

CASE 2002: Application of FAN AMER.
transmission to ... from
Richard A. ... (over ...)

Case No.

2202

Application, Transcript,
Small Exhibits, Etc.

PAN AMERICAN PETROLEUM CORPORATION

Post Office Box 68
Hobbs, New Mexico

February 7, 1969

MAILED
FEB 11 1969
H 8 11

File: VES-53-400

Subject: Commingling of Production
Owen "B" Lease
Drinkard and Paddock - Oil
Production into
Owen "B" Com Battery No. 1

New Mexico Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico 87501

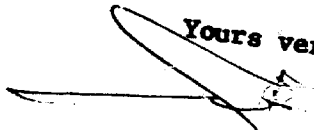
Gentlemen:

Order No. R-1904 dated March 3, 1961 provides for the commingling of Drinkard and Paddock oil production on our Owen "B" Lease in the SW/4 of Section 34, T-21-S, R-37-E, Lea County, New Mexico.

On January 1, 1969, production from the Drinkard oil pool ceased, and there is no longer a need for the commingling order.

Please cancel Order R-1904 and/or advise of your action.

Yours very truly,



V. E. Staley
Area Superintendent

RRy/jt

cc: Mr. N. S. Whitmore
Mr. J. E. Leascher
Mr. O. B. Puryear
Mr. D. R. Ryan

File
Case 2202

EXHIBIT
PAN AMERICAN PETROLEUM CORPORATION
PROPOSAL TO COMBINE OIL PRODUCTION
FROM THE BRINKARD AND PARDOCK POOLS
FROM ALL WELLS PRESENTLY COMPLETED ON
THE EVA OWEN "B" LEASE COMPRISING THE
SW/4 OF SEC. 34, T-21-S, R-37-E
LEA COUNTY, NEW MEXICO
NEW MEXICO OIL CONSERVATION COMMISSION
EXAMINER HEARING CASE NO. 2202
MARCH 3, 1961

GENERAL

Pan American Petroleum Corporation respectfully requests that the New Mexico Oil Conservation Commission grant an exception to Statewide Rule No. 303 to permit commingling in common tankage without prior metering of Drinkard and Paddock crudes on its Eva Owen "B" Lease, located in the SW/4 of Section 34, Township 21 South, Range 37 East, Lea County, New Mexico.

There are presently five wells on this lease which are completed as follows:

<u>Well No.</u>	<u>Pool in Which Well is Completed</u>
1	Drinkard
2 (Dual)	Drinkard & Tubb
3	Drinkard
4 (Dual)	Drinkard & Blinebry
5	Paddock

Storage facilities for hydrocarbons from the Tubb and Blinebry formations are not involved in this application.

The purchasers, Shell Pipeline Company, has verbally agreed to this proposal.

Production will be allocated to the respective reservoirs on the basis of periodic well tests. The attached schematic diagram shows how wells may be individually tested.

Granting of this proposal will: (1) Permit salvaging of two storage tanks which are not required on this low capacity lease, (2) eliminate a need for oil meters which would cost approximately \$1,400 installed, and (3) eliminate intangible maintenance and depreciation expense on the tanks made surplus.

WJS:jn

EXHIBIT

**PAN AMERICAN PETROLEUM CORPORATION
PROPOSAL TO CORRELATE OIL PRODUCTION
FROM THE DRINKARD AND PADDOCK POOLS
FROM ALL WELLS PRESENTLY COMPLETED ON
THE EVA OWEN "D" LEASE COMPRISING THE
SW/4 OF SEC. 34, T-21-S, R-37-E
LEA COUNTY, NEW MEXICO**

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING CASE NO. 2202

MARCH 3, 1961

DOCKET: EXAMINER HEARING - FRIDAY, MARCH 3, 1961

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

The following cases will be heard before Daniel S. Nutter, Examiner, or Oliver E. Payne, attorney, as alternate examiner:

Cases 2210 through 2213 will not be heard before 1:00 P.M.

CASE 2199: Application of Texaco, Inc. for an oil-oil-oil triple completion. Applicant, in the above-styled cause, seeks an order authorizing the triple completion of its A. H. Blinebry (NCT-1) Well No. 13, located in Unit E, Section 29, Township 22 South, Range 38 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Drinkard Pool, the production of oil from the Blinebry Oil Pool and the production of oil from the Paddock Pool through parallel strings of tubing.

