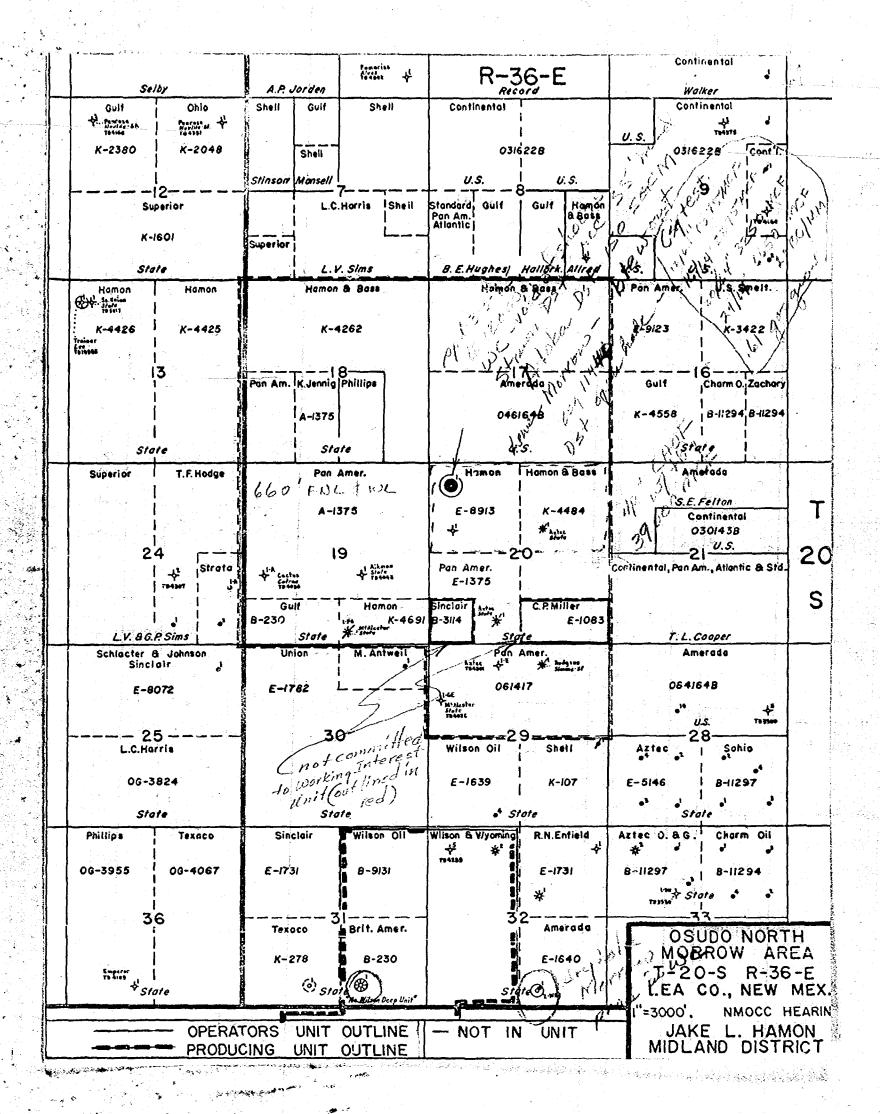
CASE 3270: Application of JAKE L.

HAMON for creation of new gas
pool and unorthodox gas well located

APPliCATION,
TYANSCY: PTS,
SMALL Exhibits
ETC.

Unit Agreement Active at 0f Silming. See-Unit Preement files.



STATE OF NEW MEXICO COUNTY OF BERNALILLO)

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

WITNESS my Hand and Seal this 15th day of July, 1965.

My Commission Expires: April 9, 1969.

> I do hereby certify that the foregoing is a complete reared of the proceedings in the Examinar Series of Case No. 3270
> heard by no on 6 30 1966

Attune. Examiner New Mexico Oil Convervation Commission

BOX 1092

three deep wells that you mentioned that are on the platagain, please?

A The subject will, the 8913 Number One and you will notice within the green outline on the bottom of the plat that is a portion of the British American north deep well unit and there Number One well is located in the southeast of the southwest of section 31, and then close to that in section 32 in the southwest of the southeast, the Amerada WEI State Number 2.

- Q Has that well been completed yet?
- Morrow and found non productive in the Morrow.
- Q So, it's a dry hole in the Morrow? Productive in the Wolfcamp?
 - A Dry hole in the Morrow.
 - Q Is it oil in the Wolfcamp or gas?
 - A It's oil and gas.
 - Q Mr. O'Brien, your suggested name for this Pool- -
 - A Is Osudo North Morrow.

