

Case No.

7174

Application

Transcripts

Small Exhibits

ETC

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

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

March 10, 1981

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

Re: CASE NO. 7174
ORDER NO. R-6607

Applicant:

Jake L. Hamon

Dear Sir:

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

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

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

Other

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 7174
Order No. R-6607

APPLICATION OF JAKE L. HAMON
FOR AN UNORTHODOX GAS WELL
LOCATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 25, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nuttner.

NOW, on this 6th day of March, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Jake L. Hamon, seeks approval of an unorthodox gas well location 660 feet from the South line and 660 feet from the West line of Section 36, Township 23 South, Range 26 East, NMPM, to test the Morrow formation, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico.

(3) That the S/2 of said Section 36 is to be dedicated to the well.

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

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

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Case No. 7174
Order No. R-6607

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

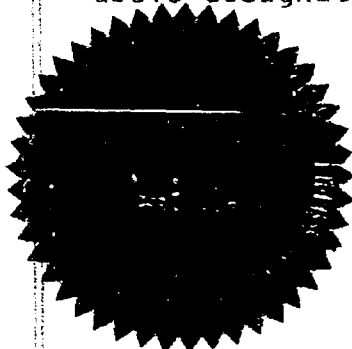
IT IS THEREFORE ORDERED:

(1) That the application of Jake L. Hamon for an unorthodox gas well location for the Morrow formation is hereby approved for a well to be located at a point 660 feet from the South line and 660 feet from the West line of Section 36, Township 23 South, Range 26 East, NMPM, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico.

(2) That the S/2 of said Section 36 shall be dedicated to the above-described well.

