

Case No.

1717

Application, Transcript,  
Small Exhibits, Etc.

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1717

TRANSCRIPT OF HEARING

JULY 8, 1959

DEARNLEY - MEIER & ASSOCIATES  
GENERAL LAW REPORTERS  
ALBUQUERQUE, NEW MEXICO  
Phone CHapel 3-6691

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BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
JULY 8, 1959

-----  
IN THE MATTER OF:

CASE 1717 Application of Pan American Petroleum Corpor-  
ation for an exception to the "No-Flare" pro-  
visions of Order No. R-1237. Applicant, in  
the above-styled cause, seeks an exception to  
the requirement in Order No. R-1237 that no  
casinghead gas be flared or vented from any  
well within the defined limits of the Otero-  
Gallup Oil Pool or within one mile therefrom  
for its Jicarilla Tribal 35 Well No. 1, lo-  
cated in the NW/4 SW/4 of Section 35, Town-  
ship 25 North, Range 5 West, Rio Arriba  
County, New Mexico.  
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BEFORE:

Daniel S. Nutter, Examiner.

T R A N S C R I P T    O F    P R O C E E D I N G S

MR. NUTTER: We will take next Case 1717.

MR. PAYNE: Case 1717. Application of Pan American  
Petroleum Corporation for an exception to the "No-Flare" provisions  
of Order No. R-1237.

MR. NEWMAN: Kirk Newman of Roswell, New Mexico, and  
Guy Buell of Fort Worth, Texas, a member of the Texas Bar, repre-  
senting the applicant, Pan American Petroleum Corporation.

MR. BUELL: May it please the Examiner, we have one  
witness, Mr. Marshall.

(Witness sworn)

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CHARLES R. MARSHALL,  
called as a witness, having been first duly sworn, testified as  
follows:

DIRECT EXAMINATION

BY MR. BUELL:

Q Mr. Marshall, will you state your full name, by whom  
you are employed, in what capacity and what location, please?

A Charles R. Marshall with Pan American Petroleum Cor-  
poration in Farmington, New Mexico, and I'm employed as a petroleum  
engineer.

Q Mr. Marshall, does the Farmington office have juris-  
diction over Pan American's operations in the Otero-Gallup Pool  
area?

A Yes, they do.

Q Now, you have testified at prior Commission hearings,  
have you not, Mr. Marshall?

A Yes, I have.

Q And your qualifications are a matter of public record?

A Yes.

MR. BUELL: Any questions?

MR. NUTTER: No, sir. Proceed.

(Thereupon, Pan American's Ex-  
hibit No. 1 was marked for  
identification.)

Q Mr. Marshall, I direct your attention to what has been

marked as Pan American's Exhibit No. 1. What is that Exhibit, please?

A Exhibit No. 1 is a map of the Otero-Gallup Field area on which I've noted the field limits of -- the present field limits of the Otero-Gallup Field in a solid blue line, the proposed extension to the Otero-Gallup Field in a dashed heavy blue line, and Gallup completions in this area I've colored in red.

Q How are the field limits and the proposed extension areas designated on this Exhibit, Mr. Marshall?

A The field limits are designated, the present field limits by the solid blue heavy line, and the proposed extension by the dashed.

Q Now, the well that is the subject matter of this hearing, Pan American's Jicarilla Tribal 35 No. 1, is it within the proposed extension area?

A Yes, it is.

Q Would you locate that well for the record, please?

A It is located in the NW/4 of the SW/4 of Section 35, Township 25 North, Range 5 West.

Q Are you familiar with the pool rules for the Otero-Gallup Field?

A Yes, I am.

Q And do those rules contain a provision prohibiting the flaring of produced casinghead gas?

A Yes.

Q This proposed extension area, is it the subject matter of a hearing at the regular July statewide hearing of the Commission?

A That is correct, yes, sir.

Q And assuming the Commission includes that area within the horizontal limits of the Otero-Gallup Pool, then that area will become subject to the provisions of the field rules, is that correct?

A Yes, sir.

Q With respect to that well, Mr. Marshall, when was it completed?

A The well was completed in August -- on August the 13th, 1958.

Q Do you recall what its initial potential was?

A Thirty-nine barrels of oil per day pumping with a gas-oil ratio of 1322 cubic feet per barrel.

Q Do we have a recent production test on that well?

A Yes, a test conducted on the 14th of March, 1959. The well pumped twenty-six barrels of oil per day with a gas-oil ratio of 4271 cubic feet per barrel.

Q That was this March. What is the well making now, do you know?

A It is producing approximately twenty-four barrels a day, average.

Q Mr. Marshall, is there a gathering system in the

Otero-Gallup Pool that gathers the casinghead gas?

A Yes. The majority of the wells in the Otero-Gallup Pool belong to Skelly Oil Company, and Skelly has a gathering and compression system for delivering casinghead gas to a high pressure line in the area.

Q Are some of the wells in the proposed extension area connected to that system?

A I believe they are, yes, sir.

Q Has Pan American requested Skelly to connect our Tribal 35 Well No. 1?

A Yes, sir, they have.

