CASE 2082: Application of PAN AMER.

For authority to store Empire-Abo

Poel Production from Malco "N" hease.

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2082-

phistion, Transcript,

mall Exhibits, Etc.

### DEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL COMMENSATION CONCERNION OF HER MEXICO FOR THE PURPOSE OF CONSIDERING:

> CASE No. 2002 Order No. R-1788

APPLICATION OF DAY AMERICAN PERSONNELSENS CONFUNCTION FOR AN ORDER APPROXISING COFF-LIBER PROBLEM OF CIL, EDST COUNTY, HIM MEXICO.

### ORDER OF THE COMMISSION

### MY THE COMMISSION:

This come done on for hearing at 9 o'clock a.m. on September 21, 1966, at Santa Pe, New Mexico, hefere Raniel S. Muhter. Remainer duly appointed by the Oil Generyotion Commission of New Mexico, hereinafter referred to be the "Commission," in apportunce with Rule 1214 of the Commission Rules and Regulations.

MDM, on this 3rd day of October, 1960, the Commission, a quorum being present, having considered the application, the evidence addresd, and the recommendations of the Examiner, Duniel S. Mutter, and being fully advised in the premises,

### FIRE:

- (1) That due public notice having been given as required by law, the Counterion has jurisdiction of this cause and the subject matter thereof.
- (3) That the applicant proposes to store Empire-abe Poel oil production from its Malco "E" Lease, comprising the HM/4 and the H/2 SM/4 of Section 15, Township 18 south, Range 27 Rast, HEPM, Eddy County, Her Maxiso, in a separate tank battery to be located on its State "ER" Lease, comprising the HE/4 HM/4 of Section 16, Township 18 South, Range 27 East, HEPM, Eddy County, Her Hexico.
- (3) That the said Empire-Abo Pool oil production from the above-described Malco "H" Lease will not be commingled with the production from any other lease, including the production from the said State "BR" Lease.
- (4) That approval of the subject application will neither cause waste nor impair correlative rights.

-2-CASE No. 2082 Order No. R-1788

### IT IS THEREFORE CRICKED:

That the applicant, Pen American Petroleum Corporation, he and the same is hereby authorized to store Engine-Abe Peol eil production from 140 Makes "R" lates, congrising the MM/4 and the M/2 SM/4 of Section 15, Township 18 South, Range 27 East, MSM, MAN County, New Maniso, in a segmente tank buttery to be leasted on its State "RE" Lease, congrising the MM/4 MM/4 of Section 16, Township 18 South, Range 27 Bast, MSM, Bddy County, New Maniso.

MATTER MATTER. That the said Empire-She real oil production from the wild Miles "N" Lease shall not be comingled with the production from any other lease, including the production from the said State "N" Leave.

2000 at Santa Fe. Now Remier, on the day and year horeinabove dissignated.

STATES OF HIM INVESTOR

JOHN BURROWSHIE, Chairman

MANY R. MANAGE. Manhae

Wy letter. &

## GOVERNOR JOHN BURROUGHS CHAIRMAN

# State of New Mexico il Conservation Commission

LAND COMMISSIONER MURRAY E. MORGAN MEMBER



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

SANTA PE

Re:

Mr. Kirk Newman Attend & Malone New 867 Newwell, New McKing Case No. 3082
Order No. 2-1/23
Applicant:

Pan American Petroleum Corp.

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:

Artesia OCC AAztec OCC

Other Mr. Guy Buell - Fort Worth, Texas

### DOCKET: EXAMINER HEARING, WEDNESDAY, SEPTEMBER 21, 1960

The following cases will be heard before Daniel S. Nutter, Examiner, or Oliver E. Payne, Attorney, as Alternate Examiner:

\* Case Nos. 2083 through 2089 will not be heard before 1 p.m.

### CASE 2055: (Continued)

Application of Aztec Oil & Gas Company for a gas-gas dual completion utilizing two strings of casing. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Hanks Well No. 12-D, located in Unit H, Section 7, Township 27 North, Range 9 West, San Juan County, New Mexico, in such a manner as to permit the production of gas from the Fulcher Kutz-Pictured Cliffs Pool and the production of gas from the Dakota Producing Interval through parallel strings of 2 7/8-inch and 4½-inch casing cemented in a common well bore. Applicant proposes to install 2 3/8-inch tubing to produce the Dakota gas.