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

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

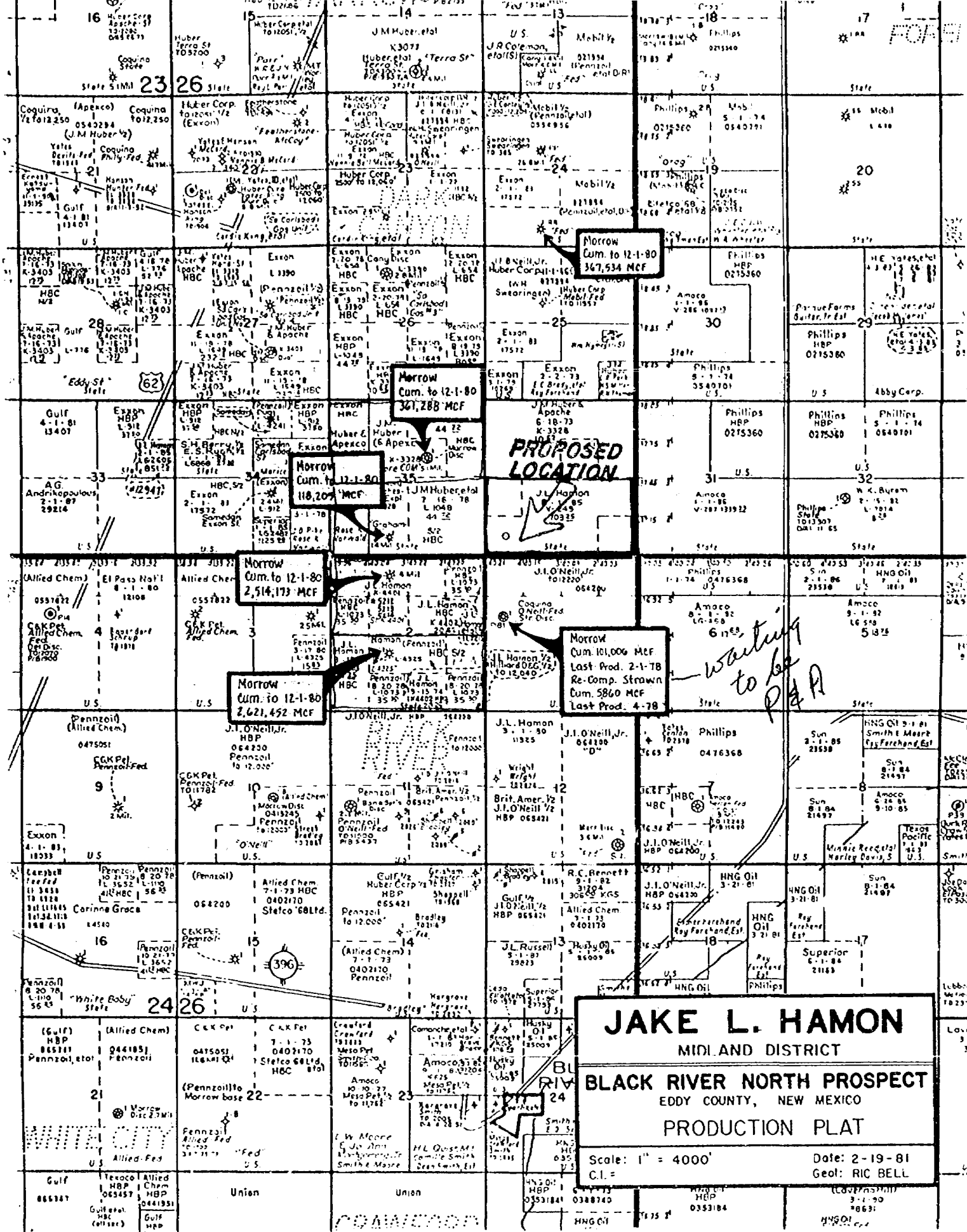


S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY,
Director

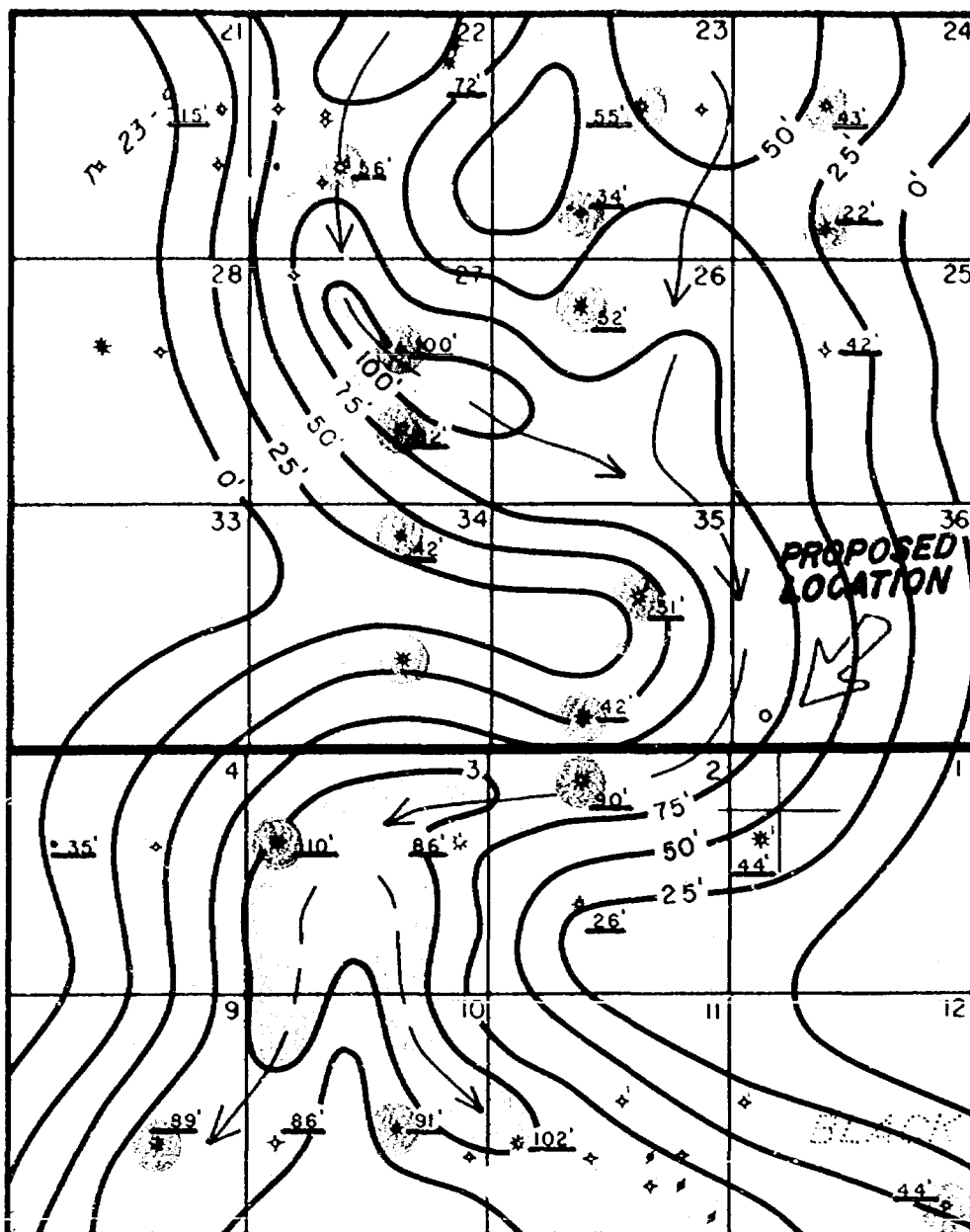
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BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

