

MR. KELLAHIN: That concludes our examination of Mr. Casey.

#### CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Casey, how about your No. 2 State E-8913, how is it doing?

A Mr. Examiner, we're in the Morrow Clastics today. Drilling is proceeding very slowly because we had to set a protection string to guard against this possibility of a blowout, and today we're probably 20 or 30 feet below this correlative point here of the Morrow Clastics, but to date we have not encountered any drilling breaks or any indication of hydrocarbons.

Q And no blowouts?

A Not yet.

Q But it's nearing completion now?

A Yes, sir, it is. We expect that unless we have some problem, that two weeks should be sufficient to finish that well.

Q And that and this Adams State up here in Section 16 are the only currently drilling wells in this pool?

A Yes, sir, that is true.

MR. NUTTER: Are there any further questions of Mr. Casey? He may be excused.

JAMES COOKSEY

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Cooksey, would you please state your name and occupation?

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

Q Mr. Cooksey, have you previously had your qualifications as an expert petroleum engineer accepted and made a matter of record by the Division?

A Yes, sir, I have.

Q Have you studied the facts surrounding this particular application?

A Yes, sir, I have.

MR. KELLAHIN: We tender Mr. Cooksey as an expert petroleum engineer.

MR. NUTTER: Mr. Cooksey is qualified.

Q Mr. Cooksey, would you please refer to what we've marked as Exhibit Number Four and identify that for us?

A Exhibit Number Four is a tabulation of the production from the North Osudo Morrow Field, Lea County, New Mexico. It lists the wells that have or are currently producing from the field and the first column on the left is the cumulative production, 1978. The monthly production for each well is shown for 1979. The cumulative production is the far column on the righthand side of the exhibit.

There is one well that has been omitted from the particular tabulation; that is the Jake L. Hamon Amerada Federal No. 2. It commenced to produce in late April.

Q Excuse me, Mr. Casey, what was the -- I mean Mr. Cooksey. What was the name of that well?

A The Jake L. Hamon Amerada Federal No. 2. It is currently producing today but production commenced late in April and it has not been reported and included on

this tabulation.

Q Do you have any production information for the Mallard exploration well?

A No, sir, that well has been plugged for some time and it did not produce, to my knowledge, in 1979.

Q Can you give us a cumulative production for the Mallard Well?

A It produced 884,354 Mcf and last produced in 1976.

Q What's the purpose of Exhibit Number Four?

A We prepared Exhibit Number Four to show that there has been several new wells drilled in the area, specifically the Texas Oil and Gas No. 1 Osudo State Com. It was drilled in Section 29, as has been discussed by Mr. Casey. Its first production was recorded in March of 1979. This particular well encountered a zone of Morrow that had not been effectively drained by the other wells in the field. It offset the Jake L. Hamon Union State No. 1 and at the time it commenced to produce, the Hamon Union State No. 1 produced 7 Mcf for that month.

As the result of the successful production of Texas Oil and Gas, Jake Hamon drilled its Union State No. 2. It is currently producing from the same Morrow horizon as the Texas Oil and Gas Well and commenced producing in October. These two wells have supplied us production data, per-

formance data to conclude that wells need to be drilled on 320 acres in this area to efficiently and effectively encounter the Morrow stringers that are not continuous throughout the field area.

Mr. Hamon later drilled the Amerada Federal No. 2, which is in Section 17, and encountered a thin Morrow zone. It blew out and was later completed through the drill pipe and is currently producing in excess of five million cubic feet of gas a day, 77 barrels of condensate per day, which also supplies additional data by which you can conclude that the Morrow stringers are not continuous through the area.

Based on this data it is our opinion that the proposed location, Eddy No. 1 in Section 8, has a great possibility of encountering the same stringer that's producing from the Amerada Federal No. 2 and that other Morrow stringers that might not be throughout the field area.

Q In your opinion, Mr. Cooksey, is the proposed location the optimum location within the south half of Section 8 from which to test the Morrow formation?

A Based on my engineering information, it is.

Q And in your opinion, Mr. Cooksey, is the dedication of a 320-acre non-standard gas proration unit consisting of the south half of Section 8 the logical and reasonable amount of acreage to dedicate to the subject well?

A It is in my opinion.

Q Would you turn to Exhibit Number Five, please, and identify that?

A Exhibit Number Five is a reserve calculation estimate. The information used in this calculation was obtained mainly from the Amerada Federal No. 2, the reservoir pressure, sand thickness, recovery factor, based on experience, the porosity. Information was obtained from other wells in the field. These calculations indicate that should the Eddy No. 1 encounter a 6-foot sand stringer, essentially the same one as in the Hamon Amerada Federal No. 2, it should recover 3.59 Bcf gas.