CASE 2200: Application of Aztec Oil & Gas Company for a 320-acre non-standard gas proration unit. Applicant, in the above-styled cause, seeks the establishment of a 320-acre non-standard gas proration unit in the Basin-Dakota Pool consisting of the SE/4 SE/4 of Section 23 and all of the W/2 of Section 24 except the NW/4 NW/4, Township 31 North, Range 12 West, San Juan County, New Mexico. Said unit is to be dedicated to the East Well No. 5, located 990 feet from the South line and 1650 feet from the West line of said Section 24.

CASE 2201: Application of El Paso Natural 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 Huerfano Unit Well No. 116, located in Unit C, Section 11, Township 26 North, Range 10 West, San Juan County, New Mexico, in such a manner as to permit the production of gas from the Gallup formation adjacent to the Angels Peak-Gallup Pool and the production of gas from the Basin-Dakota Pool through parallel strings of 2 7/8-inch casing cemented in a common well bore.

CASE 2202: Application of Pan American Petroleum Corporation for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the oil production from the Drinkard and Paddock Pools from all wells presently completed on the Eva Owen B Lease, comprising the SW/4 of Section 34, Township 21 South, Range 37 East, Lea County, New Mexico, without separately metering the production from each pool.

- CASE 2203: Application of Pan American Petroleum Corporation for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the oil production from the Drinkard and Paddock Pools from all wells presently completed on the L. E. Grizzel "B" Lease, comprising the S/2 NE/4 of Section 8, Township 22 South, Range 37 East, Lea County, New Mexico, without separately metering the production from each pool.
- CASE 2204: Application of Pan American Petroleum Corporation for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the oil production from the Drinkard and Penrose-Skelly Pools from all wells presently completed on the J. W. Grizzell Lease, comprising the SW/4 of Section 5, Township 22 South, Range 37 East, Lea County, New Mexico, without separately metering the production from each pool.
- CASE 2205: Application of Tamamaco Oil Corporation for an unorthodox well location. Applicant, in the above-styled cause, seeks approval of an unorthodox well location for its El Poso Ranch N-11 Well at a point 175 feet from the South line and 1700 feet from the West line of Section 11, Township 28 North, Range 1 East, Rio Arriba County, New Mexico.
- CASE 2206: Application of The Ohio Oil Company for permission to transfer allowables. Applicant, in the above-styled cause, seeks permission to shut-in certain wells in the Lea Unit, both in the Devonian and Bone Springs formations, and transfer the allowable for such wells, for a limited period of time, to other wells within said Lea Unit, Township 20 South, Ranges 34 and 35 East, Lea County, New Mexico.
- CASE 2207: Application of Honolulu Oil Corporation for a pressure maintenance project. Applicant, in the above-styled cause, seeks permission to institute a pressure maintenance project in the Chisum Oil Pool, Chaves County, New Mexico, by the injection of water into certain wells underlying its State B Lease, N/2 SE/4 of Section 13, Township 11 South, Range 27 East. Applicant further seeks the promulgation of special rules and regulations governing said project.

DOCKET: EXAMINER HEARING - FRIDAY, MARCH 3, 1961

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

The following cases will be heard before Daniel S. Nutter, Examiner, or
Oliver E. Payne, attorney, as alternate examiner:

Cases 2210 through 2213 will not be heard before 1:00 P.M.

CASE 2199: Application of Texaco, Inc., for an oil-oil-oil triple completion. Applicant, in the above-styled cause, seeks an order authorizing the triple completion of its A. H. Blinebry (NCT-1) Well No. 13, located in Unit E, Section 29, Township 22 South, Range 38 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Drinkard Pool, the production of oil from the Blinebry Oil Pool and the production of oil from the Paddock Pool through parallel strings of tubing.

CASE 2200: Application of Aztec Oil & Gas Company for a 320-acre non-standard gas proration unit. Applicant, in the above-styled cause, seeks the establishment of a 320-acre non-standard gas proration unit in the Basin-Dakota Pool consisting of the SE/4 SE/4 of Section 23 and all of the W/2 of Section 24 except the NW/4 NW/4, Township 31 North, Range 12 West, San Juan County, New Mexico. Said unit is to be dedicated to the East Well No. 5, located 990 feet from the South line and 1650 feet from the West line of said Section 24.