Hamm EXHIBIT NO. 4
CASE NO. 7174

JAKE L. HAMON

MIDLAND DISTRICT

BLACK RIVER NORTH PROSPECT

ELLY COUNTY, NEW MEXICO

CHANNELL SAND ISOPACH
UPPER MORROW CLASTICS

= 4000

Date 2-19-81

25'

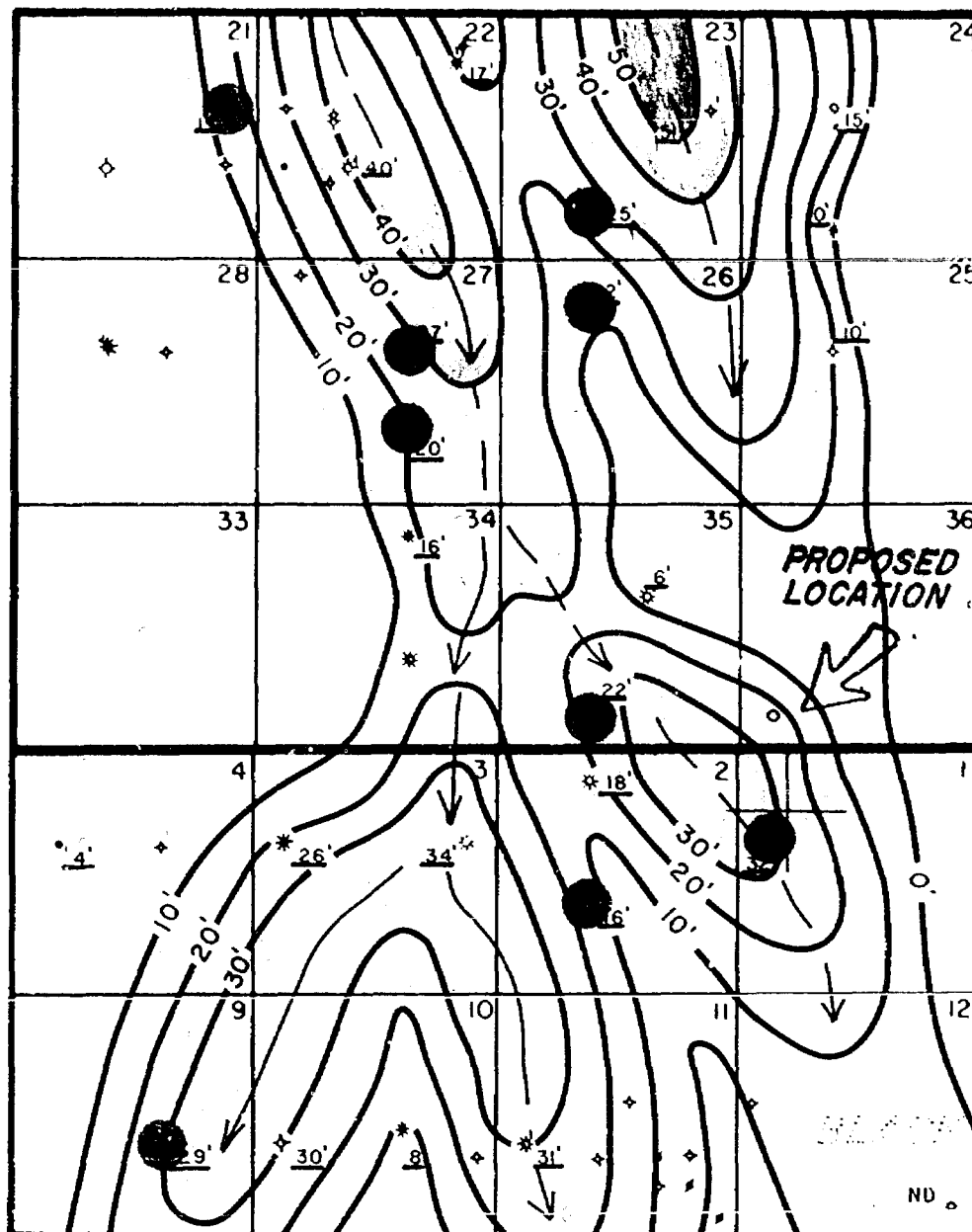
Geo. RIC BELL

UPPER MORROW PRODUCER

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BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
Hamm EXHIBIT NO. 5
CASE NO. 7174