MR. NUTTER: Now, you said if it encountered the same 6-foot stringer in the Amerada Federal No. 2, now that's the well that only tapped the top of the Clastics and blew out. It never was completed in the rest of the formation, right?

A That is correct. It did encounter a 6-foot sand drilling break, which was identifiable on the mud logger, and I made these calculations only based on that 6-foot stringer.

MR. NUTTER: But you would hope that you would get down there and get into some more pays before you -- before this one blew out.

A Yes, that's correct, Mr. Nutter. We hope



to penetrate the entire Morrow formation and analyze the remaining zones.

Q Based upon your study of the reserve estimates for the subject acreage, Mr. Cooksey, in your opinion will the drilling of the subject Morrow test support the dedication of the 320-acre non-standard proration unit to it?

A Yes, sir, it will.

Q And were Exhibits Four and Five prepared by you or compiled under your direction and supervision?

A Yes, sir.

MR. KELLAHIN: If the Examiner please, we move the introduction of Jake L. Hamon Exhibits One through Five.

MR. NUTTER: Hamon Exhibits One through Five will be admitted in evidence.

#### CROSS EXAMINATION

BY MR. NUTTER:

Q Now, Mr. Cooksey, I notice on this Exhibit Number Four that the Union State Well in 1979 was producing just very nominal amounts. Has that well finally been abandoned?

A Yes, sir, that well was plugged and abandoned, I believe, in January, 1980.

Q And you do have another well on that 640-

acre unit now?

A Yes, sir, that would be the Union State No. 2. If you'll refer to either one of the maps, those two wells are both located in the northeast quarter of Section 30.

Q Has Hamon given any consideration to requesting a hearing from the Division for the abolition of the 640-acre rule and adopting 320-acre spacing for this pool?

A Yes, sir, we have. We've been in consultation with our attorney and we will proceed, probably, on that line in the very near future.

We do anticipate --

Q You're satisfied 640 is too wide for the pool?

A I personally am.

MR. NUTTER: Are there any further questions for Mr. Cooksey? He may be excused.

Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 6915?

We'll take the case under advisement.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that  
the foregoing Transcript of Hearing before the Oil Conserva-  
tion 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.

SALLY W. BOYD, C.S.R.

12.1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 6915  
heard by me on 6/4 1980.

[Signature], Examiner  
Oil Conservation Division

OSUDO NORTH MORROW PRODUCTION \*

WELL NAME	1978 PRODUCTION	1979 PRODUCTION										
		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
FLAG REDFERN #1 Osudo St. Com.	55,767	4,954	4,095	4,346	4,237	4,038	3,833	3,744	3,701	3,568	3,643	SI
JAKE L. HAMON #1 Amerada Fed.	95,415	2,166	2,113	2,534	2,168	2,647	2,550	1,915	1,492	1,427	1,382	1,121
JAKE L. HAMON State E-8913 #1	116,531	8,504	7,984	8,943	8,659	8,421	8,632	8,900	8,754	7,577	8,637	3,891
JAKE L. HAMON #1 Union St.	45,196	12	7	9	54	20	41	43	21	56	51	
JAKE L. HAMON #2 Union State											1,906	105,121
MORAN EXPLORATION #1 Osudo St. Com	238,039	20,069	18,104	19,252	16,625	14,856	12,832	11,670	10,298	9,328	8,978	6,828
TEXAS OIL & GAS #1 Osudo St. Com				98,636	191,160	230,915	220,606	199,387	184,418	175,092	160,842	139,237
MILLARD EXPLORATION #1 Alves Com.												

BEFORE  
OIL CO

CASE NO.

OSUDO NORTH MORROW PRODUCTION \*

PRODUCTION Daily						1980 PRODUCTION					CUMULATIVE PRODUCTION
	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	
3,744	3,701	3,568	3,643	SI	3,078	3,234	3,162				170,537
1,915	1,492	1,427	1,382	1,121	1,209	1,187	1,093	1,520			5,514,993
8,900	8,754	7,577	8,637	3,891	4,851	2,727	2,205	3,065			8,993,241
43	21	56	51								5,938,296
			1,906	105,121	69,255	115,602	92,969	87,678			472,531
670	10,298	9,328	8,978	6,828	6,029	5,538	4,284				2,602,689
107	184,418	175,092	160,842	139,237	118,712	105,796	87,080				1,911,881

BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION

*John L. Hamm* EXHIBIT NO. 4  
CASE NO. 6915

\* ALL FIGURES IN MCF

→ 884,000  
last prod  
in '76

JAKE L. HAMON  
 Petty Well No. 1  
 Osudo North (Morrow) Field  
 Lea County, New Mexico

RESERVE ESTIMATE:

Specific Gravity, gas	0.600
Reservoir Temperature, °F	164
Reservoir Pressure, psig	5,723
Porosity, %	15
Water Saturation, %	5
Deviation Factor	0.862
Thickness, ft.	6
Recovery Factor, %	80

$$\begin{aligned}
 \text{OGIP, mcf/ac-ft} &= \frac{1538 \phi (1-S_w) (BHP + 14.73)}{(BHT + 460) B} \\
 &= \frac{(1538) (.15) (1-.05) (5723 + 14.73)}{(164 + 460) (.862)} \\
 &= 2337 \\
 \text{REC. GAS} &= (\text{OGIP}) (\text{Ac}) (\text{t}) (\text{RF}) \\
 &= (2337) (320) (6) (.80) \\
 &= 3.59 \text{ BCF}
 \end{aligned}$$

RESERVOIR DATA ESTIMATED FROM:

Jake L. Hamon, Amerada Federal #2

BEFORE EXAMINER NUTTER  
 OIL CONSERVATION DIVISION

*Jake L. Hamon* EXHIBIT NO. 5  
 CASE NO. 6915

JAKE L. HAMON  
 Petty Well No. 1  
 Osudo North (Morrow) Field  
 Lea County, New Mexico

RESERVE ESTIMATE:

Specific Gravity, gas	0.600
Reservoir Temperature, °F	164
Reservoir Pressure, psig	5,723
Porosity, %	15
Water Saturation, %	5
Deviation Factor	0.862
Thickness, ft.	6
Recovery Factor, %	80

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 \text{REC. GAS} &= (\text{OGIP}) (Ac) (t) (RF) \\
 &= (2337) (320) (6) (.80) \\
 &= 3.59 \text{ BCF}
 \end{aligned}$$

RESERVOIR DATA ESTIMATED FROM:

Jake L. Hamon, Amerada Federal #2

Exhibit 5  
 Case 6915

JAKE L. HAMON  
 Petty Well No. 1  
 Osudo North (Morrow) Field  
 Lea County, New Mexico

RESERVE ESTIMATE:

Specific Gravity, gas	0.600
Reservoir Temperature, °F	164
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Water Saturation, %	5
Deviation Factor	0.862
Thickness, ft.	6
Recovery Factor, %	80

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 &= \frac{(1538) (.15) (1-.05) (5723 + 14.73)}{(164 + 460) (.862)} \\
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 \end{aligned}$$

$$\begin{aligned}
 \text{REC. GAS} &= (\text{OGIP}) (Ac) (t) (RF) \\
 &= (2337) (320) (6) (.80) \\
 &= 3.59 \text{ BCF}
 \end{aligned}$$

RESERVOIR DATA ESTIMATED FROM:

Jake L. Hamon, Amerada Federal #2

*Exhibit 5*  
*Case 6915*



OSUDO NORTH MORROW PRODUCTION \*

[illegible]

OSUDO NORTH MORROW PRODUCTION \*

1979 PRODUCTION me							1980 PRODUCTION					CUMULATIVE PRODUCTION
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	
3,833	3,744	3,701	3,568	3,643	SI	3,078	3,234	3,162				170,537
2,550	1,915	1,492	1,427	1,382	1,121	1,209	1,187	1,093	1,520			5,514,993
8,632	8,900	8,754	7,577	8,637	3,891	4,851	2,727	2,205	3,065			8,993,241
41	43	21	56	51								5,938,296
				1,906	105,121	69,255	115,602	92,969	87,678			472,531
2,832	11,670	10,298	9,328	8,978	6,828	6,029	5,538	4,284				2,602,689
9,606	199,387	184,418	175,092	160,842	139,237	118,712	105,796	87,080				1,911,881

\* ALL FIGURES IN MCF

Docket No. 17-80

Dockets Nos. 19-80 and 20-80 are tentatively set for June 25 and July 9, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - THURSDAY - JUNE 5, 1980

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

CASE 6927: Application of Doyle Hartman 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 Pennsylvanian formation underlying the S/2 of Section 24, Township 17 South, Range 28 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South and West lines of said Section 24. 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6928: Application of ARCO Oil and Gas 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 24, Township 17 South, Range 28 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

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Docket No. 16-80

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 4, 1980

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

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

CASE 6803: (Continued from April 23, 1980, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit EPROC Associates, Hartford Accident and Indemnity Company, and all other interested parties to appear and show cause why its Monsanto State H Well No. 1 located in Unit E of Section 2, Township 30 North, Range 16 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6906: Application of Amoco Production Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its South Mattix Unit Well No. 39 located in Unit G of Section 15, Township 24 South, Range 37 East, to produce oil from the Fowler-Upper Yeso and Fowler-Drinkard Pools thru parallel strings of tubing.