Q What do they say?

A It was Skelly's conclusion that the amount of gas that would be available from Pan American's 35 No. 1 would not be sufficient to justify any addition to their present system and could foresee no justification for enlarging their system in the future to accommodate the small amount of gas coming from this well.

MR. BUELL: In that connection, Mr. Examiner, I have a wire here from Skelly Oil Company, which I will mark as Exhibit No. 2, and I would like to read it for the record, if I may.

MR. NUTTER: Please do.

MR. BUELL: "Case 1717, Otero-Gallup. Skelly as owner of gathering lines in field unable due to present line capacity to connect to Pan American on existing lines. Hence, necessary for

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Pan American to lay several miles of line direct to compressor in northeast quarter of Section 27."

Mr. Examiner, I believe the telegram is garbled there. That should be Section 28.

Quoting from the wire again: "Maximum gas volume of well does not justify economically either present line enlargement or laying of new lines from this well in Section 35."

That wire is signed by George W. Selinger, Skelly Oil Company.

Q (By Mr. Buell) Mr. Marshall, directing your attention again to Exhibit No. 1, how far would we have to go to connect our well to the Skelly system?

A It would be approximately two miles. I've denoted the line that would be necessary on Exhibit 1 in green, and it is labeled "gathering line." That would be the necessary line to get to Skelly's compressor.

Q Now, that is not necessarily the nearest point on the Skelly system, but that is the only point that they will allow us to tie in?

A Yes, that's the only point they will accept the gas.

Q Mr. Marshall, now Skelly has said it is uneconomical for them to connect our well. Have you made a study to evaluate the economic feasibility of Pan American laying a line to connect the well?

A Yes, I have.

Q What was the result of that study with respect to whether or not it is economical?

A I conclude that it would not be economical for Pan American to dispose of this gas to Skelly's compression system.

(Thereupon, Pan American's Exhibit No. 3 was marked for identification.)

Q Does the Exhibit which has been marked as Pan American's Exhibit No. 3 reflect the results of your economic evaluation?

A Yes. Exhibit 3 is the comparison of the initial investment to lay the line with the revenues that would be derived from the future gas to be produced from this well. It shows an initial investment of approximately \$6,100, and total expected revenue from the gas is approximately \$3,000 -- \$3,040, which would result in a loss of \$3,060 through the life of the well.

Q Actually, Mr. Marshall, it is not simply or merely uneconomical, it results in a loss, does it not?

A Yes, sir, that is correct.

Q And in making this study, Mr. Marshall, did you use the most optimistic approach possible? Now, I use the word "optimistic" from the standpoint of minimum investment expense.

Q Yes, I believe the \$6,100 represents the minimum possible investment, the reason for this being: (1) In all probability, it will be necessary to bury the line that is shown in green on Exhibit No. 1. My cost figures assume that this will not be nec-

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essary because of the fact that it is possible to obtain a special exception to the normal practices of the Indians who own the leases in this area, and lay it on the surface. However, this would require an exception, and it is doubtful that it could be obtained. Also, Skelly has all of their gathering lines in the area buried. One additional minor cost is, the exact location of the compressor was not available to me. I knew that it was in the quarter quarter section in which it is shown, that being the SE/4 of the NE/4 of Section 28. In order to assure that I would not figure on too much line, I put the compressor as close to the well as I could and still remain in that quarter quarter section. All in all, I think the investment is probably less than what would actually be incurred with this installation made.

Q And even though it is a minimum investment, it still results in a loss?

A That is correct.

Q Mr. Marshall, for the purpose of this question I am going to ask you, I want you to assume that the Commission grants our request, for an exception to that rule, and that we continue to produce and operate our well as we have in the past without this additional investment expense. Under that assumption, Mr. Marshall, will this well be a profitable well?

A No, sir. The total revenues to be received from this well will never pay the drilling cost.

Q So actually, if we are required to make this uneconom-

10  
ical investment, it will just be an additional burden on what it is already, an unprofitable well?

A Yes. The operation in this well now is -- can be described as a salvage operation and naturally causing additional investment necessarily would resulted in loss, in that gas revenue is not sufficient to pay for the investment and would only result in further loss of the well.

Q Are you through?

A As a result of drilling the well.

Q Mr. Marshall, in your opinion, as an engineer, what conclusions have you reached with respect to this application from the standpoint of preventing avoidable physical waste as well as the protection of the correlative rights of the parties of interest?

A Assuming the exception, which is requested, is granted, I can see no avoidable waste which will take place, and it is also my opinion that the correlative rights of all involved will be protected.

Q Actually, if we are required to make this uneconomic investment, economic waste will result, will it not, Mr. Marshall?

A That is correct.

Q And the value of the casinghead gas, which will be saved, gathered and sold, will not pay out the investment required to --

A That is correct.

MR. BUELL: May it please the Examiner, that's all

we have at this time, and I would like to formally offer Pan American's Exhibits 1 through 3 in evidence.

MR. NUTTER: Pan American's Exhibits 1 through 3 will be admitted in evidence.