CASE 2201: Application of El Paso Natural 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 Huerfano Unit Well No. 116, located in Unit C, Section 11, Township 26 North, Range 10 West, San Juan County, New Mexico, in such a manner as to permit the production of gas from the Gallup formation adjacent to the Angels Peak-Gallup Pool and the production of gas from the Basin-Dakota Pool through parallel strings of 2 7/8-inch casing cemented in a common well bore.

CASE 2202: Application of Pan American Petroleum Corporation for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the oil production from the Drinkard and Paddock Pools from all wells presently completed on the Eva Owen B Lease, comprising the SW/4 of Section 34, Township 21 South, Range 37 East, Lea County, New Mexico, without separately metering the production from each pool.

CASE 2208:

Application of Great Western Drilling Company for a water injection-oil producing dual completion and for an exception to Rule 107 (d). Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Federal MM Well No. 1, located in the NW/4 NE/4 of Section 8, Township 9 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the injection of water into an interval from 4300 feet to 9400 feet and the production of oil from an undesignated Pennsylvanian pool. Applicant further seeks an exception to Rule 107 (d) to permit the setting of tubing in said well more than 250 feet above the top of the pay section.

CASE 2209:

Application of The Atlantic Refining Company for permission to commingle the production from two separate pools and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to commingle the oil production from the Denton-Wolfcamp and Denton-Devonian Pools from all wells presently completed or hereafter drilled on the State "T" Lease, comprising the SE/4 NW/4, E/2 SW/4 and SW/4 SW/4 of Section 2, Township 15 South, Range 37 East, Lea County, New Mexico. Applicant further seeks permission to install an automatic custody transfer system to handle said commingled production.

The following cases will not be heard before 1:00 P.M.

CASE 2210:

Application of Humble Oil & Refining Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to install an automatic custody transfer system to handle the commingled production from the Eumont, Arrowhead and Langlie-Mattix Pools from all wells presently completed or hereafter drilled on the State "M" Lease, comprising portions of Sections 17, 18, 19, 20, 29 and 30, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 2211:

Application of Union Oil Company of California for an unorthodox water injection well location. Applicant, in the above-styled cause, seeks permission to locate a water injection well in the South Caprock Queen Unit, Caprock-Queen Pool, at an unorthodox location 1325 feet from the North line and 330 feet from the East line of Section 18, Township 15 South, Range 31 East, Chaves County, New Mexico.

CASE 2212:

Application of Union Oil Company of California for permission to commingle the production from two separate leases from two separate pools and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to commingle the Anderson Ranch-Devonian and Anderson Ranch-Wolfcamp Pool production from all wells presently completed or hereafter drilled on the following-described leases: North Anderson Ranch Unit, E/2 NE/4 and NE/4 SE/4 of Section 32 and NW/4 and N/2 SW/4 of Section 33; State "A" Lease, comprising 360 acres in Sections 28 and 33, all in Township 15 South, Range 32 East, Lea County, New Mexico. Applicant further seeks permission to install an automatic custody transfer system to handle said commingled production.

CASE 2213:

Application of E. G. Rodman 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 the Blinebry Gas Pool consisting of the W/2 NW/4, NE/4 NW/4 and NW/4 NE/4 of Section 20, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 2214:

Application of Sinclair Oil & Gas Company for approval of a unit agreement. Applicant, in the above-styled cause, seeks approval of the Keel Deep Unit Agreement, which unit embraces 6,155.5 acres of Federal and State lands in Township 17 South, Range 31 East, Eddy County, New Mexico.

