

CASE 2148: Application of PAN AMER.  
for a force-pooling order in the  
Atoka-Penn. Gas Pool.

Oil Spent

✓ Std. no. 1

✓ Sp. no. 2

Casa No.

2148

Application, Transcript,  
Small Exhibits, Etc.

NEW MEXICO ENERGY &amp; MINERALS DEPARTMENT

— 71st F.Y. —

N<sup>o</sup> 03881-565-70

OFFICIAL RECEIPT

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TC					RC—	
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COMPANY/SUB # 4

DRAFT

RSM/esr  
January 4, 1961

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. 2148

Order No. R- 1850

APPLICATION OF PAN AMERICAN PETROLEUM  
CORPORATION FOR AN ORDER FORCE-POOLING  
ALL MINERAL INTERESTS IN A 320-ACRE GAS  
PRORATION UNIT IN THE ATOKA-PENNSYLVANIAN  
GAS POOL, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on  
January 4, 1961, 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        day of January, 1961, 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, Pan American Petroleum Corporation,  
seeks an order force-pooling all mineral interests in the Atoka-  
Pennsylvanian Gas Pool in a 320-acre standard gas proration unit  
consisting of the N/2 of Section 22, Township 18 South, Range 26  
East, NMPM, Eddy County, New Mexico.
- (3) That the applicant has attempted to secure the consent  
of all mineral interest owners in order to form the above-described  
gas proration unit.
- (4) That all of the working interest owners in the proposed  
gas proration unit are willing to agree to its formation but are  
prevented from doing so due to certain restrictive conditions in  
their leases with *non-consenting royalty owners.*

(5) That inasmuch as the applicant, after diligent effort, has been unable to secure the consent of all interested parties to the formation of the above-described 320-acre gas proration unit, all mineral interests therein should be force-pooled.

(6) That denial of the subject application would deprive, or tend to deprive, the owners of some of the tracts in the proposed gas proration unit of the opportunity to recover their just and equitable share of the crude petroleum oil or natural gas, or both, in the Atoka-Pennsylvanian Gas Pool.

IT IS THEREFORE ORDERED:

That the interests of all persons having the right to drill for, produce, or share in the production of all hydrocarbons from the Atoka-Pennsylvanian Gas Pool underlying the N/2 of Section 22, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico, be and the same are hereby force-pooled to form a 320-acre gas proration unit comprising all of said acreage.

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

# Memo

From

Daniel S. Nutter  
Chief Engineer

To Case 2148

DSN SF  
9am 1/4/60

Recommend order be  
entered force pooling  
N/2 Sec 22 T 18S, R26E  
to form std 320 acre  
unit in Hoken Penn  
gas Pool. WI is all  
in agreement w/ only certain  
royalty interests not  
committed.

Denial of application  
will deprive owners of  
opportunity to produce their  
share of gas in place.

# PAN AMERICAN PETROLEUM CORPORATION

OIL AND GAS BUILDING

FORT WORTH, TEXAS

ALEX CLARKE, JR.  
DIVISION ENGINEER

November 23, 1960

File: GWK-568-986.510.1

Subject: Force Pooling  
N/2, Section 22,  
T-18-S, R-26-E,  
Eddy County, New  
Mexico

Mr. A. L. Porter  
New Mexico Oil Conservation Commission  
Box 871  
Santa Fe, New Mexico

Dear Sir:

Pan American Petroleum Corporation respectfully requests that a hearing be set on the regular December Statewide Docket to consider its application to force pool all interests in the N/2 of Section 22, T-18-S, R-26-E, Eddy County, New Mexico, for the purpose of forming a standard 320 acre gas unit to drill a Pennsylvanian Gas well in the Atoka Pennsylvanian Gas Pool. Interested parties to this application include the following:

Royalty Interests

Mr. J. R. Lee  
Mr. Clyde R. Jenkins and Wife,  
Nora Jenkins  
Mr. Thomas Franklin Egger, Incom.  
(New Mexico Veterans Service  
Commission, Guardian for Mr.  
Thomas Franklin Egger, Incom.)

Working Interests

Mobil Oil Company  
Sinclair Oil and Gas Company

Very truly yours,

DLR:lj

cc: Mr. C. H. Samples  
Mobil Oil Company  
Hobbs, New Mexico

Mr. C. R. McClain  
Sinclair Oil & Gas Company  
P. O. Box 809  
Roswell, New Mexico

Case 2148

*Not added to unit*

*Docket  
8/11/61  
12-27-60*

**CLASS OF SERVICE**

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

# WESTERN UNION TELEGRAM

W. P. MARSHALL, President  
MAIL ROOM OFFICE 080

1201

**SYMBOLS**

DL = Day Letter  
NL = Night Letter  
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A L PORTER JR, DIRECTOR OIL CONSERVATION COMM=

STATE LAND OFFICE BLDG SANTA FE NMEX=

ATTN OLIVER E PAYNE LEGAL COUNSEL. I HEREBY ETNER MY  
APPEARANCE AS LOCAL COUNSEL FOR PAN AMERICAN PETROLEUM  
CORPORATION IN CASE NO 2148 APPLICATION OF PAN AMERICAN  
PETROLEUM CORPORATION FOR A FORCED POOLING ORDER TO  
APPEAR AS LOCAL COUNSEL WITH EITHER C G CONDRA OR GUY  
BUELL=

ROSS L MALONE ROSWELL PETROLEUM BLDG ROSWELL  
NEW MEXICO.