(The documents heretofore marked Pan American's Exhibits 1, 2 and 3 were received in evidence.)

MR. NUTTER: Does anyone have any questions of Mr. Marshall?

MR. PAYNE: Yes, sir.

CROSS EXAMINATION

BY MR. PAYNE:

Q Mr. Marshall, are you aware that the gas-oil ratio limitation in this field is 6,000 to 1?

A Yes, sir.

Q And, of course, you are aware that the field, the pool rules provide that no gas should be flared or vented?

A Yes.

Q Do you feel that if this exception is granted, that this particular well should be held to a gas-oil ratio of 2,000 to 1?

A I can see no reason why it should not be or no reason why it should be. I've not made a study as to exactly the reservoir it is producing from. It appears it is producing from the Otero-Gallup Field.

Q There would be more gas vented, would there not, if

the ratio is left at 6,000 to 1?

A Yes. However, I do not feel that, if it is true, which, as I say, I have not made a study. If it is true that the well is in the same reservoir with the remaining well, it would seem to me that it would be an inequitable situation for one well to be producing with a limit of 2,000 while the remaining well is produced with a limit of 6,000, since even with the limit of 6,000 the volume of gas which will be vented from 35 No. 1 is not a very large amount of gas.

Q How much is it?

A At the present time it's approximately a hundred MCF a day, a little bit less, probably.

Q Have you calculated how much it would be if it were operated on a 2,000 to 1 GOR?

A It would be the same, I believe. The well is capable of producing only twenty-five barrels of oil a day, which is the 2,000 limit. I believe the field is on a -- what averages out around seventy barrels a day allowable, so that at a 2,000 limit you would have one hundred forty MCF a day, which the well is not capable of producing, and it will not become capable of producing, in my opinion, and you would not have any more gas flared that way than you would under 6,000 or any limit.

Q You are not actually challenging the fact that this well is in the Otero-Gallup Pool, are you?

A No, sir.

MR. PAYNE: That's all, thank you.

QUESTIONS BY MR. NUTTER:

Q Mr. Marshall, what is your estimate of revenue of \$3,040 from the gas based upon?

A It is based upon the past, a prediction of the gas rate which will be produced in the future, and this rate is based upon the past performance of the well as well as information we have on the Gallup to predict the future performance.

Q How much gas do you expect will be produced from the well during its life?

A Produced from the well, not subtracting what will be used on the lease, it will be approximately 62,000 MCF of gas.

Q What is this gas that is used on the lease? Is this to run a pump unit?

A Yes.

Q It is a gas operated engine?

A Yes.

Q How much gas does it take to operate that unit per day?

A It takes 6 MCF per day to run the unit.

Q Is any gas being used in the operation of a heater-treater or anything like that?

A Not to my knowledge, no, sir.

Q Does Pan American have any plans for drilling any additional wells on this lease?

A Not to the Gallup, no, sir.

Q Now, you show your gathering line going from the well to the compressor. What is the location of the nearest tank battery on another lease which is connected?

A Skelly's?

Q Yes, sir. Well, anybody's.

A Well, I believe Skelly's would be the nearest one, and I am not sure, but I believe that the tank battery is also located in the same quarter quarter section as the compressor.

Q You don't think there is any tank battery any closer than the compressor is, then?

A I don't believe there are, but I can't be sure on that point because there has been some late developments, and I notice there is another lease here on Section 27, which possibly has a tank battery. But it's my opinion right now that the tank battery is in the same quarter quarter section.

Q If there a tank battery closer to the well than the compressor is, it would be possible to run the line to that tank battery and commingle that gas with the other --

A It would be physically possible, but under Skelly's terms, under which they would take the gas, it would not be possible because they have stated that their lines are run to capacity, and we would not be able to drive the gas anywhere unless -- to the compressor, and it would be necessary to compress the gas ourselves.

Q You estimated it would cost \$6100 to lay this line on the surface?

A Yes, sir.

Q Is that line cost only, or have you taken into consideration there a share of the cost of the compressor?

A No, sir. That cost is based on the cost of the line. The cost to lay the line is subtracting what we feel the salvage value of the line would be after the well is depleted, and some charge for what it would cost to remove the line.

Q Have you considered any compressor costs?

A Yes, sir, there are some meter costs and right-of-way costs which would be necessary.

Q Now, what did you estimate to be the length of this line?

A Approximately ten thousand feet.

Q What was your cost per foot?

A The cost of the line per foot, not counting the line and right-of-way, was fifty cents.

Q Installed?

A Installed.

Q What is that, two-inch line, Mr. Marshall?

A Yes, sir.

Q Pan American would be willing for this order, if entered by the Commission, to be contingent upon there being only one well and this known volume of gas that is presently

produced?

A Yes, from the Gallup.

Q And in the event any other well is drilled on this lease or a larger volume of gas became available, Pan American would be willing to review this case on another hearing?

A Yes.

MR. NUTTER: Does anyone have any further questions of Mr. Marshall?

QUESTIONS BY MR. PAYNE:

Q Who owns the acreage in Section 34, Mr. Marshall?

A Skelly, I believe; at least in the N/2. I am not sure about the S/2.