PAN AMERICAN PETROLEUM CORPORATION

Lubbock, Texas

FEB 11 1961

File: WJS-5111-986.510.1 x 400

Subject: Exception to Statewide
Rule 303
Various Leases,
Lea County, New Mexico

3 separate cases

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 that you schedule for an early docket, a hearing to consider its application for exceptions to State Wide Rule No. 303 to permit commingling of production from separate reservoirs under the following three leases, as more fully discussed below:

this case

1. The Pan American Eva Owen B Lease located in the SW/4 of Section 34, T-21-S, R-37-E, Lea County, New Mexico. There are presently four wells producing at marginal rates from the Drinkard Pool and one well producing at a marginal rate from the Paddock Pool on this lease. It is proposed that this production be commingled in common tankage and that production be allocated to the respective reservoirs on the basis of periodic well tests.
2. The Pan American L. E. Grizzel "B" Lease located in the S/2 of the NE/4 of Section 8, T-22-S, R-37-E, Lea County, New Mexico. There are presently two marginal wells on this lease producing from the Drinkard and Paddock Pools. Pan American proposes that this production be commingled in common tankage and that production be allocated to the respective reservoirs on the basis of periodic well tests.
3. The Pan American J. W. Grizzell Lease, located in the SW/4 of Section 5, T-22-S, R-37-E, Lea County, New Mexico. There are two producing and one shut-in Penrose-Skelly Field wells and one Drinkard Pool well on this lease which produce at marginal rates. Pan American proposes that this production be commingled in common tankage and that production be allocated to the respective reservoirs on the basis of periodic well tests.

Yours very truly,

WJS:jn

*Worked
Mailed
2-17-61
JJC*

A. J. Inderrieden
A. J. Inderrieden
District Engineer

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 3/6/61

CASE NO. 2202

HEARING DATE 9 am 3/3/61
DSN @ SF

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

Enter order approving commencing
of Paddock + Drinkard production
on Pan-Am's Eva Owen B lease
SW 74 Sec 34 T21S R37E Lea Co.

Both zones are marginal.

Provide that applicant shall notify
SF of the Comm in the
event either or both zones should
become capable of top allowable
at which time this case should
be reopened.

Samuel
Staff
Examiner

RSM
3/7
3/8

DRAFT

RSM/esr
March 7, 1961

3/8

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. 2202

Order No. R- *1904*

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR PERMISSION TO COMMINGLE
THE PRODUCTION FROM TWO SEPARATE POOLS,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 3, 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 March, 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 permission to commingle, without separate measurement, the oil production from the Drinkard and Paddock Pools from all wells presently completed on the Eva Owen B Lease, comprising the SW/4 of Section 34, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That inasmuch as ^{*all*} ~~no~~ well on the subject lease ^{*producing from the subject pools*} ~~is~~ capable ^{*are low marginal wells,*} of making ~~top unit allowable from either pool,~~ separate measurement of the production from each pool should not be required.

(4) That approval of the subject application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

That the applicant, Pan American Petroleum Corporation, is hereby authorized to commingle, without separate measurement, the oil production from the Drinkard and Paddock Pools from all wells presently completed on the Eva Owen B Lease, comprising the SW/4 of Section 34, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

PROVIDED HOWEVER, That should any well on the subject lease become capable of producing a top unit allowable from either pool, the applicant shall ~~separately meter the production from each~~

~~pool and~~ notify the Commission's Santa Fe Office of such ^{fact and the} ~~action.~~
case shall be reopened.

PROVIDED FURTHER, That the applicant shall install adequate facilities to permit the testing of all wells on the said Eva Owen B Lease at least once each month to determine the individual production from each well.

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

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER



P. O. BOX 971
SANTA FE

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

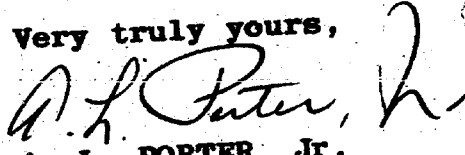
March 9, 1961

Mr. Kirk Newman
Atwood & Malone
Box 887
Roswell, New Mexico

Re: Case No. 2202 and 2203
Order No. B-1904 and 1905
Applicant:
Fan 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:

Hobbs OCC
Artesia OCC
Aztec OCC

OTHER Mr. Guy Dwell - Fort Worth, Texas

**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. 2202
Order No. R-1904**

**APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR PERMISSION TO COMMINGLE
THE PRODUCTION FROM TWO SEPARATE POOLS,
LEA COUNTY, NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 3, 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 9th day of March, 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 permission to commingle, without separate measurement, the oil production from the Brinkard and Paddock Pools from all wells presently completed on the Eva Owen B Lease, comprising the SW/4 of Section 34, Township 21 South, Range 37 East, NMPN, Lea County, New Mexico.