MR. NUTTER: Are there any other questions of Mr. O'Brien, You maybe excused. Does anyone have anything they wish to offer in Case 3720. We will take the case under advisement and call case number 3272.



let's see, that the east half of the quarter you proposed to dedicate to your well is it lookes like a separate lease owned by Hamilton and Bass. Now, has Bass joined you in this application?

- A Yes, they have joined us.
- Q They agreed to dedicate this acreage?

MR. HINKLE: In that connection Mr. Hamilton is the operator for the working interest unit here that has been formed.

MR. DURRETT: I see.

MR. HINKEE: And all of the working interest owners having acreage committed to the unit have agreed to this application. Now, with respect to the two leases there, there will be a communitization agreement entered into which everybody has consented to including the one owner of an overriding royalty interest and it will be submitted to the State for approval so that the north half of 20 can be dedicated to the well.

MR. NUTTER: In other words the north half of 20 will be communitized and communitization will be submitted to the land commissioner.

MR. HINKLE: Yes.

MR. DURRETT: That is all I have.

(By Mr. Nutter) Now, Mr. O'Brien, what were the

MR. HINKIE: No, the R-2707 is the general order providing for three hundred twenty acre spacing for all wells completed in the Pennsylvanian formation, gas wells in Chavez, Lea, and Eddy County.

MR. NUTTER: Just a three hundred twenty acre order.

MR. HINKLE: Yes.

Q (By Mr. Durrett) Well, what order was it that approved the location, was it an administrative order?

MR. NUTTER: No, that's the subject of this hearing.

MR. HINKLE: That's the subject of this hearing.

A Unorthodox location.

MR. HINKLE: This is an exception to Sub-section B of Order R-2707 providing for three hundred twenty acre spacing for Pennsylvanian well.

MR. DURRETT: Then it hasn't ceen approved previously. That's what you are seeking here is the location.

MR. HINKLE: We are seeking the approval of the unorthodox location and the dedication of the north half of 20 to the well.

- Q (By Mr. Durrett) Who is the purchaser, do you know?
- A I do not know. I talked to our Dallas office this morning, and they said a gas contract had been negotiated and and signed.
 - Q One other question. Now, I notice from your plat,



MMS BLOG. . P.O. BOX 1092 . PHONE 243-6691 . ALBUQUERQUE, NEW MEXICO MATIONAL BANK EAST . PHONE 256-1294 . ALBUQUERQUE, NEW MEXICO

A Yes, I believe the well will drain considerably more than three hundred twenty acres.

- Q In your opinion will the dedication of the north half of 20 to the said well violate the correlative rights or in any way constitute waste?
 - A No, it will not.
- Q As far as you know, have any of the operators surrounding this area made any objections to this application or to the dedication of the north half of 20 to the well?
 - A No, they have not.
- Q In your opinion will the exception requested in this case with respect to the unorthodox well location be in the interests of the conservation and the prevention of waste?
 - A Yes, it will.

MR. HINKLE: We would like to offer Exhibit Number 1 in evidence.

MR. NUTTER: Applicant's Exhibit 1 will be received in evidence. Are there any questions of this witness?

MR. DURRETT:: I have a few questions.

CROSS EXAMINATION

BY MR. DURRETT:

Q Mr. O'Brien, my recollection it was Order R-2707 that approved the non-standard location for the well, do I understand that, sir?



- Q Within the next thirty days?
- A Yes.
- Q Do you consider this a good well, that is a relatively good well for the Morrow Sand formation?
 - A Yes, I consider it an excellent one.
 - Q What acreage do you propose to dedicate to the well?
 - A The north three hundred twenty acres of section 20.
 - Q That would be the north half of section 20?
 - A The north half of section 20, yes, sir.
- Q Did you state where the well was located in connection with Exhibit Number 1?
- A I did but the well is located six hundred fifty feet from the north line and six hundred sixty feet from the west line of section 20.
- Q Why did you locate the well in the center of the forty that way to start with?
- A The well was located there because it was an oil test and to satisfy farmout agreements and agreements with the other operators in the unit.
- Q Notwithstanding the unorthodox well location with reference to order R-2707, in your opinion will said well effectively and efficiently drain the three hundred twenty acres in the north half of 20 which you propose to designate to the well?



flowing pressure forty-nine hundred pounds, separator pressure forty pounds and they gauged three thousand two hundred fifty MCF per day and on a 24/64 inch choke and ten our test the stabilized surface pressure was three thousand pounds, flowing a separator pressure was seven hundred fifty pounds and they gauged six thousand six hundred fifty MCF per day, and on the last gauge they had an estimate of twenty barrels of condensate per million cubit feet of gas, recovery was 180 feet of fifty-four gravity condensate, water clear with no formation water.