Q Now, to the best of your knowledge, are all the wells in this proposed extension connected to gas gathering facilities other than yours?

A To the best of my knowledge, they are, or will be, since I believe all of them belong to Skelly.

MR. PAYNE: That's all. Thank you.

MR. NUTTER: Any further questions? Mr. Marshall may be excused.

(Witness excused)

MR. NUTTER: Do you have anything further, Mr. Buell?

MR. BUELL: No, Mr. Examiner, nothing further.

MR. NUTTER: Does anyone have anything further they wish to offer in Case 1717? We will take the case under advisement

and recess the hearing until one-thirty.

17

DEARNLEY - MEIER & ASSOCIATES  
GENERAL LAW REPORTERS  
ALBUQUERQUE, NEW MEXICO  
Phone CHapel 3-6691

STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) ss

I, J. A. Trujillo, 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 in Stenotype and reduced to typewritten transcript by me, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this, the 23<sup>rd</sup> day of July, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Joseph A. Trujillo  
NOTARY PUBLIC

My Commission Expires:

October 5, 1960

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1717, heard by me on 7-8, 1959.

John, Examiner  
New Mexico Oil Conservation Commission

STATE OF NEW MEXICO )  
 ) ss  
 COUNTY OF BERNALILLO )

I, J. A. Trujillo, 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 in Stenotype and reduced to typewritten transcript by me, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this, the 23<sup>rd</sup> day of July, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Joseph A. Trujillo  
 NOTARY PUBLIC

My Commission Expires:

October 5, 1960

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1717, heard by me on 7-8, 1959.

James, Examiner  
 New Mexico Oil Conservation Commission

**CLASS OF SERVICE**

This is a fast message unless its deferred character is indicated by the proper symbol.

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin.

# WESTERN UNION

## TELEGRAM

W. P. MARSHALL, President

**SYMBOLS**

DL=Day Letter

NL=Night Letter

LT=International Letter Telegram

**BEFORE EXAMINER NUTTER**

**OIL CONSERVATION COMMISSION**

7-8-39 EXHIBIT NO. 6 PM 5  
CASE NO. 1717

LA191 KB369

K TUA733 NL PD=FAX TULSA OKLA

GUY BUHL=

PAN AMERICAN PETROLEUM CORP CARE DESERT INN

SANTA FE NMEX=

CASE 1717 OTERO GALLUP SKELLY AS OWNER OF GATHERING LINES IN FIELD UNABLE DUE TO PRESENT LINE CAPACITY TO CONNECT TO PAN AMERICAN WELL ON EXISTING LINES HENCE NECESSARY FOR PAN AM TO LAY SEVERAL MILES OF LINE DIRECT TO COMPRESSOR IN NE/4 SECTION 27 MAXIMUM GAS VOLUME OF WELL DOES NOT JUSTIFY ECONOMICALLY EITHER PRESENT LINES ENLARGEMENT OR LAYING OF NEW LINES FROM THIS WELL IN

SEC 35=

GEORGE W SELINGER SKELLY OIL CO=ERNING ITS SERVICE

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Date 7-24-59

CASE NO. 1717

HEARING DATE 9 am 7-8-59

DSN@SF

My recommendations for an order in the above numbered case(s) are as follows:

Enter a temporary order authorizing Pan-Am to flare gas from its Jicarilla Tribal 35 Well No 1.

Order should be good for no more than one year.

Provide also that applicant shall notify the Commission Secy. Director of the Commission if any other <sup>gallup</sup> wells are completed on the lease or if there is a substantial increase in the amt of gas produced from this well.

Staff Member

**PAN AMERICAN PETROLEUM CORPORATION**MAIN OFFICE OCC  
OIL AND GAS BUILDINGALFX CLARKE, JR.  
DIVISION ENGINEER1959 JUN 15 AM 8:20 H. TEXAS  
June 12, 1959

File: CNK-1267-986.510

Subject: Request for Hearing

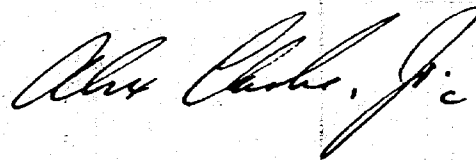
Mr. A. L. Porter, Secretary Director  
New Mexico Oil Conservation Commission  
Capitol Annex Building  
Santa Fe, New Mexico

Dear Sir:

Pan American Petroleum Corporation Jicarilla Tribal 35 No. 1 Well is located in the NW/4 of the SW/4, T-25-N, R-5-W, Rio Arriba County, New Mexico. This well is located in the proposed extension area to the Otter-Gallup Oil Pool, as set out in Paragraph 'G' of Case 1690. Consideration of this extension was continued to the July, 1959, regular hearing.

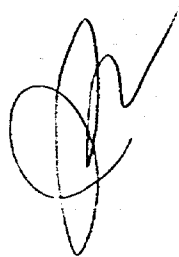
Pan American requests that a hearing be scheduled at the earliest possible date in order that Pan American may show the Commission why the above mentioned well should not be subject to any rule, order, or regulation of the Commission relating to the flaring of produced casinghead gas.