### NEW CASES

### CASE 2073:

Application of Aztec Oil & Gas Company for a gas-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Hanks Well No. 18-D, located in Unit B, Section 5, Township 27 North, Range 9 West, San Juan County, New Mexico, in such a manner as to permit the production of gas from the Fulcher Kutz-Pictured Cliffs Pool and the production of gas from the Dakota Producing Interval through parallel strings of 2 7/8-inch and 4½-inch casing cemented in a common well bore. Applicant also proposes to install 2 3/8-inch tubing to produce the Dakota gas.

### CASE 2074:

Application of Aztec Oil & Gas Company for a gas-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Hanks Well No. 16-D, located in Unit K, Section 6, Township 27 North, Range 9 West, San Juan County, New Mexico, in such a manner as to permit the production of gas from the Fulcher Kutz-Pictured Cliffs Pool and the production of gas from the Dakota Producing Interval through parallel strings of 2 7/8-inch and 4½-inch casing cemented in a common well bore. Applicant also proposes to install 2 3/8-inch tubing to produce the Dakota gas.

Docket No. 27-60

-2-

CASE 2075;

Application of Aztec Oil & Gas Company for a gas-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Hanks Well No. 15-D, located in Unit B, Section 6, Township 27 North, Range 9 West, San Juan County, New Mexico, in such a manner as to permit the production of gas from the Fulcher Kutz-Pictured Cliffs Pool and the production of gas from the Dakota Producing Interval through parallel strings of 2 7/8-inch and 4½-inch casing cemented in a common well bore. Applicant also proposes to install 2 3/8-inch tubing to produce the Dakota gas.

CASE 2076:

Application of Aztec Oil & Gas Company for a gas-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Hare Well No. 15-D located in Unit D, Section 10, Township 29 North, Range 10 West, San Juan County, New Mexico, in such a manner as to permit the production of gas from the Aztec-Pictured Cliffs Pool and the production of gas from the Dakota Producing Interval through parallel strings of 2 7/8-inch and 4½-inch cemented in a common well bore. Applicant also proposes to install 2 3/8-inch tubing to produce the Dakota gas.

CASE 2077:

Application of El Paso Natural Gas Company and Sinclair Oil & Gas Company for two non-standard gas proration units. Applicants, in the above-styled cause, seek an order establishing two 191-acre non-standard gas proration units in the South Blanco-Pictured Cliffs Gas Pool, Rio Arriba County, New Mexico, one comprising the NE/4 and lots 1 and 2 of Section 18, the other comprising the SE/4 and lots 3 and 4 of said Section 18, both in Township 24 North, Range 3 West. Said units are to be dedicated respectively to the Tonkin Federal Well No. 3, located 1470 feet from the North line and 1750 feet from the East line of said Section 18 and to the Tonkin Federal Well No. 4, located 1500 feet from the South line and 990 feet from the East line of said Section 18.

CASE 2078:

Application of Chambers & Kennedy for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Nonterey State Well No.2, Unit D, Section 32, Township 18 South, Range 31 East, Eddy County, New Mexico, in such a manner as to permit the production of oil from an undesignated Yates oil pool and the production of oil from the North Shugard Queen-Grayburg Pool through parallel strings of 1½-inch and 2 3/8-inch tubing respectively.

CASE 2079:

Application of Socony Mobil Oil Company for a "slim-hole" oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its E. O. Carson Well No. 23, located 760 feet from the South line and

Docket No. 27-60

860 feet from the West line of Section 28, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Paddock Pool and the production of oil from the Wantz-Abo Pool using parallel stings of 2/7/8-inch tubing cemented in a common well bore.

CASE 2080:

Application of W. H. Swearingen for an amendment of Order No. R-1748. Applicant, in the above-styled cause, seeks an amendment of Order No. R-1748 to include the SE/4 NW/4 of Section 21 with the remainder of the N/2 of said Section 21, both in Township 18 South, Range 26 East, Eddy County, New Mexico, to form a standard 320-acre gas unit in the Atoka-Pennsylvanian Gas Pool. Applicant further seeks a determination of the well costs which are to be paid by the parties.

CASE 2081:

Application of Phillips Petroleum Company and Phillips Chemical Company for permission to commingle the production from three separate leases. Applicant, in the above-styled cause, seeks permission to commingle the production from the Vacuum Pool from all wells on the following-described portions of three State leases:

State Lease No. B-2073, SE/4 NE/4 of Section 19

State Lease No. B-2388, NW/4 SE/4 of Section 20

State Lease No. B-1501, NE/4 NW/4 of Section 29

all in Township 17 South, Range 35 East, Lea County, New Mexico.