LAKE L. HAMMON
MIDLAND DISTRICT
BLACK RIVER NORTH PROSPECT
EDDY COUNTY, NEW MEXICO
CHANNELL SAND ISOPACH
LOWER MORROW SAND
1" = 4000'
10' 2-19-81
RIC BELL

 LOWER MORROW PRODUCER

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
25 February 1981

EXAMINER HEARING

IN THE MATTER OF:

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

CASE
7174

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.
KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

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I N D E X

JOHN CASEY

Direct Examination by Mr. Kellahin

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E X H I B I T S

Applicant Exhibit One, Plat

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Applicant Exhibit Two, Structure Map

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Applicant Exhibit Three, Cross Section

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Applicant Exhibit Four, Isopach

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Applicant Exhibit Five, Isopach

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2 MR. NUTTER: Call next Case Number 7174.

3 MR. PADILLA: Application of Jake L.
4 Hamon for an uncrthodox gas well location, Eddy County, New
5 Mexico.

6 MR. KELLAHIN: I'm Tom Kellahin of
7 Santa Fe, New Mexico, appearing on behalf of the applicant
8 and I have one witness.

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10 (Witness sworn.)

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

15
16 DIRECT EXAMINATION

17 BY MR. KELLAHIN:

18 Q All right, sir, Mr. Casey, would you
19 please state your name and occupation?

20 A I'm John Casey. I'm the District Geol-
21 ogist for Jake L. Hamon in Midland, Texas.

22 Q And have you previously qualified be-
23 fore the Oil Conservation Division as a geologist?

24 A I have.

25 Q Pursuant to your employment with Jake

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2 L. Hamon have you made a study of the facts surrounding this
3 particular application?

4 A. I have.

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

7 MR. NUTTER: Mr. Casey is qualified.

8 Q. Mr. Casey, let me direct your attention
9 to what we've marked as Exhibit Number One and have you ident-
10 ify that for us.

11 A. Exhibit Number One is a land plat of
12 a portion of Eddy County, New Mexico, on which plat we have
13 shown Mr. Hamon's proposed location for a Morrow test, to be
14 located 660 from the south and west lines of Section 36,
15 Township 23 South, Range 26 East, which -- to which well we
16 propose to designate the south half of Section 36 as the
17 proration unit.

18 Q. This is the South Carlsbad Morrow Gas
19 Pool?

20 A. It is.

21 Q. And what wells have you shown on your
22 plat, Mr. Casey?

23 A. The wells that we have on the plat,
24 we've shown the production on all the producing wells sur-
25 rounding the proposed location.

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Q Starting with Section 2, would you identify the wells and the operators for those two proration units?

A In Section 2 of 24, 26, both of those wells are operated by Mr. Hamon.

Q That's the north/south split in the Section between the proration units?

A That's right.

Q All right, sir.

A Each of those is a laydown 320.

Q And in Section 1 to the east there is a Coquina well?

A That's right, yes, sir.

Q What's the status of that well?

A It is currently waiting on approval to be plugged is my understanding, at least, from the Commission's last report I have.

Q All right, sir, and in the Section 35, immediately to the west of your location?

A There are two wells there; one in the south half is produced to 12-1-80, 118-million; and the well in the north half, operated by J. M. Huber produced 361.2 million.

Q All right, sir.

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A. From the Morrow.

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Q All right. Let's turn to Exhibit Number

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Two.

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MR. NUTTER: While you're -- before you
get away from this Exhibit Number One.

7

A. Yes, sir.

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MR. NUTTER: You say the well in Section
1 is waiting to be P&A'd, what is dedicated to that well, the
north half or the west half?

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A. Mr. Nutter, I'm not certain of the pro-
duction unit for that well.

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MR. NUTTER: Okay.

14

A. It's the only well in the section and
from the performance there has been rather poor, and so I
guess no one ever drilled another well and I really don't
know which is -- whether it's a standup or a laydown unit.

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MR. NUTTER: Okay, go ahead.

19

Q Turn to Exhibit Number Two, Mr. Casey,
and identify that for us.

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A. Exhibit Two is a structure map contoured
on the Lower Morrow formation, which area covers approxi-
mately the same area as that which we reviewed on the Exhibit
Number One.

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Q What's the purpose of the exhibit?

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2 A. The purpose of this exhibit is to show
3 our proposed location, of course, with respect to the pro-
4 ducing wells that Mr. Hamon has in Section 2, and also to
5 show the line of a cross section we will show later.

6 Q. Does structure in the Lower Morrow for
7 the South Carlsbad Morrow play any significance in the pro-
8 ductivity of the Morrow wells?