Very truly yours,



CNK:lj

*Robert  
Mailed  
6-25-59*



5 X 5 TO THE 1/2 INCH 359-6  
KUPPERLE & ESSER CO. WASHINGTON, D.C.

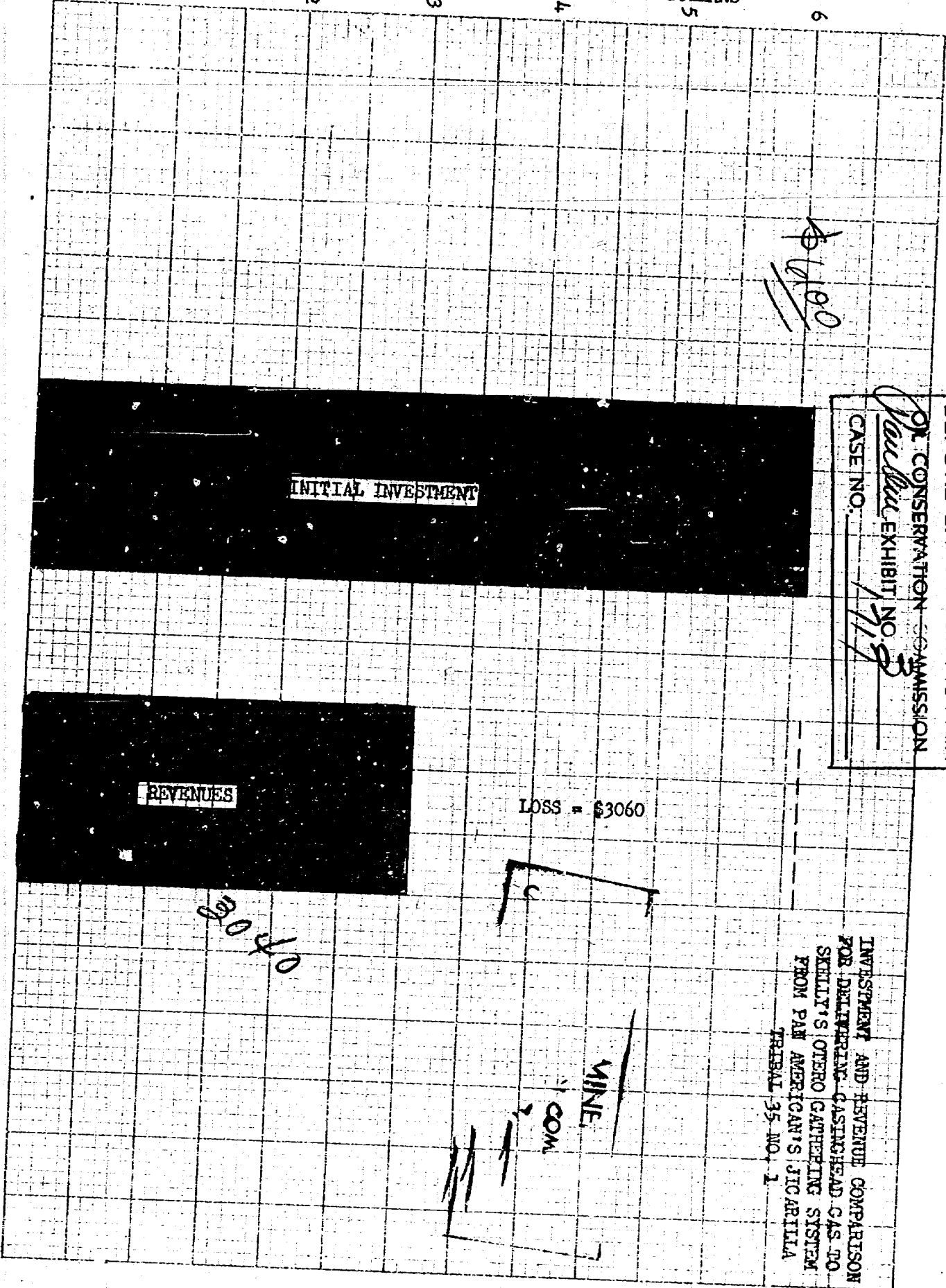
BEFORE EXAMINER NUTTER

OF CONSERVATION COMMISSION

*Pauline* EXHIBIT NO. *3*

CASE NO. *1719*

INVESTMENTS & REVENUES - 1000's OF DOLLARS



**OIL CONSERVATION COMMISSION**  
P. O. BOX 871  
SANTA FE, NEW MEXICO

August 6, 1963

**Pan American Petroleum Corporation**  
P. O. Box 480  
Farmington, New Mexico

Attention: T. M. Curtis

Administrative Extension -  
Order No. R-1451-A

Gentlemen:

Reference is made to your application for extension of time in which to flare or vent low pressure casinghead gas from your Jicarilla 35 Well No. 1 located in the NW/4 SW/4 of Section 35, Township 25 North, Range 5 West, Rio Arriba County, New Mexico, in the Otero-Gallup Oil Pool.

By authority granted me under provisions of Order No. R-1451-A, you are hereby authorized to flare gas from the above described well in exception to Order No. R-1237-A until September 21, 1964.

Prior to that date, please furnish the Santa Fe office of the Commission with a re-evaluation of the possibility of eliminating the flaring or venting of gas from the above described well. Failure to do so will subject the well to cancellation of allowable.

Very truly yours,

A. L. PORTER, Jr.,  
Secretary-Director

ALP/DSN/og  
cc: Oil Conservation Commission - Aztec

C  
O  
P  
Y

# PAN AMERICAN PETROLEUM CORPORATION

1963 JUL 31 PM 1 19

P. O. Box 480, Farmington, New Mexico  
July 29, 1963

File: N-555-986.510.1

Subject: Request for Extension to  
No-Flare Exception  
Administrative Order R-1451-A  
Jicarilla 35 No. 1  
Otero Gallup Pool  
Rio Arriba County, New Mexico

Mr. A. L. Porter, Jr.  
Secretary-Director  
New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Dear Sir:

Pan American Petroleum Corporation respectfully requests an extension to Order No. R-1451-A, dated July 21, 1960, to permit the continued flaring of gas from Pan American's Jicarilla 35 No. 1 in exception to the no-flare provisions of Rule 4, Order No. R-1237-A, Otero Gallup Pool Rules, dated October 19, 1959. Your letter of September 18, 1962, authorized the flaring of casinghead gas from this well until September 21, 1963.

Please refer to our letters of June 13, 1961, File: N-174-986.510.1, and August 17, 1961, File: N-358-986.510.1, in which the economics of selling casinghead gas from the subject well were presented. As shown in these letters, an economic loss would result from the connection of this well to a gas gathering facility.

Attachment No. 1 is a summary of the gas-oil ratio tests taken on the subject well. As can be seen, the gas and oil rates have declined to 59 MCF per day and 18 barrels per day, respectively. This tabulation shows that the producing capacity of this well is definitely on the decline and that the gas reserves are no more and are probably less than the 67,500 MCF as presented in our above mentioned letters. Since the cost to install gas gathering facilities are the same as before, an economic loss would still result for Pan American to collect this casinghead gas.

Therefore, it is requested that Pan American Petroleum Corporation be granted an extension to Order No. R-1451-A, dated July 21, 1960, to permit the continued flaring of gas from the Jicarilla 35 No. 1 in

Page 2

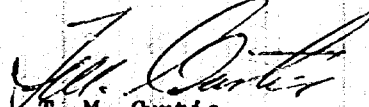
Mr. A. L. Porter, Jr.

July 29, 1963  
N-555-986.510.1

exception to the no-flare provisions of Rule 4 of Order No. R-1237-A,  
Otero Gallup Pool Rules, dated October 19, 1959.

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION

  
T. M. Curtis  
District Superintendent

JRK:en  
Attachment

cc/attach: Mr. E. C. Arnold  
New Mexico Oil Conservation Commission  
Aztec, New Mexico

ATTACHMENT NO. 1

JICARILLA 35 NO. 1  
SUMMARY OF GAS-OIL RATIO TESTS

<u>DATE OF TEST</u>	<u>BOFD</u>	<u>MCFPD</u>	<u>GAS-OIL RATIO</u>
10-9-58	29	39	1345
3-14-59	26	110	4231
3-22-60	27	88	3259
6-4-60	23	76	3304
9-14-60	21	75	3571
5-27-61	22	74	3364
6-4-62	18	64	3556
7-19-63	18	59	3278

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE No. 1717  
Order No. R-1451

APPLICATION OF PAN AMERICAN  
PETROLEUM CORPORATION FOR A  
ONE-WELL EXCEPTION TO THE "NO  
FLARE" PROVISION CONTAINED IN  
THE POOL RULES FOR THE OTERO-  
GALLUP POOL, RIO ARriba COUNTY,  
NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 o'clock a.m. on July 8, 1959, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 1st day of August 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

- (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 is the owner and operator of an oil well in the Otero-Gallup Oil Pool, known as the Jicarilla Tribal 35 Well No. 1, located in the NW/4 SW/4 of Section 35, Township 25 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.
- (3) That at the present time it is uneconomical for the applicant to make beneficial use of the casinghead gas produced from said Jicarilla Tribal 35 Well No. 1.
- (4) That approximately 100 MCF of casinghead gas is presently being flared or vented from said well.
- (5) That the applicant seeks permission to continue flaring or venting the casinghead gas produced from said well.

-2-

Case No. 1717  
Order No. R-1481

(6) That an order authorizing the flaring or venting of casinghead gas from said well should be issued subject to the limitations set forth below.

