

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
October 6, 1965

EXAMINER HEARING

IN THE MATTER OF:

Application of Jake L. Hamon for a unit  
agreement, Eddy County, New Mexico.  
Applicant, in the above-styled cause,  
seeks approval of the Owl Draw Unit  
Area comprising 8,916 acres, more or  
less, of Federal, State and Fee lands  
in Township 25 South, Range 27 East,  
Township 26 South, Range 26 East,  
Township 26 South, Range 27 East, Eddy  
County, New Mexico.

Case No. 3317

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 3317.

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

MR. HINKLE: Clarence Hinkle, Hervey, Dow and Hinkle, Roswell, appearing on behalf of Jake L. Hamon. We have one witness, Mr. Andy Elliott, and three exhibits which I would like to have identified.

(Witness sworn.)

(Whereupon, Applicant's Exhibits Nos. 1, 2, and 3 marked for identification.)

ANDREW C. ELLIOTT

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.

A Andrew C. Elliott.

Q By whom are you employed, Mr. Elliott?

A Jake L. Hamon.

Q In what capacity?

A District Geologist, Midland.

Q You are a graduate geologist?

A Yes, sir.

Q You are familiar with all of Mr. Hamon's operations

in New Mexico?

A Yes, sir.

Q Are you familiar with the area known as the Owl Draw Unit Area?

A Yes, sir.

Q And you made a study of that area?

A Yes, sir.

Q Have you previously testified before the Oil Conservation Commission?

A Yes, sir.

Q And your qualifications as an expert are a matter of record before the Commission?

A Yes, sir.

Q Are you familiar with the application of Jake L. Hamon in this case?

A Yes, sir.

Q What is Mr. Hamon seeking to do by this application?

A Unitize 8,436.55 acres or 94.61 percent Federal lands, 320 acres or 3.85 percent State lands, 159.89 acres or 1.79 of Fee lands.

Q Generally speaking, where is this area located?

A It's located in the southern part of Eddy County, Township 26 South and 27 East.

Q Has this area been heretofore designated by the

United States Geological Survey as an area suitable and proper for unitization?

A Yes, sir.

Q Refer to Hamon's Exhibit No. 1 and explain what that is and what it shows.

A This is the application in behalf of Jake L. Hamon requesting designation of Owl Draw Unit Area comprising 8,916.44 acres, more or less, Eddy County, New Mexico, as logically subject to unit agreement under the leasing provisions of the Mineral Leasing Act, as amended. This has been approved by the United States Geological Survey.

Q As of September 3rd, 1965, is that right?

A Right.

Q Now refer to Exhibit No. 2 and explain what that is and what it shows.

A Exhibit No. 2 is a seismic interpretation by Mr. Hamon's consulting geologist of Pan American records. This map shows --

Q Is that the seismic graph record you speak of?

A Seismic graph records owned by Pan American Petroleum.

Q And were turned over to Mr. Hamon?

A They were turned over to us for review, yes, sir. This is, the exhibit shows the structural interpretation on top of the Devonian at about minus 10,000 feet, and shows that

we have an anomaly showing about 300 feet of critical west dip, and we also show it to be higher than Pan American's original Welch Unit No. 1.

Q Where is the Welch Unit No. 1 located?

A Located in the Northwest Quarter of Section 21.

Q What was the depth of that well?

A That depth went to the Devonian, 13,000 -- well, I don't have that figure right with me here.

Q Well, it was a Devonian test?

A It was a Devonian test, penetrated the Devonian, yes, sir.

Q Was that completed as a producing well?

A They attempted completion on it but it was never commercial. They did set pipe and perforate and attempted to complete but it was unsuccessful.

Q Does Exhibit No. 2 show the outlines of the proposed unit?

A The green outline is the proposed unit, yes, sir.

Q As approved by the --

A United States Geological Survey.

Q What was the reason for the little jog there of 40 acres in Section 20, I guess it is?

A In Section 20 there has been established subsequent to the drilling of the original well in here, subsequent to

that there has been established some Delaware sand production at about 2,000 feet, that being the reason for deleting that 40-acre tract.

Q And there's a small unit there?

A There's a unit joining this.

Q That goes into the 40-acre and that was the reason for leaving it, is that right?

A That's right.

Q Where is the State land located in this unit?

A The State acreage is the West Half of Section 32, and that's all, 320 acres under lease to Humble.

Q Where is the Fee land located?

A The Fee land is located in the South Half- it would be the North Half of the South Half of Section 7, deleting the east 40 acres. The Federal acreage is all the remaining within the unit outline.

Q In your opinion, will this unit area cover substantially all of the structure anomaly which is involved in this case, and give effective control in the event of production or discovery?

A Yes, sir.

Q Does Exhibit No. 2 show the location of the proposed well?

A The proposed location is 1980 from the West line

and 660 from the South line of Section 18, 26 South, 27 East.

Q To what depth do you propose to drill that well?

A We propose to drill this well to 12,900 feet to penetrate the entire Morrow gas section.

Q That is the main objective in this case, the Morrow?

A The Morrow sands are the main objective, which had favorable shows in the original well drilled in Section 21.