One hour initial shut in pressure was 6,653, initial flow pressure 5,868, the final flow pressure was six thousand, final shut-in pressure six thousand six hundred twenty pounds in two hours. Gas gravity was point 61 following his drill stem. Tubing packer and wellhead equipment were run and installed and four point potential test was fun resulting in a calculated absolute open flow potential of thirty-nine thousand MCF per day, and approximately 29 point six barrels of condensate per million. Since that time the well has been shut-in and is ready to produce subject to the Commission's approval and I understand we do have a pipe line contract.

- Q When do you anticipate you will get a pipe line connection?
 - A At any time, within thirty days, I'm sure.



11,440 to 457 for six and a half hour flow test. Do you want me to continue with that test?

- Q Yes, go right ahead.
- This test was conducted with a quarter inch bottom hole choke or bottom choke rather and one one and a half inch surface choke after the tool was open for the flow test, they had water blanketed to the surface in four minutes with two thousand pounds on the manifold in five minutes, gas to the surface in eight and a half minutes with the top oil working pressure of three thousand pounds in thirty minutes, seventeen hundred pounds in one hour and cleared up the water blanket. We then switched to a three-eights inch choke to surface for one and three quarter hours and the pressure stabilized at twenty-four hundred pounds with a five and a half inch production string. I then turned the well through the separator and took a series of four one hour flow tests on various size chokes with the following gauges and choke sizes. On a 12/64 inch choke flowing pressure at the surface stabilized at fifty-four hundred pounds, separator pressure, three hundred eighty pounds, gauged 1575 MCF per day; one hour test, 16/64 inch choke stabilized surface flowing pressure was fifty-two hundred pounds, separator pressure four hundred twenty pounds and they gauged 2,275 MCF per day; one hour test on a 20/64 inch choke stabilized surface



filed in this case?

A Yes, they have.

Q Now, can you give the Commission the facts with respect to the drilling of the Hamon State E 8913 Number One well?

A Yes. The subject well was spudded on March 3, 1965 and was filed for a twelve thousand foot test to satisfy the farm-out commitments to Midland and was drilled to the Osundo Wolfcamp Pay at 10,240 feet which was found void of oil shales and drilling continued to the Osundo Strawn Pay at 10,656, and drill stem tested that pay zone at 10,850 recovered thirty-five feet of mud on a two hour test and drilling continued to the Atoka at 10,830 and recovered one hundred and fifty feet of the slightly gas cut mud on a two-half drill item test from 10,845 to 10,895 and drilling continued to 11,440 feet and while drilling the lower Morrow Sand from 11,030 to 11,040 the well blew out after the pressure was increased.

The pressure increased to four thousand pounds blowing off an apparent defective choke manifold. After the well was brought under control and the hole problems cured the well was cased to 11,440 feet. It was then drilled from a four and five-eights inch to four and fixy-sevenths at 11,457 and drill stem tested the open hole section from



northwest of the northwest is the location of the subject well. There are four and one-half sections outlined in red and this outline constitutes an operators unit joined together by the consent of the operators.

All of the acreage within the unit is included within the unit except for the southwest quarter of the southwest quarter of the southwest quarter of Section 20 and the south half of the southeast quarter of Section 20.

- Q You mean that the owners of that acreage have not committed it to the working interest unit?
- A That is correct. Also within the unit there are a number of wells spotted. These are all shallow wells except the one well previously mentioned and two other deep wells, one in the southwest of the southeast of section 31, drilled to the Devonian by British American and also the Amearada State WEI Number Two in the southwest of southeast of Section 32 which penetrated to the Barnett. These are the only deep wells shown on the plat.
- Q Does the plat also show the acreage ownership within the working interests units and the area generally?
 - A Yes, it does.
- Q Have all of the working interest owners within the unit who have acreage committed to the working interest agreed to or consented to the application which Mr. Hamon has



- A Yes, they are.
- Q Are you familiar with the operations of Jake Hamon in New Mexico?
 - A Yes, I am.
- Q Are you familiar with the drilling of Hamon State E 8913 number one well?
 - A Yes, I am.
- Q Are you familiar with the application that Mr. Hamon has filed in Case Number 3207?
 - A Yes, I am.
 - Q What is Mr. Hamon seeking by this application?
- Morrow Gas production on account of the discovery in the Hamon State E 8913 Number One and an exception for section B of order R-2707 with respect to the well location requirements and also the dedication of the north half of Section 20 to said well for well spacing and proration purposes.
- Q I refer you to Exhibit Number 1 and ask you to state what is and what it shows?
- A Exhibit Number 1 is a area plat in the area of Township 20 South, Range 36 East, Lea County, New Mexico, in what we term the Osundo North Morrow area and in the center of the plat in the northwest quarter of Section 20 in the

MR. NUTTER: We will next call 3270.