IT IS THEREFORE ORDERED:

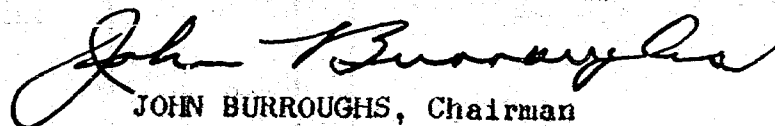
That the applicant, Pan American Petroleum Corporation, be and the same is hereby authorized to flare or vent casinghead gas produced from its Jicarilla Tribal 35 Well No. 1, located in the NW/4 SW/4 of Section 35, Township 25 North, Range 5 West, NMPM, Otero-Gallup Oil Pool, Rio Arriba County, New Mexico, for a period not to exceed one year from the date of this order.

PROVIDED HOWEVER, That the daily volume of casinghead gas in cubic feet, which is produced from said well and is flared or vented, shall not exceed that number derived by multiplying the daily top unit allowable for the Otero-Gallup Oil Pool by 2000.


PROVIDED FURTHER, That the applicant shall notify the Secretary-Director of the Commission if and when any other Gallup wells are completed on the lease on which the subject well is located.

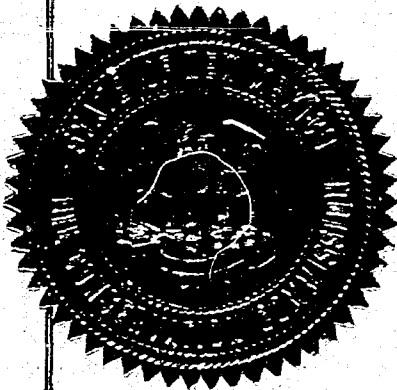
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
JOHN BURROUGHS, Chairman

  
MURRAY E. MORGAN, Member

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



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OIL CONSERVATION COMMISSION

P. O. BOX 871  
SANTA FE, NEW MEXICO

August 3, 1959

Mr. Kirk Newman  
Atwood & Malone  
Box 867  
Roswell, New Mexico

Dear Mr. Newman:

On behalf of your client, Pan American Petroleum Corporation, we enclose two copies of Order No. E-1451 in Case 1717, issued by the Oil Conservation Commission on August 1, 1959.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ir/

Enclosure

*Copy sent  
to Hobbs, by te  
+ Guy Buell*

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OIL CONSERVATION COMMISSION  
P. O. BOX 871  
SANTA FE, NEW MEXICO

August 3, 1959

Mr. Bill Kastler  
Gulf Oil Corporation  
P. O. Box 869  
Roswell, New Mexico

Dear Mr. Kastler:

On behalf of your client, Gulf Oil Corporation, we  
enclose two copies of Order No. R-1450 issued July  
31, 1959, by the Oil Conservation Commission in Case  
No. 1718.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

lr/

Enclosures

*Copy of order  
sent to Hobbs*

DOCKET: EXAMINER HEARING JULY 8, 1959

OIL CONSERVATION COMMISSION, 9 a.m., MABRY HALL, STATE CAPITOL, SANTA FE

The following cases will be heard before Daniel S. Nutter, Examiner, or  
A. L. Porter, Jr., Secretary-Director.

CASE 1707:

Application of Continental Oil Company for two non-standard oil proration units. Applicant, in the above-styled cause, seeks the establishment of two non-standard oil proration units for Delaware production, one 49.8-acre unit to consist of lots 1 and 2 of partial Section 35, Township 26 South, Range 32 East, Lea County, New Mexico, the other 49.9-acre unit to consist of lots 3 and 4 of said partial Section 35. Said units are to be dedicated respectively to a well to be located 330 feet from the North and East lines of lot 1 and to a well to be located 330 feet from the North and East lines of lot 3, all in said Section 35.

CASE 1708:

Application of Continental Oil Company for permission to commingle the production from three separate leases. Applicant, in the above-styled cause, seeks permission to commingle the production from an undesignated Delaware pool from three separate leases in Sections 25, 26, and 35, Township 26 South, Range 32 East, Lea County, New Mexico, after separately metering the production from each lease.

CASE 1709:

Application of Continental Oil Company for a 160-acre non-standard gas proration unit. Applicant, in the above-styled cause, seeks the establishment of a 160-acre non-standard gas proration unit in an undesignated Tubb gas pool consisting of the E/2 SW/4 and the W/2 SE/4 of Section 15, Township 20 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to applicant's Britt B-15 Well No. 9 located 1980 feet from the South and East lines of said Section 15.

CASE 1710:

Application of The Atlantic Refining Company for the establishment of three non-standard oil proration units and for approval of an unorthodox oil well location. Applicant, in the above-styled cause, seeks the establishment of three 44.56-acre non-standard oil proration units in the Horseshoe-Gallup Oil Pool, the three units together to comprise all of lots 1, 2, 3, and 4 of Section 33, Township 31 North, Range 16 West, San Juan County, New Mexico, one unit to be dedicated to a well in said lot 1, another to a well in said lot 2, the other to a well in said lot 4. Applicant further seeks approval of an unorthodox location for the well in said lot 2.

CASE 1711:

Application of The Atlantic Refining Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its State "Y" Well No. 8, located in the SE/4 NE/4 of Section 25, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to produce oil from the Justis Blinbry Pool and from the Justis Fusselman Pool through parallel strings of tubing.