9 A. At least in this particular area we
10 suspect that it may. Since the Coquina well in Section 1,
11 to which we referred earlier, since it has been a poor per-
12 former, we think that at our proposed location we will be
13 higher than the Coquina well and I might add that on the
14 cross section we have projected the Coquina well into our
15 section along strike.

16 Q. All right, let's turn to your cross
17 section. It's Exhibit Number Three?

18 A. Exhibit Number Three.

19 Q. All right, do you want to direct our
20 attention to the significant factors on Exhibit Number Three
21 that have caused you to propose the location as requested?

22 A. Exhibit Number Three is a structural
23 cross section, the line of which we have referred to.
24 Generally it runs from the left to the right through the
25 Jake Hamon wells in Section 2 into the Dorchester Graham

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2 State, located in the south half of Section 35, through our
3 proposed location, through Coquina's well, and then to a
4 control point to the east of our proposed location.

5 As I said earlier, we projected the
6 Coquina well along strike, such that this cross section de-
7 picts our intention or hope that we will occupy higher struc-
8 tural position relative to the lower Morrow formation.

9 Now, on the cross section I've also
10 shown the producing zones for the producing wells and it can
11 be noted that, and as we'll show later in some Isopach plats,
12 the --- some of the wells are completed in the Lower Morrow
13 clastic section; some are completed in the Upper Morrow.

14 Q Let's turn to Exhibit Number Four and
15 Five and have you discuss those for us. Number Four is your
16 Isopach of the Upper Morrow and Number Five is the Lower
17 Morrow?

18 A Referring to the Exhibit Number Four,
19 an Isopach of the Upper Morrow clastics, we show the possi-
20 bility that a channel will exist through our proposed location
21 and be connected, perhaps, to those wells, one of which is
22 Mr. Hamon's there in Section 2, and as it trends back to the
23 north/northwest, that -- all of those wells that are colored
24 and are shown with the symbol blue are producing from the
25 Upper Morrow section, and we've shown the gross interval of

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2 the sands within that unit.

3 Q Which -- let's see, the Coquina well in
4 Section 1 has not produced from the Upper Morrow, has it?

5 A That is -- that is correct. It was per-
6 forated in the Lower Morrow section, as shown on the cross
7 section.

8 Q And it's those wells to the southwest
9 and then to the west that have produced from this Upper Mor-
10 row?

11 A Right. All of those wells with the
12 blue symbol have produced from the Upper Morrow section.

13 Q All right, let's go ahead and talk
14 about the Isopach on the Lower Morrow section, Exhibit Number
15 Five.

16 A Exhibit Number Five is an Isopach of
17 the Lower Morrow sand section and we've shown those producing
18 wells in the color purple, and we have shown a possible
19 channel or trend of Lower Morrow sand through our proposed
20 location and we believe that utilizing the two exhibits on
21 the Lower Morrow sand and the Upper Morrow sand, at least
22 we hope that at our proposed location we will have a coin-
23 cidence of Upper and Lower Morrow possibilities for hydro-
24 carbon accumulation.

25 Q In your opinion, Mr. Casey, is the pro-

posed location the optimum location from which to test both the Upper and Lower Morrow formations in this proration unit?

A. Yes, Mr. Kellahin, I believe that's -- that's true.

Q. In your opinion will approval of this application impair the correlative rights of any of the offset operators?

A. No. No, sir.

Q. Will approval of the application prevent waste and promote conservation?

A. I believe that to be true, yes, sir.

Q. Were Exhibits One through Five prepared by you or compiled under your direction and supervision?

A. They were, yes, sir.

MR. KELLAHIN: We move the introduction of Exhibits One through Five.

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

Are there any questions of Mr. Casey? He may be excused.

Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: No, sir.

MR. NUTTER: Does anyone have anything

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they wish to offer in Case Number 7174?

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We'll take the case under advisement.

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(Hearing concluded.)

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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 C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 7174
heard by me on 7/25 1987.

[Signature], Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
25 February 1981

EXAMINER HEARING

IN THE MATTER OF:

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CASE
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BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

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For the Applicant:

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MR. PADILLA: Application of Jake L.

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MR. KELLAHIN: I'm Tom Kellahin of Santa Fe, New Mexico, appearing on behalf of the applicant and I have one witness.

(Witness sworn.)

JOHN CASEY

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

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posed location the optimum location from which to test both the Upper and Lower Morrow formations in this proration unit?

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A. No. No, sir.

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MR. KELLAHIN: No, sir.

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they wish to offer in Case Number 7174?

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We'll take the case under advisement.

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(Hearing concluded.)

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREPY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd C.S.R.

SALLY W. BOYD, C.S.R.
Rt. 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. 7174, heard by me on 7/25 1981.