(3) That inasmuch as all wells on the subject lease producing from the subject pools are low marginal wells, separate measurement of the production from each pool should not be required.

(4) That approval of the subject application will neither cause waste nor impair correlative rights.

-2-
CASE No. 2202
Order No. R-1904

IT IS THEREFORE ORDERED:

That the applicant, Pan American Petroleum Corporation, is hereby authorized to commingle, without separate measurement, the oil production from the Brinkard and Paddock Pools from all wells presently completed on the Eva Owen B Lease, comprising the SW/4 of Section 34, Township 21 South, Range 37 East, NMPN, Lea County, New Mexico.

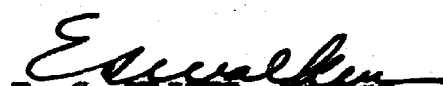
PROVIDED HOWEVER, That should any well on the subject lease become capable of producing a top unit allowable from either pool, the applicant shall notify the Commission's Santa Fe Office of such fact and the case shall be reopened.


PROVIDED FURTHER, That the applicant shall install adequate facilities to permit the testing of all wells on the said Eva Owen B lease at least once each month to determine the individual production from each well.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


EDWIN L. MECHEM, Chairman


E. S. WALKER, Member


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

esx/

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 3, 1961

IN THE MATTER OF:

Application of Pan American Petroleum Corporation for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the oil production from the Drinkard and Paddock Pools from all wells presently completed on the Eva Owen B Lease, comprising the SW/4 of Section 34, Township 21 South, Range 37 East, Lea County, New Mexico, without separately metering the production from each pool.

) Case
) 2202

BEFORE:

Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: Hearing will come to order please, and take next Case 2202.

MR. MORRIS: Application of Pan American Petroleum Corporation for permission to commingle the production from two separate pools.

MR. NEWMAN: Kirk Newman, of Atwood & Malone, Roswell, New Mexico, appearing for the applicant. We have one witness.

(Witness sworn.)

WILLIAM J. SANDIDGE, JR.

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



DIRECT EXAMINATION

BY MR. NEWMAN:

Q Would you state your name and your employment, please, sir?

A William J. Sandidge, Jr. I am a petroleum engineer for Pan American Petroleum Corporation.

Q Have you previously testified before this Commission?

A I have.

MR. NEWMAN: Are the witness's qualifications accepted?

MR. NUTTER: Yes, sir.

Q Would you briefly state the purpose of this application?

A Pan American is requesting approval of the Commission to commingle Drinkard and Paddock production on its Eva Owen B Lease. The Eva Owen B Lease is located in the SW/4 of Section 34, Township 21 South, Range 37 East of Lea County.

Q Would you refer to the booklet we have given out and state what is in this thing, right and left, and attachments?

A The booklet includes, on the right, a plat showing the location of the lease and a schematic diagram showing the manner in which the wells can be tested. On the left there is a general statement containing pertinent points regarding the application.

Q The matters on the left will be covered in oral testimony, is that correct?

A That's correct.

Q Will you refer to the first attachment, the plat of the area and show what is indicated on that plat?

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



A This plat shows the locations of the five wells on the Eva Owen B Lease. Two of these wells are dual wells, Well No. 2 and No. 4.

Q How are those wells indicated?

A Well No. 2 is a Drinkard Tubb, dual well, and the Drinkard and the Tubb are indicated by blue and green symbols on the map. This well is located in the Northwest portion of the lease. Well No. 4 is a dual Drinkard Blinebry well. This is symbolized by green for Drinkard and brown for Blinebry. This well is located on the Southeast portion of the lease. In addition to the dual wells, Well No. 1 is a Drinkard well. This well is located in the Southwest portion of the lease. Well No. 3 is a Drinkard well located in the northeast portion of the lease, and Well No. 5 is a Paddock well located on the same proration unit with the dual Drinkard Tubb producer.

Q Is the production from all of these wells being commingled if this application is granted?