CASE 1712:

Application of Angels Peak Oil Company for a non-standard gas proration unit or in the alternative for a force pooling order. Applicant, in the above-styled cause, seeks the establishment of a 98.87-acre non-standard gas proration unit in the Fulcher Kutz-Pictured Cliffs Pool consisting of lots 1 and 2 of Section 10 and lots 3 and 4 of Section 11, both in Township 28 North, Range 11 West, San Juan County, New Mexico said unit to be

CASE 1712 (continued) dedicated to applicant's Angels Peak Well No. 5, located 285 feet from the North line and 1520 feet from the West line of said Section 11. Applicant proposes, in the alternative, to force pool all interests in the above-described acreage in said Fulcher Kutz-Pictured Cliffs Pool.

CASE 1713: Application of El Paso Natural Gas Company for a gas-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Hancock Well No. 3, located in the SW/4 SW/4 of Section 22, Township 28 North, Range 9 West, San Juan County, New Mexico, in such a manner as to produce gas from the Aztec-Pictured Cliffs Pool and to produce gas from the Blanco-Mesaverde Pool through the casing-tubing annulus and tubing respectively. Applicant proposes to utilize a retrievable-type packer in said well.

CASE 1714: Application of John H. Trigg for an order authorizing a pilot water flood project, for capacity allowables for seven wells in said project area, and for establishment of an administrative procedure for expansion of said project and for granting capacity allowables. Applicant, in the above-styled cause, seeks an order authorizing it to institute a pilot water flood project in the Caprock-Queen Pool in Chaves County, New Mexico. Applicant proposes to inject water into the Queen formation through 4 wells located in Sections 4 and 5, Township 14 South, Range 31 East. Applicant also seeks capacity allowables for seven wells in said project. Applicant further seeks the establishment of a procedure whereby the project area may be expanded and capacity allowables granted without notice and hearing.

CASE 1715: Application of Gulf Oil Corporation for permission to install a lease automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing it to install automatic custody transfer equipment to receive and measure the oil produced from its B. V. Culp Lease<sup>o</sup> consisting of the SW/4 NW/4, E/2 NW/4, and the NE/4 of Section 19, Township 19 South, Range 37 East, Lea County, New Mexico.

CASE 1716: Application of Northwest Production Corporation for an oil-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its "S" Lease Well No. 15-11, located in the NE/4 NE/4 of Section 11, Township 24 North, Range 4 West, Rio Arriba County, New Mexico, in such a manner as to produce oil from an undesignated Gallup oil pool and the production of gas from an undesignated Dakota gas pool through parallel strings of tubing.

CASE 1717: Application of Pan American Petroleum Corporation for an exception to the "No-Flare" provisions of Order No. R-1237. Applicant, in the above-styled cause, seeks an exception to the requirement in Order No. R-1237 that no casinghead gas be flared or vented from any well within the defined limits of the Otero-Gallup Oil Pool or within one mile therefrom for its Jicarilla Tribal 35 Well No. 1, located in the NW/4 SW/4 of Section 35, Township 25 North, Range 5 West, Rio Arriba County, New Mexico.

CASE 1718: Application of Samedan Oil Corporation for an unorthodox oil well location. Applicant, in the above-styled cause, seeks an order authorizing an unorthodox oil well location in the Kemnitz-Wolfcamp Pool for a well to be located 660 feet from the South and East lines of Section 20, Township 16 South, Range 34 East, Lea County, New Mexico, in exception to the spacing requirements for said pool as promulgated by Order No. R-1011.

Docket No. 24-59

CASE 1719:

Application of Sinclair Oil & Gas Company to commingle the production from several separate pools. Applicant, in the above-styled cause, seeks authority to commingle the production from the Penrose-Skelly Pool and the Paddock Pool from all wells on its Brunson lease comprising the NW/4 SW/4 of Section 3 and the W/2 SE/4 of Section 4, Township 22 South, Range 37 East, Lea County, New Mexico. Applicant further seeks permission to commingle the production from the Hare Pool, Drinkard Pool and Tubb Gas Pool from all wells on said lease.

CASE 1720:

Application of Skelly Oil Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its W. P. Saunders Well No. 1, located in the SW/4 SE/4 of Section 11, Township 26 North, Range 11 West, San Juan County, New Mexico, in such a manner as to produce oil from the Gallegos-Gallup Oil Pool and to produce oil from an undesignated Dakota pool through parallel strings of tubing.

CASE 1721:

Application of Great Western Drilling Company for an automatic custody transfer system, for permission to commingle the production from separate leases, for permission to produce more than 16 wells into a common tank battery, and for an administrative procedure whereby wells may be produced in excess of top unit allowable. Applicant, in the above-styled cause, seeks an order authorizing installation of an automatic custody transfer system and for permission to commingle the Caprock-Queen Pool production from more than 16 wells located on separate leases within the confines of the North Central Caprock Queen Unit Area in Township 13 South, Ranges 31 and 32 East, Lea and Chaves Counties, New Mexico. Applicant further proposes the establishment of an administrative procedure whereby wells in said Unit Area may be permitted to produce in excess of top unit allowable for said Caprock-Queen Pool.