CASE 6907: Application of Amoco Production Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Myers B Federal Well No. 28 located in Unit M of Section 9, Township 24 South, Range 37 East, to produce gas from the Jalmat and Langlie Mattix Pools thru parallel strings of tubing.

CASE 6908: Application of Estoril Producing Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Curry State Well No. 1, a Pennsylvanian test to be drilled 660 feet from the North and East lines of Section 22, Township 23 South, Range 34 East, Antelope Ridge Field, the N/2 of said Section 22 to be dedicated to the well.

CASE 6909: 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 Basin-Dakota and Largo-Callup production in the wellbore of its Rincon Unit Well No. 164 located in Unit L of Section 2, Township 26 North, Range 7 West.

CASE 6886: (Continued from May 21, 1980, Examiner Hearing)

Application of Aminoil USA, Inc. 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 and Pennsylvanian formations underlying the S/2 of Section 10, Township 24 South, Range 28 East, to be dedicated to a well to be drilled at an unorthodox location 2080 feet from the South line and 1773 feet from the East line of said Section 10. 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 6910: Application of Grace Petroleum Corporation for four compulsory poolings, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gallup formation underlying four 40-acre proration units, being the SE/4 NE/4, the SE/4 NW/4, and the NW/4 NW/4 of Section 28, and the SW/4 SE/4 of Section 29, all in Township 24 North, Range 7 West, each 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 wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

CASE 6911: Application of Grace Petroleum Corporation for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gallup formation underlying the NE/4 NW/4 of Section 11, Township 23 North, Range 7 West, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6912: Application of Southland Royalty Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its State "14" Comm. Well No. 1 located in Unit E of Section 14, Township 19 South, Range 29 East, Turkey Track Field, to produce gas from the Morrow and Atoka formations thru tubing and the casing-tubing annulus, respectively

CASE 6913: Application of Kerr-McGee Corporation for an unorthodox well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State F Well No. 14 to be drilled 1310 feet from the North line and 1330 feet from the West line of Section 2, Township 8 South, Range 33 East, Chaveroo-San Andres Pool.

CASE 6914: Application of Wilson Oil Company for a non-standard proration unit and unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit comprising the S/2 of Section 29, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool, to be dedicated to its State JD Well No. 1 at an unorthodox location 1650 feet from the South line and 1980 feet from the West line of said Section 29.

CASE 6915: Application of Jake L. Hamon for a non-standard gas proration unit and an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit comprising the S/2 of Section 8, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South line and 1980 feet from the West line of said Section 8.

CASE 6916: 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 the Drinkard and Blinbry production in the wellbore of its State DC Well No. 1, a quadruple completion located in Unit F of Section 19, Township 21 South, Range 37 East.

CASE 6917: Application of Yates Petroleum Corporation for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its Goat Roper "LP" Com. Well No. 1 located in Unit P of Section 30, Township 17 South, Range 26 East.

CASE 6918: Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Upper Penn and Morrow gas production in the wellbore of its Kennedy "JQ" Com. Well No. 1 located in Unit H of Section 33, Township 17 South, Range 26 East, Kennedy Farms Field.

CASE 6919: Application of Yates Petroleum Corporation for downhole commingling or consolidation of two pools, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Wolfcamp and Penn gas production in the wellbore of its Anderson State "CS" Com. Well No. 1-Y located in Unit G of Section 14, and its Fordinkus State "HZ" Com. Well No. 1 located in Unit G of Section 22, both in Township 18 South, Range 24 East, or, in the alternative, the consolidation of the Fordinkus-Cisco Gas Pool and the Penasco Draw Permo-Penn Gas Pool into one Permo-Penn gas pool to include the above-described wells.

CASE 6920: Application of Yates Petroleum Corporation for a dual completion and unorthodox well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its 5 Mile Draw Federal Well No. 1 to produce from the Pennsylvanian and Abo formations thru the tubing and casing-tubing annulus, respectively; applicant also seeks approval for the unorthodox location of said well in the Abo formation 800 feet from the South line and 2100 feet from the East line of Section 34, Township 6 South, Range 25 East, the SE/4 of the section to be dedicated to the well.