MR. DURRETT: Application of Jake L. Hamon for the creation of a new gas pool and an unorthodox gas well location, lea County, New Mexico.

MR. HINKLE: Clarence Hinkle, Hinkle, Bondurant and Christy appearing for Jack L. Hamon . We have one witness and one exhibit.

(Whereupon, Applicant's Exhibit 1 marked for identification)

JAMES R. O'BRIEN

called as a witness, having been first duly sworn on oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. HINKLE:

Q State your name, please?

My name is James R. O'Brien.

Q By whom are you employeed?

A Jake L. Hamon in the Midland area.

Q In what capacity?

A As an area geologist.

Q Have you previously testified before the Commission?

A Yes, I have.

Your qualifications as a geologist are a matter of record with the Commission?



BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION Santa Fe, New Mexico June 30, 1965

EXAMINER HEARING

IN THE MATTER OF:

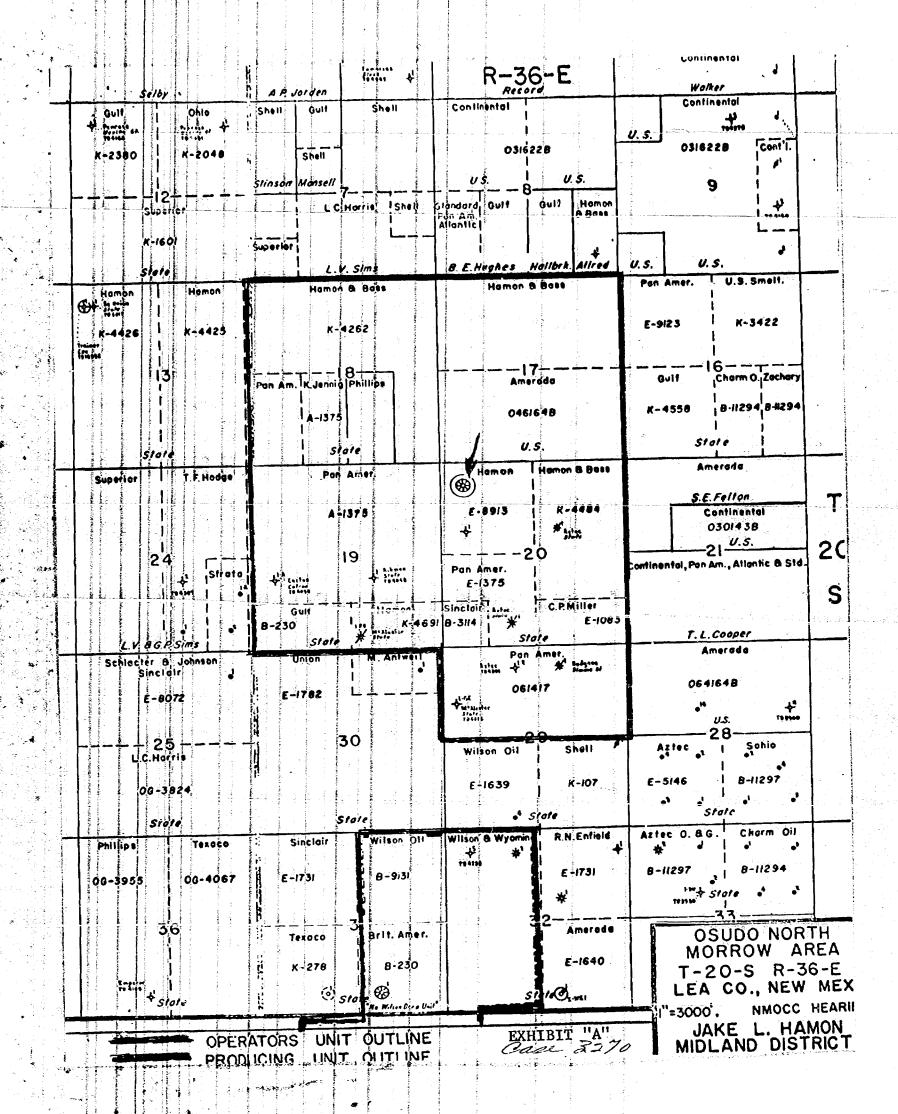
Application of Jake L. Hamon for the) creation of a new gas pool and an unorthodox) gas well location, Lea County, New Mexico.)