[Signature], Examiner
Oil Conservation Division

Dockets Nos. 8-81 and 9-81 are tentatively set for March 11 and 25, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 25, 1981

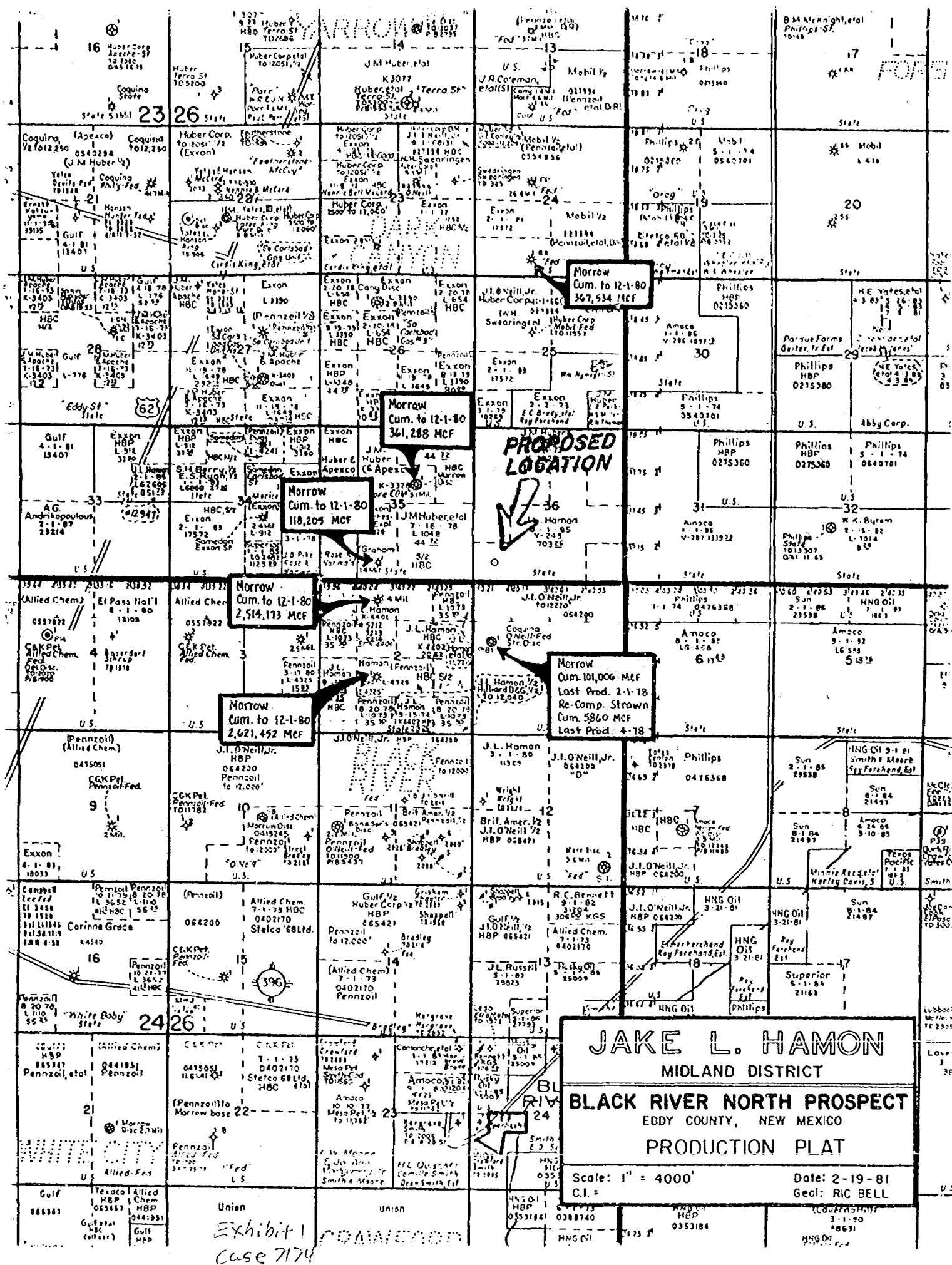
9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