Q Will this well penetrate any other formations which might possibly prove to be productive?

A We feel that we have possibilities from the Delaware sand on down through the Bone Springs and Wolfcamp and Morrow sands.

Q Is there anything else you would like to tell the Commission with respect to this exhibit?

A You will notice a little separation in the seismic events, the subsurface, subsea depth; you will note up to the north the anomaly is mapped at about minus 8,000 feet, the reason being that the event associated with the Devonian which covers the southern two-thirds of the area, was a good mappable event and as the record seemed to get worse, or non-interpretable under this area, and then we had to jump up 2,000 feet to get another mappable event. That's the reason for the difference in the subseas.

Q So you have shown an area here in between the two

anomalies, the north and the center, in which there's no actual seismic tie-in between them?

A That's right. In other words, this is mapped at ten five on a good event, whereas the event not so good here and another event came in and which was 2,000 feet shallower.

Q But that has been included in this area due to the fact of the uncertainty, and it possibly could tie in, though?

A That's right. We feel that this anomaly here will project down to the depth here at the Siluro-Devonian.

However, we had to stay with our information.

Q Now refer to Exhibit No. 3. Is that the same exhibit as is attached to the unit agreement?

A Yes, sir.

Q Copies of the unit agreement have been filed with the application and are part of the record in this case. What does Exhibit No. 3 show?

A That shows the unit outline, showing the Federal acreage in blank, the State acreage is hatched, the Fee acreage is hatched around the inside, in Section 7 is the only Fee tract.

Q It also shows the serial numbers--

A The serial numbers.

Q -- of the Federal and State leases?

A Federal and State leases, and the companies owning



leases in the unit outline.

Q The lease ownership and the expiration date of the leases?

A Yes.

Q Who will be the operator of this unit?

A Mr. Jake L. Hamon.

Q Has Hamon made contact with most of the, or all of the working interest owners holding leasehold interest in this area, to determine whether or not they will commit their acreage?

A Yes, sir.

Q Can you state at this time with any degree of certainty as to the probable percentage of commitment which you will have?

A I think roughly from eighty-five to ninety percent.

Q Are you familiar with the form of unit agreement which is proposed to be used in this case and which has been filed with the application?

A Yes, sir.

Q Is this the same form or substantially the same form as the regulation Federal form, with the usual modifications where State and Fee acreage is involved?

A Yes, sir.

Q And this is the same form that has been used and

approved in numerous cases?

A That's right.

Q Does the unit agreement provide for the drilling of the initial test well which you've testified to?

A Yes, sir.

Q What is the maximum depth which the unit provides to be drilled?

A We propose to drill the first well to 12,900 feet, complete penetration of the Morrow gas section.

Q Now all formations from the surface on down are unitized or proposed to be unitized under this agreement?

A Yes, sir.

Q In your opinion, if you should obtain production or make a discovery here, will this agreement be in the interest of conservation and the prevention of waste?

A Yes, sir.

Q And in this case would it also promote the greatest ultimate recovery of oil and gas?

A Yes.

Q And would also protect correlative rights?

A Yes, sir.

MR. HINKLE: We would like to offer in evidence Exhibits 1 through 3, inclusive.

MR. UTZ: Without objection, Exhibits 1 through 3

will be entered into the record of this case.

(Whereupon, Applicant's Exhibits Nos. 1, 2, and 3 offered and admitted in evidence.)

MR. HINKLE: That's all we have.

MR. UTZ: Any questions of the witness? The witness may be excused.

(Witness excused.)

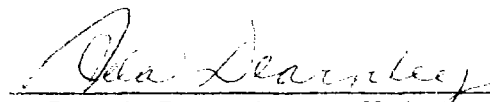
MR. UTZ: Any statements in this case? The case will be taken under advisement.

\* \* \* \*

STATE OF NEW MEXICO )  
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COUNTY OF BERNALILLO )

I, ADA DEARNLEY, Court Reporter - Notary Public, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

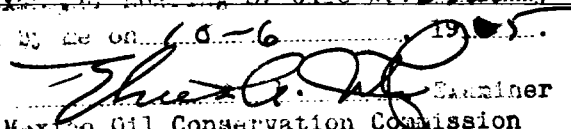
WITNESS my Hand and Seal this 5th day of November, 1965.

  
Court Reporter - Notary Public

My Commission Expires:

June 19, 1967.

I do hereby certify that the foregoing is a complete record of the proceedings in the Exhibit Hearing of Case No. 3362, heard by me on 6-6, 1965.

  
Examiner  
New Mexico Oil Conservation Commission

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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-6491 • ALBUQUERQUE, NEW MEXICO

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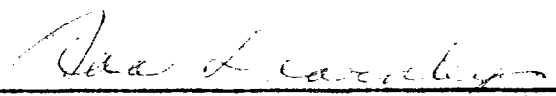
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WITNESS my Hand and Seal this 5th day of November, 1965.

  
Court Reporter - Notary Public

My Commission Expires:

June 19, 1967.

I do hereby certify that the foregoing is a complete record of the proceedings in the Exam. or hearing of Case No. 3312, heard by me on 10-6-65 1965.

  
Examiner  
New Mexico Oil Conservation Commission