CASE 2082:

Application of Pan American Petroleum Corporation for offlease storage of oil. Applicant, in the above-styled cause, seeks an order authorizing it to store the Empire-Abo Pool production from its Malco "N" Lease (NW/4 and N/2 SW/4 of Section 15) in a separate tank battery to be located on its/ State "BR" Lease (NE/4 NE/4 of Section 16), both in Township 18 South, Range 27 East, Eddy County, New Mexico.

The following cases will not be heard before 1 p.m. on September 21, 1960.

CASE 2083:

Application of Gulf Oil Corporation for a 160-acre non-standard gas proration unit and for an order force-pooling the mineral interests therein. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests within the vertical limits of the Tubb Gas Pool in a 160-acre Docket No. 27-60

non-standard gas proration unit consisting of the W/2 E/2 of Section 14. Township 21 South, Range 37 East, Lea County, New Mexico, including the following non-consenting interest owners: J. M. Newton, Ronald J. Byers, Robert E. Byers, and Constance E. Byers. Said unit is to be dedicated to the Naomi Keenum Well No. 2, located 660 feet from the South line and 1980 feet from the East line of said Section 14.

### CASE 2084:

Application of Gulf Oil Corporation for permission to commingle the production from several separate pools and for permission to install two automatic custody transfer systems. Applicant, in the above-styled cause, seeks permission to commingle the production from the Brunson-Ellenburger Pool with production from the Hare Pool, and to commingle the production from the Terry-Blinebry Pool with the production from the North Paddock Pool, on its Harry Leonard "F" Lease, consisting of the E/2 of Section 2, Township 21 South, Range 37 East, Lea County, New Mexico. Applicant further seeks permission to install two automatic custody transfer systems to handle the aforesaid commingled production.

### CASE 2085:

Application of Gulf Oil Corporation for permission to commingle the production from several separate pools and for permission to install two automatic custody transfer systems. Applicant, in the above-styled cause, seeks permission to commingle the production from the Brunson-Ellenburger Pool with production from the Hare Pool, and to commingle the production from the Wantz-Abo Pool, Paddock Pool, Penrose-Skelly Pool and Drinkard Pool with the gas condensate production from the Tubb Gas Pool and the Blinebry Gas Pool, from all wells on its Eunice King Lease consisting of the N/2 of Section 28, Township 21 South, Range 37 East, Lea County, New Mexico. Applicant further seeks permission to install two automatic custody transfer systems to handle the aforesaid commingled production.

### CASE 2086:

Application of Gulf Oil Corporation for an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the installation of an automatic custody transfer system to handle the Gladiola (Devonian) Pool production from all wells presently completed or hereafter drilled on the M. M. Harris Lease comprising the NW/4 of Section 8, Township 12 South, Range 38 East, Lea County, New Mexico.

### CASE 2087:

Application of Gulf Oil Corporation for an automatic custody transfer system. Applicant, in the above-styled cause seeks an order authorizing the installation of an automatic custody transfer system to handle the Gladiola (Devonian) Pool production from all wells presently completed or hereafter drilled

Docket No. 27-60 -5-

on the Lea-State "AV" Lease comprising the NW/4 of Section 19, Township 12 South, Range 38 East, Lea County, New Mexico.

CASE 2088:

Application of Tennessee Gas Transmission Company for an amendment of Order No. R-1755. Applicant, in the above-styled cause, seeks an order amending Order No. R-1755 to expressly designate the applicant as operator of the unit pooled in said order with all powers incidental to the proper operation of order with all powers incidental to the proper operation of the unit including the power and authority to market the production from the unit well.

CASE 2089:

Application of Val R. Reese & Associates, Inc. for the promulgation of special rules and regulations governing the Escrito-Gallup Oil Pool. Applicant, in the above-styled cause, seeks an order promulgating special rules and regulations governing the drilling, spacing and production of oil and gas governing the Escrito-Gallup Oil Pool, Rio Arriba County, New wells in the Escrito-Gallup Oil Pool, Rio Arriba County, New Westco and further, to extend said pool to include all of Section 25, Township 25 North, Range 7 West.