A No. There are separate storage facilities provided for the Tubb and Blinebry hydrocarbons, and that is not involved in this application in any way whatsoever. We are primarily interested in commingling the Drinkard and Paddock pool production.

Q Will any of the wells, the production from which is to be commingled, make their normal allowable?

A All of the wells to be commingled are marginal producers. The daily average is as indicated on the plat for each well. This

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



is based upon December, 1960, production.

Q For the record, would you state what, on each well, production from each pool, what the average daily production is?

A The Drinkard reservoir produced 808 barrels from the four wells involved in December. The Paddock well produced from the Paddock formation 553 barrels of oil in December.

MR. NUTTER: Out of how many wells?

A One Paddock well.

MR. NUTTER: And it made 553 barrels?

A Yes, sir. Eighteen barrels per day was the average.

Q (By Mr. Newman) Would you refer to the second attachment in the exhibit and state what that attachment shows, please, sir?

A The second attachment is a schematic diagram showing the flow on the lease after the commingling will be accomplished. The schematic diagram shows all of the flow lines coming into a test manifold, where, from the production, it can be diverted either through the treater and into the storage tanks or into the test separator. I have indicated in red Well No. 3, a Drinkard producer, producing on test through the test manifold into the test separator, then from the test separator into a separate tank where the production can be measured. If you will look at the diagram it is evident that any of the wells on there can be diverted through this test manifold through the test facilities into separate tankage. At the same time, the wells which are not on test, as indicated in green, will continue through the test manifold through the treating

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

facilities and back into other tankage.

Q So that you can continuously produce all the wells while you are testing any one of them?

A All wells can be continuously produced while any well is on test.

Q The ownership of the working interests and royalty interests in the wells, the production from which is to be commingled is the same, is it not?

A Pan American's records show that the interests in both the Drinkard and Paddock reservoirs is the same under this lease.

Q Have you obtained the approval of the pipeline purchasers for this commingled production?

A That has been verbally discussed with Shell Pipeline, who takes this production, and they are in agreement with this proposal.

Q Will the granting of this application prevent waste?

A In my opinion it will because it will extend the economic life of this marginal lease and thereby allow us to recover additional production.

Q Since the ownership is common, is there any way correlative rights could be affected by the granting of the application?

A I think correlative rights will be protected.

Q Were these exhibits and the attachments therein prepared by you?

A They were.

MR. NEWMAN: We would like to offer this exhibit.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

MR. NUTTER: Is this one exhibit?

MR. NEWMAN: One exhibit with two attachments.

MR. NUTTER: Pan American's Exhibit No. 1 will be admitted.

MR. NEWMAN: That is all the direct examination.

MR. NUTTER: Does anyone have any questions?

BY MR. PAYNE:

Q Could you give me the gravities of both the Paddock and Drinkard?

A Based on statistical data published by the Commission, the gravity of the Drinkard is 37 degrees API, and of the Paddock it is 38 degrees API.

Q So the commingling will not change the value of the hydrocarbons?

A It will reduce it somewhat.

Q Could you tell us how much?

A Approximately 53¢ per day.

Q Is this a State lease, Federal, or fee lease?

A This is a fee lease.

Q Does Pan American contemplate drilling any additional Drinkard or Paddock wells on this lease?

A There are none contemplated at this time.

Q Were these wells ever top allowable?

A It appears on here these wells were top allowable.

Q So it is possible, at least, if you did drill additional Paddock or Drinkard wells they might be top allowable?



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

A I am not entirely in agreement with your statement, Mr. Payne. As you well know, this is an old field. It is in a fairly advanced stage of depletion, and I think if an additional well were drilled it would not be top allowable.

Q You are saying these wells in here drain more than 40 acres?

A I am saying the wells will drain the 40 acres they are on.

Q Does Pan American contemplate reworking any of these wells?

A Our experience reworking these wells has not been too successful. While we can obtain some production increase by reworking we just about get our money back, and we are back where we started. At this time we do not contemplate reworking the wells.

Q Assuming Pan American does drill additional wells, or rework, capable or producing top unit allowable, would Pan American at that time be willing to install meters?

A If we had top allowable wells we would be happy to install meters.

BY MR. NUTTER:

Q Pan American will notify the Santa Fe Office of the Commission if any of the wells become capable of making top allowable?