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

- CASE 7157: Application of Carl A. Schellinger for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Campbell Station Unit Area, comprising 3,841 acres, more or less, of State lands in Townships 8 and 9 South, Range 27 East.
- CASE 7158: Application of Grynberg & Associates for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Silman Lake Unit Area, comprising 13,743 acres, more or less, of State and fee lands in Townships 9 and 10 South, Ranges 26 and 27 East.
- CASE 7159: Application of Consolidated Oil & Gas, Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Greenhorn and Dakota production in the wellbore of its Navajo Well No. 2-E located in Unit C of Section 11, Township 25 North, Range 10 West.
- CASE 7160: Application of Harlan Drilling Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 2370 feet from the North line and 1528 feet from the West line of Section 31, Township 29 North, Range 11 West, Fulcher Kutz-Pictured Cliffs Pool, the NW/4 of said Section 31 to be dedicated to the well.
- CASE 7148: (Continued from February 11, 1981, Examiner Hearing)
Application of Twin Montana Oil Company for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre Vada-Pennsylvanian oil proration unit comprising the S/2 NE/4 of Section 3, Township 9 South, Range 35 East, to be dedicated to its Webb Federal Well No. 1 located in Unit G of said Section 3.
- CASE 7051: (Continued from January 28, 1981, Examiner Hearing)
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 Blinbry and Drinkard production in the wellbore of its L. G. Warlick "B" Well No. 2 located in Unit G of Section 19, Township 21 South, Range 37 East.
- CASE 7140: (Continued from February 11, 1981, Examiner Hearing)
Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the N/2 of Section 26, Township 21 South, Range 26 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the North line and 1650 feet from the East line of said Section 26. 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 7149: (Continued from February 11, 1981, Examiner Hearing)
Application of John H. Hendrix Corporation for the extension of the vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalnat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool to a depth of 3362 feet, subsurface, underlying Unit O of Section 19, Township 23 South, Range 37 East.
- CASE 7161: Application of John Yuronka for four compulsory poolings, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Langlie Mattix Pool underlying the four 40-acre proration units comprising the SW/4 of Section 31, Township 22 South, Range 37 East, to be dedicated to wells to be drilled at standard locations 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 7162: Application of McCulloch Oil & Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the McKee formation underlying the E/2 of Section 25, Township 20 South, Range 38 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 7163: Application of ARCO Oil and Gas Company for the extension of the vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool by 165 feet underlying the NE/4 SE/4 of Section 35, Township 23 South, Range 36 East.
- CASE 7164: Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Devonian and Ellenburger formations, Custer Field, underlying the N/2 of Section 6, Township 25 South, Range 37 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 7165: Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Langley-Ellenburger Pool underlying the N/2 of Section 33, Township 22 South, Range 36 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 7166: Application of Inexco Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Chosa Draw Unit Area, comprising 2,560 acres, more or less, of Federal and State lands in Townships 25 and 26 South, Range 25 East.
- CASE 7167: Application of Inexco Oil Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Made Well Anticline Unit Area, comprising 39,238 acres, more or less, of State, Federal, and fee lands in Townships 12, 13, and 14 South, Ranges 21 and 22 East.
- CASE 7168: Application of Cascade Oil Corporation for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine into an unlined surface pit located in Unit K or L of Section 33, Township 18 South, Range 30 East.
- CASE 7129: (Continued from February 11, 1981, Examiner Hearing)
- Application of Koch Exploration Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the N/2 of Section 28, Township 28 North, Range 8 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 7169: Application of Koch Exploration Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the S/2 of Section 22, Township 23 North, Range 8 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 7170: Application of Threshold Development Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Atoka and Morrow formations for its Conoco 10A State Well No. 1Y in Unit F of Section 10, Township 19 South, Range 29 East.

- CASE 7171: Application of Zia Energy Inc. for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 120-acre non-standard proration unit in the Eumont Gas Pool comprising the SW/4 SE/4 of Section 27, and the N/2 NE/4 of Section 34, Township 20 South, Range 36 East, to be dedicated to its Elliott "A" State Well No. 1 located 660 feet from the South line and 1980 feet from the East line of said Section 27.
- CASE 7172: Application of Caulkins Oil Company for two unorthodox gas well locations, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of the following two wells on its Breech A Lease to be recompleted in the Chacra, Mesaverde, and Dakota formations: No. 157 located 1980 feet from the North line and 660 feet from the West line of Section 10 and No. 629 located 660 feet from the North line and 760 feet from the West line of Section 9, both in Township 26 North, Range 6 West.
- CASE 7173: Application of V-F Petroleum Inc. for an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 330 feet from the North line and 1150 feet from the East line of Section 5, Township 16 South, Range 38 East, South Denton-Devonian Pool, the NE/4 NE/4 of said Section 5 to be dedicated to the well.
- CASE 7174: Application of Jake L. Hamon for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the South and West lines of Section 36, Township 23 South, Range 26 East, South Carlsbad-Morrow Gas Pool, the S/2 of said Section 36 to be dedicated to the well.
- CASE 7175: Application of Conoco Inc. for compulsory pooling and a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Ellenburger formations underlying the S/2 of Section 19, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a standard location and dually completed in the Devonian and Ellenburger formations. 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.