Case 2082 PAN AMERICAN PETROLEUM CORPORATION 1960 AU3 20 /// 8 / 53 August 25, 1960
WJS-5 WJS-5742-541.112 Subject: Off-Lease Storage to Serve Malco "N" Lease, Empire Abo Field

> Mr. A. L. Porter, Jr. (2) New Mexico Oil Conservation Commission P. O. Box 871 Santa Fe, New Mexico

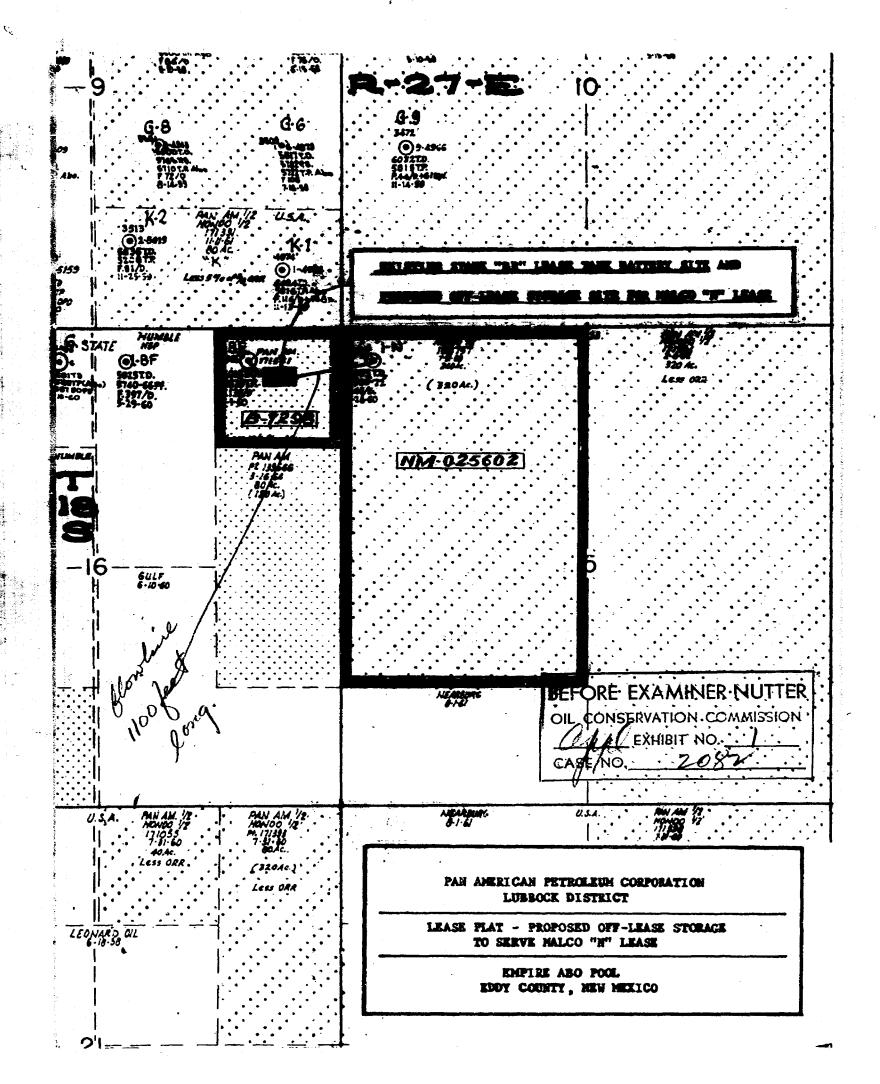
Dear Sir:

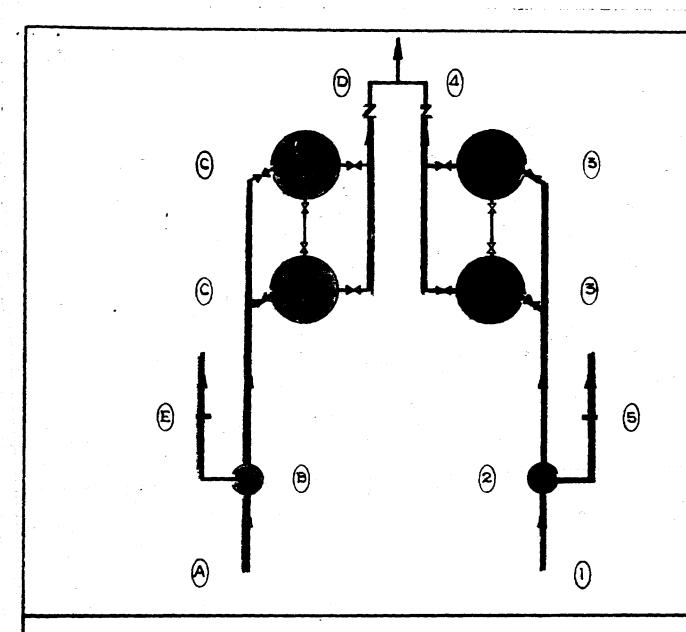
We respectfully request that the New Mexico Oil Conservation Commission schedule for an early docket a hearing wherein Pan American Petroleum Corporation can present application for approval to set permanent individual and separate storage at the site of the existing tank battery on our State "BR" Lesse (State of New Hexico Lesse B-7298, ME/4 NE/4 Section 16, T-18-S, R-27-E, Eddy County, New Mexico Lease B-/Zyo, ME/4 production from our adjoining Malco "F" Lease (Federal Lease No. MM-025602, Will provide increased efficiency of Pan American lease operations, will facilitate the individual delivery of oil and gas production from both leases to the respective purchasers and will not impair correlative rights nor cause waste.