A Yes, sir, if so requested by the Commission.

REDIRECT EXAMINATION

BY MR. NEWMAN:

Q This figure you gave of 53¢ a day, was that based on the published API, or do you have any other information?

A That is based upon the data published by the Commission



in their December statistical data report. Actually, our people in the field have estimated, based on the gravities not being exactly 37.0 and 38.0, being some tints in there, the difference in price will only be 12¢ per day.

BY MR. PAYNE:

Q Will this installation cut down shrinkage?

A I think it will because the oil will not remain in the stock tanks so long. Therefore, you will lose less from evaporation.

Q In all probability there will not actually be a loss?

A That is a matter of speculation. We hope there will not be.

MR. NUTTER: Any further questions? He may be excused.

Do you have anything further, Mr. Newman?

MR. NEWMAN: That is all.

MR. NUTTER: Does anyone have anything to offer in this case? Take the case under advisement.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691



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 9th day of March, 1961.

June Paige
Notary Public - Court Reporter

My Commission expires:

May 11, 1964.

REPORTING SERVICE, Inc.

DEARNLEY-MEIER

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6591

I N D E XWITNESSPAGE

W. J. SANDIDGE, JR.
 Direct Examination by Mr. Newman
 QUESTIONS by Mr. Payne
 QUESTIONS by Mr. Nutter
 Redirect Examination by Mr. Newman
 QUESTIONS by Mr. Payne

2
 6
 6
 7
 8

E X H I B I T S

<u>NUMBER</u>	<u>EXHIBIT</u>	<u>IDENTIFIED</u>	<u>OFFERED</u>	<u>ADMITTED</u>
Ex.#1	Booklet	2	5	6

I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the hearing of Case No. 2202
 heard by me on 3/3, 1961.

[Signature]
 New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DOCKET: EXAMINER HEARING - FRIDAY, MARCH 3, 1961

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

The following cases will be heard before Daniel S. Nutter, Examiner, or Oliver E. Payne, attorney, as alternate examiner:

Cases 2210 through 2213 will not be heard before 1:00 P.M.

CASE 2199: Application of Texaco, Inc. for an oil-oil-oil triple completion. Applicant, in the above-styled cause, seeks an order authorizing the triple completion of its A. H. Blinebry (NCT-1) Well No. 13, located in Unit E, Section 29, Township 22 South, Range 38 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Drinkard Pool, the production of oil from the Blinebry Oil Pool and the production of oil from the Paddock Pool through parallel strings of tubing.

CASE 2200: Application of Aztec Oil & Gas Company for a 320-acre non-standard gas proration unit. Applicant, in the above-styled cause, seeks the establishment of a 320-acre non-standard gas proration unit in the Basin-Dakota Pool consisting of the SE/4 SE/4 of Section 23 and all of the W/2 of Section 24 except the NW/4 NW/4, Township 31 North, Range 12 West, San Juan County, New Mexico. Said unit is to be dedicated to the East Well No. 5, located 990 feet from the South line and 1650 feet from the West line of said Section 24.

CASE 2201: Application of El Paso Natural 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 Huerfano Unit Well No. 116, located in Unit C, Section 11, Township 26 North, Range 10 West, San Juan County, New Mexico, in such a manner as to permit the production of gas from the Gallup formation adjacent to the Angels Peak-Gallup Pool and the production of gas from the Basin-Dakota Pool through parallel strings of 2 7/8-inch casing cemented in a common well bore.

CASE 2202: Application of Pan American Petroleum Corporation for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the oil production from the Drinkard and Paddock Pools from all wells presently completed on the Eva Owen B Lease, comprising the SW/4 of Section 34, Township 21 South, Range 37 East, Lea County, New Mexico, without separately metering the production from each pool.