CASE 6903: (Continued from May 21, 1980, Examiner Hearing)

Application of Harvey E. Yates Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Pennsylvanian-Mississippian test well to be drilled 660 feet from the South line and 990 feet from the East line of Section 33, Township 13 South, Range 36 East, the S/2 of said Section 33 to be dedicated to the well.

CASE 6904: (Continued from May 21, 1980, Examiner Hearing)

Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the McDonald Unit Area, comprising 1,440 acres, more or less, of fee lands in Townships 13 and 14 South, Range 36 East.

CASE 6921: Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Mississippian formations underlying the S/2 of Section 33, Township 13 South, Range 36 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South and East lines of Section 33. 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6922: 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 E/2 of Section 24, Township 18 South, Range 28 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6923: Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Cayton-Austin Unit Area, comprising 960 acres, more or less, of State and fee lands in Township 14 South, Range 36 East.

CASE 6924: Application of Caribou Four Corners, Inc. for two unorthodox oil well locations, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of two wells to be drilled, the first being 860 feet from the North line and 2090 feet from the West line, and the second being 910 feet from the North line and 395 feet from the West line, both in Section 13, Township 29 North, Range 15 West, Cha Cha-Gallup Oil Pool, the E/2 and the W/2, respectively, of the NW/4 of said Section 13 to be dedicated to the wells.

CASE 6925: Application of Caribou Four Corners, Inc. for two exceptions to Rule 306, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 306 of the Division Rules and Regulations to permit the permanent flaring of gas from its Kirtland Wells Nos. 1 and 2, located in Units A and B, respectively, of Section 13, Township 29 North, Range 15 West.

CASE 6889: (Readvertised)

Application of Belco Petroleum Corporation for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill a well, the surface location of which is 1980 feet from the North line and 920 feet from the West line of Section 36, Township 22 South, Range 30 East, in such a manner as to bottom it at an unorthodox location within 660 feet of a point 1320 feet from the North line and 2640 feet from the West line of said Section 36 in the Morrow formation, the N/2 of said Section 36 to be dedicated to the well.

CASE 6896: (Continued from May 21, 1980, Examiner Hearing)

Application of John E. Schalk for a non-standard gas proration unit and an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard Blanco Mesaverde gas proration unit comprising the NE/4 of Section 8, Township 25 North, Range 3 West, to be dedicated to his Gulf Well No. 2 to be drilled at an unorthodox location 1925 feet from the North line and 790 feet from the East line of said Section 8.

**CASE 6926:** In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, contracting vertical limits, and extending horizontal limits of certain pools in Chaves, Eddy, and Lea Counties, New Mexico:

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production and designated as the Arkansas Junction-Pennsylvanian Pool. The discovery well is Rex Alcorn Bobbi Well No. 1Y located in Unit J of Section 20, Township 18 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 36 EAST, NMPM  
Section 20: SE/4

(b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Avalon-Delaware Pool. The discovery well is MWJ Producing Company State CW Well No. 1 located in Unit K of Section 36, Township 20 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM  
Section 36: SW/4

(c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the East Burton-Delaware Pool. The discovery well is J. C. Williamson TOG Federal Well No. 1 located in Unit F of Section 16, Township 20 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM  
Section 16: NW/4

(d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Dog Canyon-Strawn Gas Pool. The discovery well is Harvey E. Yates Company Gates Federal Deep Well No. 1 located in Unit P of Section 6, Township 17 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM  
Section 6: S/2

(e) CREATE a new pool in Chaves County, New Mexico, classified as an oil pool for San Andres production and designated as the South Double L-San Andres Pool. The discovery well is McClellan Oil Corporation Mark Federal Well No. 1 located in Unit I of Section 30, Township 15 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM  
Section 30: SE/4

(f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Grayburg production and designated as the Empire-Grayburg Gas Pool. The discovery well is Carl A. Schellinger West Federal Well No. 1 located in Unit G of Section 14, Township 17 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM  
Section 14: NE/4

(g) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the North Hume-Morrow Gas Pool. The discovery well is Bass Enterprises Production Company Bass 36 State Well No. 1 located in Unit E of Section 36, Township 15 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 34 EAST, NMPM  
Section 36: W/2

(h) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the Lusk-Atoka Gas Pool. The discovery well is Phillips Petroleum Company Lusk Deep Unit A Com Well No. 13 located in Unit K of Section 18, Township 19 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM  
Section 18: S/2

(i) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Milepost-Morrow Gas Pool. The discovery well is Exxon Corporation Scheidt Federal Well No. 1 located in Unit L of Section 30, Township 26 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 25 EAST, NMPM

Section 36: N/2 N/2 and Lots 1, 2,  
3, and 4

TOWNSHIP 26 SOUTH, RANGE 26 EAST, NMPM

Section 30: S/2

Section 31: N/2 NW/4 and Lots 3 and 4

(j) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Turkey Track-Atoka Gas Pool. The discovery well is Tenneco Oil Company State HL 11 Well No. 1 located in Unit N of Section 11, Township 19 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 10: E/2

Section 11: S/2

(k) CONTRACT the vertical limits of the East Grama Ridge-Bone Springs Pool to the interval from 10,472 feet to 10,900 feet as found on the type log for the Getty Oil Company State 35 Well No. 1 located in Unit K of Section 35, Township 21 South, Range 34 East, NMPM, and redesignate said pool as the East Grama Ridge-Lower Bone Springs Pool.

(l) EXTEND the Airstrip-Upper Bone Springs Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

Section 25: W/2 SW/4

Section 26: SE/4

(m) EXTEND the Atoka-Yeso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM

Section 33: NW/4 and N/2 S/2

(n) EXTEND the Brunson-Fusselman Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 8: SE/4

(o) EXTEND the Buckeye-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM

Section 9: NW/4

(p) EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 13: W/2

Section 14: E/2

(q) EXTEND the Catclaw Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 26 EAST, NMPM

Section 34: S/2

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM

Section 2: Lots 1 through 8

(r) EXTEND the Chaveroo-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM

Section 34: NE/4

TOWNSHIP 8 SOUTH, RANGE 32 EAST, NMPM

Section 3: SW/4

- (e) EXTEND the Cinta Roja-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 35 EAST, NMPM  
Section 4: All

- (t) EXTEND the South Corbin-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM  
Section 29: N/2  
Section 30: N/2

- (u) EXTEND the South Corbin-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM  
Section 28: W/2

- (v) EXTEND the Crooked Creek-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMPM  
Section 8: S/2

- (w) EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM  
Section 17: All

- (x) EXTEND the East Grama Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM  
Section 12: W/2

- (y) EXTEND the Hat Mesa-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM  
Section 10: W/2

- (z) EXTEND the Henshaw Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM  
Section 11: SW/4 SW/4  
Section 14: S/2 and W/2 NW/4  
Section 15: E/2 SE/4

- (aa) EXTEND the Hobbs-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM  
Section 4: SE/4

- (bb) EXTEND the Indian Flats-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM  
Section 2: N/2 NE/4

- (cc) EXTEND the South Kennitz Atoka-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM  
Section 29: W/2

- (dd) EXTEND the Logan Draw-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM  
Section 19: N/2 NE/4 and SE/4 NE/4

- (ee) EXTEND the Middle Lynch Yates-Seven Rivers Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM  
Section 21: E/2 SW/4



(ff) EXTEND the Penasco Draw San Andres-Yeso Associated Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM  
Section 31: SW/4

(gg) EXTEND the East Red Lake Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM  
Section 25: S/2 S/2  
Section 26: S/2 SE/4 and SE/4 SW/4  
Section 36: N/2 NW/4

(hh) EXTEND the North Shugart-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM  
Section 17: S/2

(ii) EXTEND the Tomahawk-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 31 EAST, NMPM  
Section 25: SE/4

(jj) EXTEND the Turkey Track Seven Rivers-Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM  
Section 9: E/2 NE/4

(kk) EXTEND the North Vacuum-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM  
Section 17: NW/4

(ll) EXTEND the Winchester-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM  
Section 3: All

(mm) EXTEND the Winchester-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM  
Section 30: W/2

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Docket No. 18-80

DOCKET: EXAMINER HEARING - THURSDAY - JUNE 19, 1980

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

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

- ALLOWABLE:
- (1) Consideration of the allowable production of gas for July, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for July, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

Jason Kellahin  
W. Thomas Kellahin  
Karen Aubrey

KELLAHIN and KELLAHIN  
Attorneys at Law  
500 Don Gaspar Avenue  
Post Office Box 1769  
Santa Fe, New Mexico 87501

Telephone 982-4285  
Area Code 505

May 6, 1980

Mr. Joe Ramey  
Oil Conservation Division  
P. O. Box 2808  
Santa Fe, New Mexico 87501

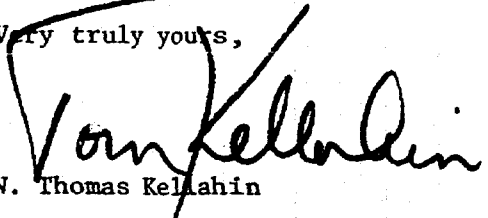
Case 6915

re: Jake L. Hamon  
Hamon-Samedan Petty No. 1  
Section 8, T20S, R36E  
Lea County, New Mexico

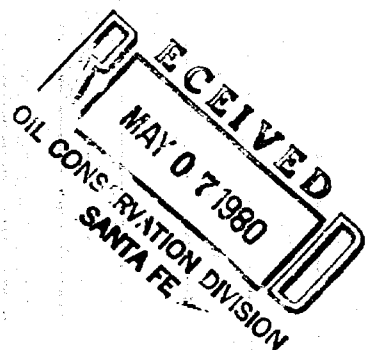
Dear Joe:

Please set the enclosed application for hearing on June 4, 1980.  
Also enclosed for processing are forms C-101 and C-102, and lists of  
the working-interest and royalty owners.

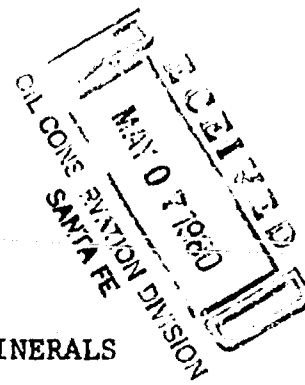
Very truly yours,

  
W. Thomas Kellahin

cc: Mr. James Cooksey  
Mr. B. W. Cozart  
encl.  
WTK:msf



STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVATION DIVISION



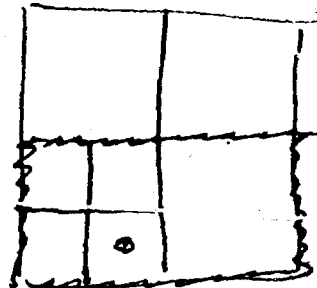
IN THE MATTER OF THE APPLICATION  
OF JAKE L. HAMON FOR A NON-  
STANDARD GAS PRORATION UNIT AND  
UNORTHODOX WELL LOCATION, NORTH  
OSUDO MORROW POOL, LEA COUNTY,  
NEW MEXICO.

Case 6915

APPLICATION

COMES NOW JAKE L. HAMON, by and through his attorneys,  
KELLAHIN & KELLAHIN, and applies to the New Mexico Oil Conservation  
Division for Approval of a non-standard gas proration and spacing  
unit consisting of 320 acres and being the S/2 of Section 8,  
T20S, R36E, NMPM, for the drilling of a Morrow test in the  
North Osudo Morrow Pool at an unorthodox well location 1980  
feet from the West line and 660 feet from the South line of said  
section and in support thereof would show:

1. Applicant is an operator in the S/2 of Section 8,  
T20S, R36E, NMPM, Lea County, New Mexico.
2. The Special Pool Rules for the North Osudo Morrow Pool  
provide for 640 acre units and wells drilled at locations no  
closer than 1650 feet from the outer boundaries of the unit  
and no closer than 330 feet to any governmental quarter-quarter  
section line.
3. Applicant proposes to drill a Morrow test at a location  
1980 feet from the West line and 660 feet from the South line of  
said Section 8, which is the optimum location from which to  
develop and drain a non-standard proration and spacing unit con -  
sisting of the S/2 of said Section.




4. That approval of this application is in the best interests of conservation, the prevention of waste and the protection of correlative rights.

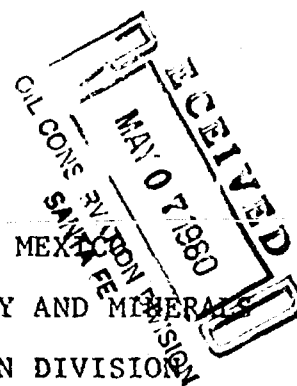
WHEREFORE, applicant prays that this matter be set for hearing before the Division's examiner and that after notice and hearing the application be granted as requested.

KELLAHIN & KELLAHIN

By

  
W. Thomas Kellahin  
P. O. Box 1769  
Santa Fe, New Mexico 87501  
Phone: (505) 982-4285  
ATTORNEYS FOR APPLICANT

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVATION DIVISION



IN THE MATTER OF THE APPLICATION  
OF JAKE L. HAMON FOR A NON-  
STANDARD GAS PRORATION UNIT AND  
UNORTHODOX WELL LOCATION, NORTH  
OSUDO MORROW POOL, LEA COUNTY,  
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*Case 6915*

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unit consisting of 320 acres and being the S/2 of Section 8,  
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sisting of the S/2 of said Section.

4. That approval of this application is in the best interests of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, applicant prays that this matter be set for hearing before the Division's examiner and that after notice and hearing the application be granted as requested.

KELLAHIN & KELLAHIN

By



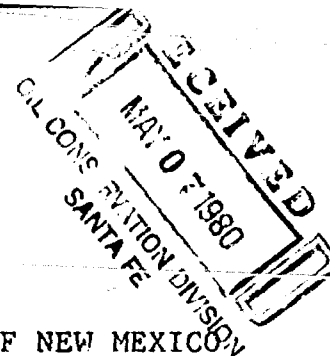
W. Thomas Kellahin

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Santa Fe, New Mexico 87501

Phone: (505) 982-4285

ATTORNEYS FOR APPLICANT



STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF JAKE L. HAMON FOR A NON-  
STANDARD GAS PRORATION UNIT AND  
UNORTHODOX WELL LOCATION, NORTH  
OSUDO MORROW POOL, LEA COUNTY,  
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Case 6915

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T20S, R36E, NMPM, for the drilling of a Morrow test in the  
North Osudo Morrow Pool at an unorthodox well location 1980  
feet from the West line and 660 feet from the South line of said  
section and in support thereof would show:

1. Applicant is an operator in the S/2 of Section 8,  
T20S, R36E, NMPM, Lea County, New Mexico.

2. The Special Pool Rules for the North Osudo Morrow Pool  
provide for 640 acre units and wells drilled at locations no  
closer than 1650 feet from the outer boundaries of the unit  
and no closer than 330 feet to any governmental quarter-quarter  
section line.


3. Applicant proposes to drill a Morrow test at a location  
1980 feet from the West line and 660 feet from the South line of  
said Section 8, which is the optimum location from which to  
develop and drain a non-standard proration and spacing unit con -  
sisting of the S/2 of said Section.

4. That approval of this application is in the best interests of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, applicant prays that this matter be set for hearing before the Division's examiner and that after notice and hearing the application be granted as requested.

KELLAHIN & KELLAHIN

By

  
W. Thomas Kellahin  
P. O. Box 1769  
Santa Fe, New Mexico 87501  
Phone: (505) 982-4285  
ATTORNEYS FOR APPLICANT



RECEIVED  
MAY 07 1980  
OIL CONSERVATION DIVISION  
STATE

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF JAKE L. HAMON FOR A NON-  
STANDARD GAS PRORATION UNIT AND  
UNORTHODOX WELL LOCATION, NORTH  
OSUDO MORROW POOL, LEA COUNTY,  
NEW MEXICO.

Case 6915

APPLICATION

COMES NOW JAKE L. HAMON, by and through his attorneys,  
KELLAHIN & KELLAHIN, and applies to the New Mexico Oil Conservation  
Division for Approval of a non-standard gas proration and spacing  
unit consisting of 320 acres and being the S/2 of Section 8,  
T20S, R36E, NMPM, for the drilling of a Morrow test in the  
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IN THE MATTER OF THE APPLICATION  
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4. That approval of this application is in the best interests of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, applicant prays that this matter be set for hearing before the Division's examiner and that after notice and hearing the application be granted as requested.

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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. 6915

Order No. R- 6380

APPLICATION OF JAKE L. HAMON  
GAS

FOR A NON-STANDARD PRORATION UNIT AND AN UNORTHODOX WELL LOCATION,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 4,  
19 80, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this \_\_\_\_\_ day of June, 19 80, 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 a 320-acre non-standard gas proration unit  
comprising the S/2 of Section 8, Town-  
ship 20 South, Range 36 East, North Osudo-Morrow Gas Pool  
NMPM, to be dedicated to  
~~its~~ a well to be drilled at an unorthodox / ~~located in~~  
the South line and 1980 feet from the West line  
~~Unit~~ ~~xxxxxxx~~ of said Section 8.

(3) That the entire non-standard proration unit may reasonably  
be presumed productive of gas from the North Osudo-Morrow  
Gas Pool and that the entire non-standard gas proration unit can  
be efficiently and economically drained and developed by the  
aforesaid well.

(4) That no official operator objected to the proposed  
unorthodox location and non-standard proration unit.

(5) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the <sup>with</sup> Osudo-Morrow Gas 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 a 320-acre non-standard gas proration unit in the <sup>with</sup> Osudd-Morrow Gas Pool comprising the S/2 of Section 8, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to ~~its~~ a well to be drilled at an unorthodox location 660 feet/ ~~xxxxxx located in Unit~~ from the South line and 1980 feet from the West line of said Section 8.

(2) 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.