Yours very truly,

Eddy County, New Mexico

District Engineer





STATE "BR" LEASE NE/4 NE/4 SEC. 16-18-27 LEASE NO. B-7298

- A. Flowline from State "BR" No. 1
- B. Treater
- C. Lease Storage
- D. Pipeline Connection
  C. Gas Sales Meter & Connection

MALCO "N" LEASE NW/4, N/2 SW/4 SEC. 15-18-27 LEASE NO. NM-025602

- 1. Flowline from Malco "N" No. 1
- 2. Treater
- 3. Off-lease Storage
- 4. Pipeline Connection5. Gas Sales Meter & Connection

PAN AMERICAN PETROLEUM CORPORATION

SCHEFATIC FLOW DIAGRAM - PROPOSED OFFLEASE STORAGE FOR MALCO "N" LEASE, EMPIRE ABO POOL, NE/4 NE/4 SEC. 16-18-27, EDDY COUNTY, NEW MEXICO

DRG



### UNITED STATES DEPARTMENT OF THE INTERIOR GEOLOGICAL SURVEY

P. O. Box 6721 Roswell, New Mexico

RECEIVED JUL 27 1960

Pan American Petroleum Corporation P. O. Box 268 Lubbock, Texas

Attention: Mr. Neil S. Whitmore

Gentlemen:

Your telegram of July 25 requests approval to store Empire Abo production from that portion of lease New Mexico 025602 described as the NW1, N1SW1 sec. 15, T. 18 S., R. 27 E., N.M.P.M., Eddy County, New Mexico in separate tankage at the site of your State "BR" lease tank battery, in lieu of commingling said production with that being produced into the central storage installation in sec. 3, T. 18 S., R. 27 E., as was approved by our letter of July 14. You have stated that the quantity of water being produced by your Malco "N" well No. 1 is such that you do not wish to commingle its production in the central storage area in sec. 3. You have expressed doubt, however, that a pipeline connection could be secured if storage were made on the lease and propose to produce the Malco "N" No. 1 through a separate heater into separate tankage at the site of your State "BR" lease tank battery where a pipeline connection is already available.

Your proposal to furnish off-lease storage for the above described portions of lease New Mexico 025602 is satisfactory to this office. Please furnish at your earliest convenience, duplicate copies of a schematic diagram showing how production from said lease portion is

Very truly yours,

EDWIN M. THOMASSON

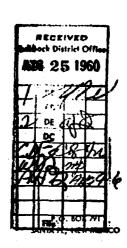
Acting Oil and Gas Supervisor

### State of New Mexico



Commissioner of Public Lands

And he



MURRAY E. MORGAN

August 22, 1960

In reply refer to: Oil and Gas Division

Pan American Petroleum Corporation P. O. Box 268 Lubbock, Texas

Attention: Neil S. Whitmore

Dear Sir:

In reply to your request of July 28, to store production from your Federal Lease, NM-025602, in separate storage to be constructed on your State "BR" Lease in the NEINEL Section 16, Township 18 South, Range 27 East, this office hereby approves of this operation. This approval is given with the understanding that no commingling is involved, and that the operation is beneficial to the State of New Mexico and to Pan American Petroleum Corporation.

The Commissioner of Public Lands reserves the right to withdraw this approval if at any time this operation proves to be harmful to the State of New Mexico.