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

**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. 2148  
Order No. R-1850**

**APPLICATION OF PAN AMERICAN PETROLEUM  
CORPORATION FOR AN ORDER FORCE-POOLING  
ALL MINERAL INTERESTS IN A 320-ACRE GAS  
PRODUCTION UNIT IN THE ATOKA-PENNSYLVANIAN  
GAS POOL, EDDY COUNTY, NEW MEXICO.**

**ORDER OF THE COMMISSION**

**BY THE COMMISSION:**

This cause came on for hearing at 9 o'clock a.m. on January 4, 1961, at Santa Fe, New Mexico, before Daniel S. Matter, 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 10th day of January, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Matter, 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, Pan American Petroleum Corporation, seeks an order force-pooling all mineral interests in the Atoka-Pennsylvanian Gas Pool in a 320-acre standard gas production unit consisting of the N/2 of Section 22, Township 18 South, Range 26 East, NEPM, Eddy County, New Mexico.

(3) That the applicant has attempted to secure the consent of all mineral interest owners in order to form the above-described gas production unit.

(4) That all of the working interest owners in the proposed gas production unit are willing to agree to its formation but are prevented from doing so due to certain restrictive conditions in their leases with non-consenting royalty owners.

(5) That inasmuch as the applicant, after diligent effort, has been unable to secure the consent of all interested parties to the formation of the above-described 320-acre gas production unit, all mineral interests therein should be force-pooled.

-2-

CASE No. 2148  
Order No. R-1850

(6) That denial of the subject application would deprive, or tend to deprive, the owners of some of the tracts in the proposed gas proration unit of the opportunity to recover their just and equitable share of the crude petroleum oil or natural gas, or both, in the Atoka-Pennsylvanian Gas Pool.

IT IS THEREFORE ORDERED:

That the interests of all persons having the right to drill for, produce, or share in the production of all hydrocarbons from the Atoka-Pennsylvanian Gas Pool underlying the N/2 of Section 22, Township 18 South, Range 26 East, NMPN, Eddy County, New Mexico, be and the same are hereby force-pooled to form a 320-acre gas proration unit comprising all of said acreage.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



*E. L. McChesney*

EDWIN L. MCCHESNEY, Chairman

*E. S. Walker*  
E. S. WALKER, Member

*A. L. Potter, Jr.*  
A. L. POTTER, JR., Member & Secretary

enc/

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
January 4, 1961

IN THE MATTER OF:

Application of Pan American Petroleum Corporation  
for a force-pooling order. Applicant, in the  
above-styled cause, seeks an order force-pooling  
all mineral interests in the Atoka-Pennsylvanian  
Gas Pool in a 320-acre standard gas unit consist-  
ing of the N/2 of Section 22, Township 18 South,  
Range 26 East, Eddy County, New Mexico, Inter-  
ested parties include: Mobil Oil Company, Sinclair  
Oil and Gas Company, Mr. J. R. Lee, Mr. Clyde R.  
Jenkins and wife and The New Mexico Veterans Ser-  
vice Commission as guardian for Mr. Thomas Franklin  
Egger.

Case No.  
2148

BEFORE:

Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: Next case, 2148.

MR. MORRIS: Application of Pan American Petroleum Cor-  
poration for a force-pooling order.

MR. BUELL: For Pan American Petroleum Corporation Bill  
Smith and Guy Buell.

(Witness Sworn.)

BILL SMITH,

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

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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DIRECT EXAMINATION

BY MR. BUELL:

Q Mr. Smith, would you state your full name, by whom you are employed, in what capacity, and where?

A Bill Joe Smith, Pan American Petroleum, Reservoir Engineer, Lubbock, Texas.

Q Would you briefly state your educational background in petroleum engineering?

A I received a B.S. in Petroleum Engineering at the University of Texas in 1956.

Q What have you done since then?

A I have been employed by Pan American as a Petroleum Engineer in various capacities.

Q I direct your attention now, Mr. Smith, to what has been marked Pan American's Exhibit 1. What does that reflect?

A It is a map of the area in the vicinity of the Atoka-Pennsylvanian field. The Atoka-Penn wells are the yellow dots; unsuccessful tests, gray dots.