- CASE 2203: Application of Pan American Petroleum Corporation for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the oil production from the Drinkard and Paddock Pools from all wells presently completed on the L. E. Grizzel "B" Lease, comprising the S/2 NE/4 of Section 8, Township 22 South, Range 37 East, Lea County, New Mexico, without separately metering the production from each pool.
- CASE 2204: Application of Pan American Petroleum Corporation for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the oil production from the Drinkard and Penrose-Skelly Pools from all wells presently completed on the J. W. Grizzell Lease, comprising the SW/4 of Section 5, Township 22 South, Range 37 East, Lea County, New Mexico, without separately metering the production from each pool.
- CASE 2205: Application of Tamanaco Oil Corporation for an unorthodox well location. Applicant, in the above-styled cause, seeks approval of an unorthodox well location for its El Poso Ranch N-11 Well at a point 175 feet from the South line and 1700 feet from the West line of Section 11, Township 28 North, Range 1 East, Rio Arriba County, New Mexico.
- CASE 2206: Application of The Ohio Oil Company for permission to transfer allowables. Applicant, in the above-styled cause, seeks permission to shut-in certain wells in the Lea Unit, both in the Devonian and Bone Springs formations, and transfer the allowable for such wells, for a limited period of time, to other wells within said Lea Unit, Township 20 South, Ranges 34 and 35 East, Lea County, New Mexico.
- CASE 2207: Application of Honolulu Oil Corporation for a pressure maintenance project. Applicant, in the above-styled cause, seeks permission to institute a pressure maintenance project in the Chisum Oil Pool, Chaves County, New Mexico, by the injection of water into certain wells underlying its State B Lease, N/2 SE/4 of Section 13, Township 11 South, Range 27 East. Applicant further seeks the promulgation of special rules and regulations governing said project.

CASE 2208:

Application of Great Western Drilling Company for a water injection-oil producing dual completion and for an exception to Rule 107 (d). Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Federal MM Well No. 1, located in the NW/4 NE/4 of Section 8, Township 9 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the injection of water into an interval from 4300 feet to 9400 feet and the production of oil from an undesignated Pennsylvanian pool. Applicant further seeks an exception to Rule 107 (d) to permit the setting of tubing in said well more than 250 feet above the top of the pay section.

CASE 2209:

Application of The Atlantic Refining Company for permission to commingle the production from two separate pools and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to commingle the oil production from the Denton-Wolfcamp and Denton-Devonian Pools from all wells presently completed or hereafter drilled on the State "T" Lease, comprising the SE/4 NW/4, E/2 SW/4 and SW/4 SW/4 of Section 2, Township 15 South, Range 37 East, Lea County, New Mexico. Applicant further seeks permission to install an automatic custody transfer system to handle said commingled production.

The following cases will not be heard before 1:00 P.M.

CASE 2210:

Application of Humble Oil & Refining Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to install an automatic custody transfer system to handle the commingled production from the Eumont, Arrowhead and Langlie-Mattix Pools from all wells presently completed or hereafter drilled on the State "M" Lease, comprising portions of Sections 17, 18, 19, 20, 29 and 30, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 2211:

Application of Union Oil Company of California for an unorthodox water injection well location. Applicant, in the above-styled cause, seeks permission to locate a water injection well in the South Caprock Queen Unit, Caprock-Queen Pool, at an unorthodox location 1325 feet from the North line and 330 feet from the East line of Section 18, Township 15 South, Range 31 East, Chaves County, New Mexico.

- CASE 2212:** Application of Union Oil Company of California for permission to commingle the production from two separate leases from two separate pools and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to commingle the Anderson Ranch-Devonian and Anderson Ranch-Wolfcamp Pool production from all wells presently completed or hereafter drilled on the following-described leases: North Anderson Ranch Unit, E/2 NE/4 and NE/4 SE/4 of Section 32 and NW/4 and N/2 SW/4 of Section 33; State "A" Lease, comprising 360 acres in Sections 28 and 33, all in Township 15 South, Range 32 East, Lea County, New Mexico. Applicant further seeks permission to install an automatic custody transfer system to handle said commingled production.
- CASE 2213:** Application of E. G. Rodman 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 the Blinebry Gas Pool consisting of the W/2 NW/4, NE/4 NW/4 and NW/4 NE/4 of Section 20, Township 21 South, Range 37 East, Lea County, New Mexico.
- CASE 2214:** Application of Sinclair Oil & Gas Company for approval of a unit agreement. Applicant, in the above-styled cause, seeks approval of the Keel Deep Unit Agreement, which unit embraces 6,155.5 acres of Federal and State lands in Township 17 South, Range 31 East, Eddy County, New Mexico.