Yours very truly,

MURRAY E. MORGAN

Commissioner of Public Lands

By:

E. L. Buck Geologist

ELB:jw

### BEFORE THE OIL CONSERVATION COMMISSION September 21, 1960

Examiner Hearing

IN THE MATTER OF:

Application of Pan American Petroleum Corporation for off-lease storage of oil. Applicant, in the above-styled cause, seeks an order authorizing it to store the Empire-Abo Pool production from its Malco "N" Lease (NW/4 and N/2 SW/4 of Section 15) in a separate tank battery to be located on its State "BR" Lease (NE/4 NE/4 of Section 16), both in Township 18 South, Range 27 East, Eddy County, New Mexico.

CASE NO. 2082

BEFORE:

Daniel S. Nutter, Examiner Oliver E. Payne

TRANSCRIPT OF PROCEEDINGS

MR. NUTTER: The next case will be 2082.

MR. PAYNE: Application of Pan American Petroleum Corporation for off-lease storage of oil.

MR. NEWMANN: Kirk Newmann, Atwood and Malone, Roswell, representing the Applicant. We have one witness.

ALBERT H. GREEN

called as a witness, having been previously duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. NEWMANN:



A Albert H. Green, Petroleum Engineer, Pan American Petroleum, Lubbock, Texas.

- Q Have you previously testified before the Commission?
- A Yes, sir.
- Are the witness' qualifications accepted?

  MR. NUTTER: Yes, sir. Please proceed.
- Q (By Mr. Newman) Would you state the purpose and the reasons for the application in this case?

A Pan American wishes to store production from their Malco

"N" Lease which is shown outlined in red on the first attachment

of the exhibit, move production from that lease to the adjoining

State "BR" Lease which is outlined in green, for purposes of

saving investment and gas flow lines and to reduce the operating

cost by what would be considered a consolidation and centralization

of tank batteries without actually commingling production.

Q What would be the length of the flow line to the offset battery?

A The flow line from the Malco Number 1 Well to the proposed battery as situated will be 1100 feet.

Q Will there be any commingling of production from this Malco 1 "N" Well with other production from other leases or wells?

A No, sir, none whatsoever.

Q Will you refer to the second attachment of the proposed Exhibit and state what it shows, sir?



BUQUERQUE, NEW MEXICO

# DEARNLEY-MEIER REPORTING SERVICE, Inc.

3-6691

A Attachment 2 of the exhibit is a schematic drawing showing the flow routing of production from the two leases involved. The color scheme is presented to coincide with the first attachment. The drawing shows that production from each well enters its respective treater where gas is separated from the oil production, the oil production passes onto the individual storage tank where it is run to the pipe line transporter. The gas production from each lease is shown leaving the treaters, passing through individual gas production meters and onto the gas purchaser.

- Q. Will you state briefly what your third attachment of the exhibit is?
- A The third attachment is consent from the USGS of this off-lease storage proposal.
  - Q What is your 4th attachment?
- A Attachment 4 is approval of the Commissioner of Public Lands for our proposed off-lease storage.
- Q Is there any possible way that correlative rights could be effected by this granting of this application?
  - A In my opinion none whatsoever.
- Q Is there any way that waste could be caused by granting of the application?
  - A No, sir.
- Q Would the granting of the application serve to prevent waste?
  - Yes, sir, economic waste.



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Q Would it also permit the extended production of the well on the Malco "N" Lease by reducing the cost of operating that well?

- A Yes, sir.
- Q Was this exhibit and attachment prepared by you or under your direction?
  - A Yes, sir.
  - Q We offer the exhibit.

MR. NUTTER: Pan American Exhibit Number 1 will be admitted, a bundle of four sheets. Any questions of Mr. Green?
Mr. Payne.

### BY MR. PAYNE:

Q Mr. Green, there will be no commingling of the production from the two leases, is that right?

A That is correct, no commingling of all your gas production prior to sale.

MR. NUTTER: Any further questions? The witness may be excused.

(Witness excused.)

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

MR. NEWMAN: No.

MR. NUTTER: Does anyone have anything they wish to offer for Case 2082? We will take the case under advisement, and recess to 1:15.



STATE OF NEW MEXICO COUNTY OF BERNALILLO

I, LEW NELSCN, 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 Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript by me and/or under my personal supervision 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 day of September, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Junlleyn 9- Kelom NOT RY PUBLIC

My Commission Expires: June 11, 1964



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ALBERT H. GREEN  By Mr. Newman  By Mr. Payne		2	4	
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EXHIBIT		FOR IDENTIFICATION	OFFERED	
Applicant's Exhibit	No. 1	4	4	
	loto Booord	y that the foregoing of the proceedings ing of Case No	<u> </u>	

New Mexico Oil Conservation Commission