Q How have you designated on Exhibit No. 1 the acreage that consists of our proposed 320-acre standard gas unit?

A The proposed unit consists of the N/2 of Section 22, and is shown blue on the map.

Q In the event the Commission approves this application we are making here today, where will the well be located on this unit?

A It is proposed as a standard location in the NW/4 of

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Section 22.

Q What is the significance of the acreage surrounding this proposed unit that you have outlined with red tape?

A The red outline shows the standard units that surround the proposed unit. All of these units are currently produced from the Atoka-Penn pay.

Q In view of the fact that the proposed unit is completely surrounded by wells productive from the Atoka-Penn gas pool, what is your opinion, as a reservoir engineer, with respect to the productivity of each and every acre in the proposed unit shown on the map?

A As it is completely surrounded by wells from the Atoka-Penn pay it is proven productive by the offsetting wells.

Q With respect to these five wells, the units of which you have outlined in red tape on Exhibit 1, are they connected at this time to a pipeline and currently producing?

A Yes, sir. It is my understanding they have been recently connected and are currently producing from the Atoka-Penn.

Q If this unit isn't formed, and this acreage not dedicated to a well in the Atoka-Penn, what would be the effect reservoirwise of the offset wells as well as the other wells; what would happen to the reserves?

A If the unit is not developed the offsetting wells will drain the acreage proposed in the unit.

Q The necessity of a unit for this N/2 of Section 22, being



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mandatory, let me ask you this: Has a diligent effort been made to voluntarily pool and form a standard gas unit of this acreage?

A Yes, sir, it has.

Q It is pretty obvious that those efforts were not successful or we wouldn't be here today, but I will ask you to state for the record whether or not we have been able to obtain the permission of all involved to voluntarily form this unit?

A Our efforts have been unsuccessful to form the unit to date.

Q In the event the Commission does not approve this application and force-pool this acreage and form this standard gas unit, in your opinion, as a reservoir engineer, would that tend to deprive the owners of interests in some of the tracts that make up this acreage of their opportunity to recover their just and equitable share of the Atoka-Penn reserves?

A Yes, sir, it would. The wells would drain the reserves.

Q If the Commission should approve this application for this standard 320-acre unit, in your opinion would that protect the correlative rights of all owners of interests?

A It would give all owners in the proposed unit an opportunity to obtain their just and equitable Atoka-Penn reserves.

MR. BUELL: That is all we have at this time, Mr. Examiner.

CROSS EXAMINATION

BY MR. NUTTER:

Q What percentage of the interests involved in this 320-acre



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unit have shown a willingness to form the unit?

A All of Pan American's property, the V/2 of the NW/4 and the NE/4 of the NE/4 have pooling agreements and are willing to join in the forming the unit. The acreage in the S/2 of the N/2 and the NW/4 of the NE/4 is composed of Mobil and Sinclair, J. R. Lee and the Jenkins interests, have refused to join the unit.

Q Have the working interests indicated consent?

A The working interests are willing to join, but are unable to, because of the lease agreements that have been signed without the royalty interests.

Q It is a matter of royalty interests that have failed to execute this agreement to date?

A That is true.

MR. NUTTER: Are there any further questions of the witness? If not, he may be excused.

Do you have anything further, Mr. Buell?

MR. BUELL: No, Mr. Examiner. That concludes our testimony.

MR. NUTTER: Do you want to offer your Exhibit?

MR. BUELL: May I formally offer Pan American's Exhibit No. 1 in evidence?

MR. NUTTER: Pan American's Exhibit 1 will be admitted. Does anybody have anything further in this case? If not we will take the case under advisement and call Case 2149.



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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO )

ss

I, JUNE PAIGE, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 5th day of January, 1961.

*June Paige*  
Notary Public - Court Reporter

My Commission expires:

May 11, 1964.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2148 heard by me on 1-4, 1961.

*[Signature]*, Examiner  
New Mexico Oil Conservation Commission



I N D E XWITNESSPAGE

BILL SMITH

Direct Examination by Mr. Buell

1

Cross Examination by Mr. Nutter

4

E X H I B I T S

Marked for

IdentificationReceived  
In EvidenceNumber

Pan American's 1

2

5

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



GOVERNOR  
JOHN BURROUGHS  
CHAIRMAN

State of New Mexico  
Oil Conservation Commission

LAND COMMISSIONER  
MURRAY E. MORGAN  
MEMBER



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

P. O. BOX 871  
SANTA FE

January 10, 1961

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

Re: Case No. 2148  
Order No. E-1850  
Applicant:

Pan American Petroleum Corp.

Dear Sir:

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

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

Very truly yours,

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

ir/

Carbon copy of order also sent to:

Hobbs OCC X  
Artesia OCC X  
Aztec OCC       

Other Mr. Guy Bessell