KELLAHIN and KELLAHIN

Attorneys at Law

500 Don Gaspar Avenue

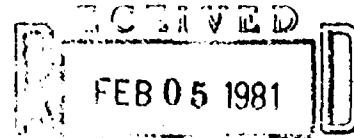
Post Office Box 1769

Santa Fe, New Mexico 87501

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

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February 5, 1981



OIL CONSERVATION DIVISION
SANTA FE

Mr. Joe Ramey
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

RE: Jake L. Hamon

Case 7174

Dear Joe:

Please set the enclosed application for hearing
on February 25, 1981.

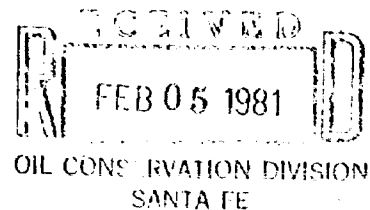
Very truly yours,

W. Thomas Kellahin
W. Thomas Kellahin

WTK:jm
Enclosure
cc: James Cooksey

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

IN THE MATTER OF THE APPLICATION
OF JAKE L. HAMON FOR APPROVAL OF
AN UNORTHODOX WELL LOCATION
SOUTH OF CARLSBAD-MORROW GAS POOL,
EDDY COUNTY, NEW MEXICO.



Case 7174

A P P L I C A T I O N

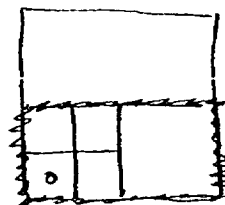
COMES NOW JAKE L. HAMON, by and through his attorneys,
Kellahin & Kellahin, and applies to the New Mexico Oil
Conservation Division for approval of an unorthodox gas
well location 660 feet from the South and West lines of
Section 36, T23S, R26E, NMPM, Eddy County, New Mexico, and
in support thereof would show:

1. Applicant has the right to drill and develop the
Pennsylvanian formation in the S/2 of said Section 36.

2. Applicant desires to drill a well to a depth
sufficient to test the Morrow formation at an unorthodox
well location 660 feet from the South and West lines of
said Section 36.

3. That Applicant proposes to dedicate the S/2 of
said Section 36 to the well.

4. Approval of the application is in the best interest
of conservation, the prevention of waste and the protection
of correlative rights.

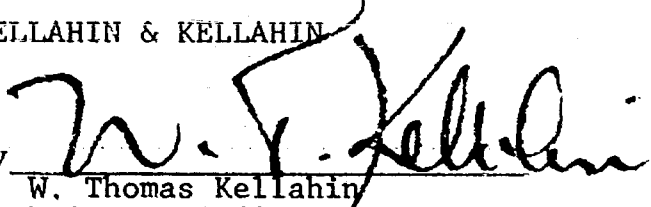


WHEREFORE, applicant requests that this application
be set for hearing and that after notice and hearing the
application be granted as requested.

Respectfully submitted,

KELLAHIN & KELLAHIN

By


W. Thomas Kellahin

P.O. Box 1769

Santa Fe, New Mexico 87501

(505) 982-4285

ATTORNEYS FOR JAKE L. HAMON

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:

JLR
CASE NO. 7174

ORDER NO. R- 6607

[Signature]
APPLICATION OF JAKE L. HAMON

FOR AN UNORTHODOX GAS WELL LOCATION,

EDDY COUNTY, NEW MEXICO. *[Signature]*

ORDER OF THE DIVISION

BY THE DIVISION:

[Signature]
This cause came on for hearing at 9 a.m. on February 25,
19 81, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of _____, 19 81, the Division
Director, having considered the testimony, the record, and the
recommendations of the Examiner, and being fully advised in the
premises,

FINDS:

(1) That due public notice having been given as required by
law, the Division has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Jake L. Hamon,
seeks approval of an unorthodox gas well location 660
feet from the South line and 660 feet from the
West line of Section 36, Township 23 South
Range 26 East, NMPM, to test the Morrow
formation, South Carlsbad-Morrow Gas Pool, Eddy
County, New Mexico.

(3) That the S/2 of said Section 36 is to be
dedicated to the well.

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

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

-2-

Case No. _____
Order No. R- _____

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

IT IS THEREFORE ORDERED:

(1) That ^{the application of Jake L. Hamon for} an ~~unorthodox~~ gas well location for the Morrow formation is hereby approved for a well to be located at a point 660 feet from the South line and 660 feet from the West line of Section 36, Township 23 South, Range 26 East NMPM, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico.

(2) That the S/2 of said Section 36 shall be dedicated to the above-described well.

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

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