Case No. 3270

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

DEARNLEY-MEIER REPORTING SERVICE, 1



As unit operator, applicant completed the State E-8913 No. 1 well referred to above on or about May 16, 1965 for a potential gas flow of 39,000 MCF with open hole from 11,440 to 11,457 feet. There is attached hereto as Exhibit "A" a plat showing the working interest unit referred to above, together with the well location and ownership of the leasehold interests within the unit and surrounding area.

- 2. That said well was originally drilled as an oil test and on account thereof was located in the NW\2NW\2 of said Section 20. On account of said well having been completed as a gas well capable of producing gas in paying quantities, operator is desirous of developing the lands in the North Wilson Working Interest Unit on 320 acre well spacing and proration units as provided in Order R-2707, and desires that an exception be made to the well location requirements of Section B of said order to permit the N\2 of said Section 20 to be dedicated to said well for spacing and proration purposes.
- 3. That applicant believes that one well will effectively and efficiently drain more than 320 acres and that the requested well location exception in this case will prevent the economic loss caused by the drilling of unnecessary wells and will avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.
- 4. Applicant requests that this matter be det down for hearing at the second regular examiner's hearing to be held on June 30, 1965.

Respectfully submitted,

JAKE L. HAMON

Attorney for Applicant

INKLE BONDURANT & CHRISTY

P.O. Box 10

Roswell, New Mexico

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

Application of Jake L. Hamon, Operator of the North Wilson Working Interest Unit, to create a new pool for Morrow gas production in connection with the Hamon State E-8913 No. 1 well located in Unit D, Section 20, Township 20 South, Range 36 East, N.M.P.M. Lea County, New Mexico, and the approval of said well location as an exception to Section B of Order R-2707 with respect to well location requirements and dedication of the N2 of Sec. 20 to said well for well spacing and proration purposes.

Care 3270

Comes Jake L. Hamon of Dallas, Texas, Operator of the North Wilson Working Interest Unit, acting by and through the undersigned attorneys, and hereby makes application to create a new pool for Morrow gas production in connection with the Jake L. Hamon State E-8913 No. 1 well located in Unit D, Section 20, T. 20 S., R. 36 E., N.M.P.M. Lea County, New Mexico and for approval of said well location as an exception to the requirements of Section B of Order R-2707 and dedication of the N₂ of said Section 20 to said well for well spacing and proration purposes, and with respect thereto respectfully shows:

1. That Jake L. Hamon is the operator of the working interest unit consisting of the following described land situated in Lea County, New Mexico, to-wit:

Township 20 South, Range 36 East

Section 17 - All

Section 18 - All

Section 19 - All

Section 20 - All, except a portion of S2

Section 29 - Ng

LAW OFFICES

HINKLE, BONDURANT & CHRISTY

HINKLE BUILDING

ROSWELL, NEW MEXICO

May 31, 1965

OF COUNSEL: HIMAN M. DO

TELEPHONE 022-8510 AREA CODE 505

Can 3270

Oil Conservation Commission Box 2088 Santa Fe, New Mexico

Gentlemen:

W. E. BONDURANT, JR

LEWIS C. COY, UR. 1. 7 PAUL W. EATON, JA. CONRAD E. COFFIELD HAROLD L. HENSLEY, JR.

MICHAEL R. WALLER

S. B.CHRISTY IV

Under date of May 25, we forwarded to you in triplicate the application of Jake L. Hamon, Operator of the North Wilson Working Interest Unit, for creation of a new pool for Morrow gas production in connection with a well recently completed in the NWZNWZ Section 20, Township 20 South, Range 36 East, and for an exception to the well spacing provisions of Order R-2707.

We enclose in triplicate a new application which we would appreciate your substituting for the one previously forwarded to you, making a slight change in the application specifically requesting that the N_2^{\prime} of Section 20 be dedicated to the well for spacing and proration purposes, as well as approval for the unorthodox well location. This application also corrects errors in the first application in that a portion of the S^1_2 of Section 20 has not been committed to the working interest unit and also the potential for the gas well was 39,000 MCF rather than 30,000. In getting out the notice for publication it should probably be clear that applicant is requesting that the N_2 of Section 20 be dedicated to the well.

Old offication

Yours sincerely,

HINKLE, BONDURANT & CHRISTY

CEH:cs

Enc.

Jake L. Hamon, Midland cc: Jake L. Hamon, Dallas

DOCKET MAILED

OIL CONSERVATION COMMISSION SANTA FE, NEW MEXICO

Date 7/7/65

Date 7/7/65

My recommondations for an order in the above numbered cases are as follows:

Suffer Order Ro. R-2909-A

amending Order no R-2909 are

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OIL CONSERVATION COMMISSION SANTA FE, NEW MEXICO

	Date
CASE 3270 My recommendations for an order in t	Hearing Date 6/38/65 DSNOSF he above numbered cases are as follows:
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Staff Hambar

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico

Bil Conservation Commission

LAND COMMISSIONER GUYTON B. HAYS MEMBER



Re:

STATE GEOLOGIST A. L. PORTER, JR. SECRETARY + DIRECTOR

P. O. BOX 2088 SANTA FE

July 13, 1965

Mr. Clarence Hinkle Hinkle, Bondurant & Christy Attorneys at Law Post Office Box 10 Boswell, New Mexico Case No. 3270
Order No. R-2937
Applicant:

JAKE L. HAMON

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC X
Artesia OCC

Aztec OCC

OTHER

-3-CASE No. 3270 Order No. R-2937

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

> STATE OF NEW MEXICO OIL CONSERVATION CONCISSION

JACK M. CAMPANIA, Chairman

Goral B. Hay =

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

CASE No. 3270 Order No. R-2937

- (4) That the applicant also seeks approval of a non-standard location for the above-described well and proposes to dedicate the M/2 of Section 20, Township 20 South, Range 36 East, HMPM, Lea County, New Mexico, to said well.
- (5) That the subject well was drilled as an oil well at a standard oil well location but has subsequently been completed as a Morrow gas well.
- (6) That the subject well can efficiently and economically drain and develop the N/2 of said Section 20.
- (7) That approval of the non-standard location will prevent the drilling of unnecessary wells, will afford the applicant the opportunity to produce his just and equitable share of the gas in the subject pool, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

- (1) That a new pool in Lea County, New Mexico, classified as a gas pool for Merrow production, is hereby created and designated the Worth Gaudo-Merrow Gas Pool, with vertical limits comprising the Merrow formation, and horisontal limits comprising the \$/2 of Section 17, the \$/2 of Section 18, the \$/2 of Section 19, and the \$/2 of Section 20, Township 20 South, Range 36 Mast, MMPM, Lea County, New Mexico.
- (2) That the unorthodox location of the Jake L. Ramon State M-8913 Well Mo. 1, located 660 feet from the Morth line and 660 feet from the West line of Section 20, Township 20 South, Range 36 Rast, MMPM, North Osudo-Morrow Gas Pool, Lea County, New Nexico is hereby approved.
- (3) That the M/2 of said Section 20 shall be dedicated to the subject well in the North Osudo-Norrow Gas Pool.
- (4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

BEFORE THE OIL CONSERVATION CONCISSION OF THE STATE OF MEN MEATCO

IN THE MATTER OF THE HEARING CALLED BY THE OIL COMSERVATION COMMISSION OF MEN MEXICO FOR THE PURPOSE OF COMSIDERING:

> CASE No. 3270 Order No. R-2937 NONENCLATURE

APPLICATION OF JAKE L. HANON POR THE CREATION OF A NEW GAS POOL AND APPROVAL OF AN UNOR-THODOX LOCATION, LHA COUNTY, NEW MEXICO.

ORDER OF THE CONGISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 30, 1965, at Santa Fe, New Mexico, before Examiner Daniel S. Mutter.

quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises.

FIEDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Jake L. Hazion seeks the creation of a new pool for No row gas production in Leu County, New Mexico.
- (3) That the applicant's State E-8913 Well Mo. 1, located 660 feet from the North line and 660 feet from the West line of Section 20. Township 20 South, Range 36 East, NNPM, Lea County, New Mexico, has discovered a separate common source of supply which should be designated the North Osudo-Morrow Gas Poel; that the vertical limits of said pool should be the Morrow formation; and that the horizontal limits of said pool should be the 8/2 of Section 17, the 8/2 of Section 18, the M/2 of Section 19, and the N/2 of Section 20, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico.