

CASE 3729: Application of PAN
AMERICAN for an unorthodox oil
well location, Lea County.

Case No.

3729

Application, Transcript,
Small Exhibits, Etc.

GOVERNOR
DAVID F. CARGO
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

P. O. BOX 2088
SANTA FE

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

March 4, 1968

Mr. Guy Buell
Pan American Petroleum Corporation
Post Office Box 1410
Fort Worth, Texas

Re: Case No. 3729
Order No. R-3385
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

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC X

Artesia OCC

Aztec OCC

Other _____

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. 3729
Order No. R-3385

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR AN UNORTHODOX OIL WELL
LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 28, 1968, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 4th day of March, 1968, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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 authority to drill its South Mattix Unit Well No. 24 at an unorthodox location in the Fowler-Ellenburger Pool 510 feet from the South line and 1830 feet from the East line of Section 15, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant proposes to dedicate the S/2 SE/4 of said Section 15 to the proposed well and to its South Mattix Unit Well No. 8 located 660 feet from the South line and 660 feet from the East line of said Section 15, a marginal well, and to produce any proportion of the 80-acre allowable from either well at the applicant's discretion.

(4) That approval of the unorthodox location should result in more efficient drainage of the S/2 SE/4 of said Section 15, thereby preventing waste.

-2-

CASE No. 3729
Order No. R-3385

(5) That to prevent waste and to protect correlative rights, the applicant should be required to produce its South Mattix Unit Well No. 8 at its maximum capacity until said well reaches the economic limit of production.

IT IS THEREFORE ORDERED:

(1) That the applicant, Pan American Petroleum Corporation, is hereby authorized to drill its South Mattix Unit Well No. 24 at an unorthodox location in the Fowler-Ellenburger Pool 510 feet from the South line and 1830 feet from the East line of Section 15, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico,

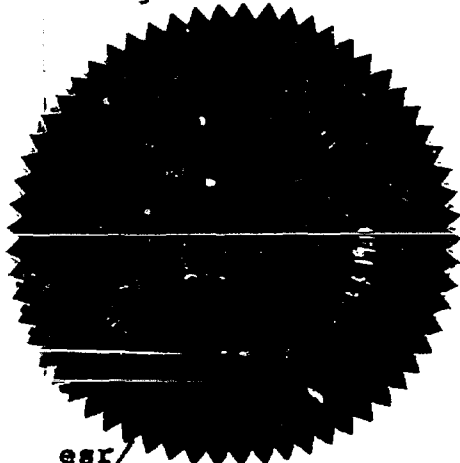
PROVIDED HOWEVER, that the S/2 SE/4 of said Section 15 shall be dedicated to the applicant's South Mattix Unit Well No. 24 and to the South Mattix Unit Well No. 8 located 660 feet from the South line and 660 feet from the East line of said Section 15.

(2) That the applicant is hereby authorized to produce the 80-acre allowable assigned to the S/2 SE/4 of said Section 15 from either well;

PROVIDED HOWEVER, that the applicant's South Mattix Unit Well No. 8 shall be produced at its maximum capacity until it reaches the economic limit of production, and that the applicant shall not shut in or abandon said well until a statement establishing that the well has reached the economic limit of production has been submitted to and approved by the Secretary-Director of the Commission.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

GWYTON S. HAYS, Member

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

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 28, 1968

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

The following cases will be heard before Daniel S. Nutter, Examiner, or
Elvis A. Utz, Alternate Examiner:

CASE 3714: (Continued from the January 24, 1968, Examiner Hearing)

Application of Continental Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its State "O" Well No. 1 located in Unit F of Section 16, Township 17 South, Range 32 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the perforated interval 3140 to 3160 feet, Maljamar-Queen Gas Pool, and the injection of water for secondary recovery purposes into the Grayburg-San Andres formations in the interval from 3700 to 4050 feet through parallel strings of 2-inch tubing.

CASE 3724: Application of El Paso Natural Gas Company for a dual completion, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its San Juan 27-4 Unit Well No. 30 (GD) located in Unit N of Section 32, Township 27 North, Range 4 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of gas from the Gallup formation and the Basin-Dakota Pool through tubing and the casing-tubing annulus, respectively, by means of a cross-over.

CASE 3725: Application of Continental Oil Company for two non-standard gas proration units and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the following two non-standard gas proration units in the Jalmat Gas Pool:

A 160-acre unit comprising the E/2 E/2 of Section 1, Township 25 South, Range 36 East, Lea County, New Mexico, to be dedicated to its Wells B-1 Well No. 1 located 660 feet from the North and East lines of said Section 1; and a 200-acre unit comprising the W/2 E/2 and NE/4 NW/4 of said Section 1 to be dedicated to its Wells B-1 Well No. 3 located at an unorthodox location 660 feet from the North line and 1650 feet from the West line of said Section 1.

February 28, 1958, Examiner Hearing

CASE 3726: Application of John Yuronka and Robert Chandler for compulsory pooling, Lea County, New Mexico. Applicants, in the above-styled cause, seek an order force-pooling all mineral interests from the surface down to a depth of 7400 feet underlying the E/2 SW/4 of Section 7, Township 22 South, Range 38 East, Lea County, New Mexico, to form two 40-acre proration units for Drinkard, Paddock, Blinbry, Tubb or other oil production to be dedicated to two wells to be drilled in Units K and N of said Section 7, or to form an 80-acre non-standard gas proration unit in the event gas production is encountered in the Tubb Gas Pool. Also to be considered will be the costs of drilling said wells and a charge for the risk involved, and a provision for the allocation of actual operating costs and the establishment of charges for supervision of said wells.

CASE 3727: Application of Monsanto Company for an unorthodox gas well location, a non-standard proration unit, a dual completion, and temporary special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of its Rock Tank Unit Well No. 1 located 660 feet from the North line and 920 feet from the West line of Section 7, Township 23 South, Range 25 East, Eddy County, New Mexico, said well to be dedicated to the proposed non-standard proration unit comprising the W/2 of said Section 7 and the E/2 of Section 12, Township 23 South, Range 24 East. Applicant also seeks approval of the dual completion (conventional) of said well to produce gas from the Upper Morrow and Lower Morrow formations through the casing-tubing annulus and the tubing, respectively. Applicant further seeks the creation of Upper Morrow and Lower Morrow gas pools for said well and the promulgation of temporary special rules therefor, including a provision for 640-acre spacing.

CASE 3728: Application of Tenneco Oil Company for an amendment to Order No. R-3127, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3127 for the expansion of the Grayburg-Jackson West Cooperative Unit Area by some 400 additional acres of State land in Section 16, Township 17 South, Range 29 East, Eddy County, New Mexico.

CASE 3729: Application of Pan American Petroleum Corporation for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to

February 28, 1968, Examiner Hearing

CASE 3729: (Continued from Page 2)

drill a well at an unorthodox location 510 feet from the South line and 1830 feet from the East line of Section 15, Township 24 South, Range 37 East, Fowler-Ellenburger Pool, Lea County, New Mexico, in exception to the pool rules that require that wells be drilled in the NW/4 or the SE/4 of the quarter section.

CASE 3730: Application of Tamarack Petroleum Company, Inc., for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the South Pearl Queen Unit Area comprising 1523 acres, more or less, of Fee and Federal lands in Township 20 South, Range 35 East, Lea County, New Mexico.

CASE 3731: Application of Tamarack Petroleum Company, Inc., for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Queen formation through 14 wells in its South Pearl Queen Unit, Township 20 South, Range 35 East, Pearl-Queen Pool, Lea County, New Mexico.

CASE 3732: Application of Weier Drilling Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg-San Andres formations through its V. L. Foster Well No. 6 located 2310 feet from the North line and 1650 feet from the East line of Section 17, Township 17 South, Range 31 East, Grayburg-Jackson Pool, Eddy County, New Mexico.

CASE 3733: Application of Daryl Davis to re-enter a well, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter the State "A" Well No. 1 located 1980 feet from the South and West lines of Section 1, Township 4 South, Range 26 East, Chaves County, New Mexico, and attempt to complete said well as a producer from the San Andres formation.

PAN AMERICAN PETROLEUM CORPORATION

OIL AND GAS BUILDING

P. O. BOX 1410

FORT WORTH, TEXAS--76101

D. L. RAY
DIVISION ENGINEER

February 6, 1968

Page 3729

File: GHF-64-986.510.1

Subject: Application of Pan American
Petroleum Corporation for an
Exception to the Fowler
(Ellenburger) Pool Rules for its
South Mattix Unit Well No. 24
Lea County, New Mexico

Mr. A. L. Porter (3)
Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 371
Santa Fe, New Mexico

510' FSL
1830' FEL
(150' S of Well #22)
66 FEB 7 AM 8 42

Dear Sir:

Pan American Petroleum Corporation respectfully requests that a hearing be scheduled to consider its application for approval of an unorthodox location in the Fowler (Ellenburger) Pool for its South Mattix Unit Well No. 24. The proposed location for this well is in the SW/4 of the SE/4 of Section 15, T-24-S, R-37-E, Lea County, New Mexico. Pan American will request approval of assignment to the proposed well of an 80-acre proration unit comprising the S/2 of the SE/4 of Section 15, T-24-S, R-37-E.

The names and addresses of offset operators are as follows:

Gulf Oil Corporation
P. O. Drawer 1938
Roswell, New Mexico 88201

Humble Oil and Refining Co.
P. O. Box 1600
Midland, Texas 79701

Yours very truly,

D. L. Ray

DGW:mp

DOCKET MAILED

Date 2-15-68

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. 2901
Order No. R-2579

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR AN UNORTHODOX LOCATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on September 25, 1963, 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 18th day of October, 1963, 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 authority to drill its SMU Well No. 17 at an unorthodox location in the Fowler-Ellenburger Pool 1980 feet from the North line and 1980 feet from the East line of Section 15, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant proposes to dedicate the W/2 NE/4 of said Section 15 to the proposed well and to its SMU Well No. 9 located in Unit B of said Section 15, a marginal well, and to produce any proportion of the 80-acre allowable from either well at the applicant's discretion.

(4) That approval of the unorthodox location should result in more efficient drainage of the W/2 NE/4 of said Section 15, thereby preventing waste.

-2-

CASE No. 2901

Order No. R-2579

(5) That to prevent waste and to protect correlative rights, the applicant should be required to produce its SMU Well No. 9 at its maximum capacity until said well reaches the economic limit of production.

IT IS THEREFORE ORDERED:

(1) That the applicant, Pan American Petroleum Corporation, is hereby authorized to drill its SMU Well No. 17 at an unorthodox location in the Fowler-Ellenburger Pool 1980 feet from the North line and 1980 feet from the East line of Section 15, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico.

PROVIDED HOWEVER, That the W/2 NE/4 of said Section 15 shall be dedicated to the applicant's SMU Well No. 17 and to the SMU Well No. 9 located in Unit B of said Section 15.

(2) That the applicant is hereby authorized to produce the 80-acre allowable assigned to the W/2 NE/4 of said Section 15 from either well.

PROVIDED HOWEVER, That the applicant's SMU Well No. 9 shall be produced at its maximum capacity until it reaches the economic limit of production, and that the applicant shall not shut in or abandon said well until a statement establishing that the well has reached the economic limit of production has been submitted to and approved by the Secretary-Director of the Commission.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

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

S E A L

esr/

ATWOOD & MALONE
LAWYERS

P. O. DRAWER 700
TELEPHONE 505 622-6221
SECURITY NATIONAL BANK BUILDING
ROSWELL, NEW MEXICO
88201

JEFF D. ATWOOD (883-1960)

CHARLES F. MALONE
RUSSELL D. MANN
PAUL A. COOTER
BOB F. TURNER
ROBERT A. JOHNSON

JOHN W. BASSETT, JR.
ROBERT E. SABIN

FEBRUARY
23rd
1968

Mr. A. L. Porter, Jr.
Secretary-Director
Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico

Re: Case No. 3729 on the Docket of February 28, 1968

Dear Mr. Porter:

Would you please file the enclosed Entry of Appearance on behalf of Pan American Petroleum Corporation in the captioned case. The actual presentation will be made by Guy T. Buell, a member of the Texas Bar and one of Pan American Petroleum Corporation's Fort Worth attorneys.

Very truly yours,

ATWOOD & MALONE

By: 

PC/v
Encls.
Cc: J. K. Smith, Esquire

68 FEB 26 AM 8 23

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF PAN AMERICAN PETROLEUM COR-)
PORATION FOR AN UNORTHODOX OIL) No. 3729
WELL LOCATION, LEA COUNTY, NEW)
MEXICO.)

ENTRY OF APPEARANCE

The undersigned, Atwood & Malone, of Roswell, New Mexico,
a firm of attorneys whose members are duly licensed to practice law
in the State of New Mexico, hereby enters its appearance in this cause
as New Mexico counsel for Pan American Petroleum Corporation.

DATED at Roswell, New Mexico, this 23rd day of February, 1968.

ATWOOD & MALONE

By



Attorneys for Pan American
Petroleum Corporation
Post Office Drawer 700
Roswell, New Mexico

68 FEB 26 PM 10 23

dearnley-meier reporting service, inc.

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

1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-4491 • ALBUQUERQUE, NEW MEXICO

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 28, 1968

EXAMINER HEARING

IN THE MATTER OF:

Application of Pan American
Petroleum Corporation for an
unorthodox oil well location,
Lea County, New Mexico.

CASE NO. 3729

BEFORE: DANIEL A. NUTTER, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: We will call Case 3729.

MR. HATCH: Application of Pan American Petroleum Corporation for an unorthodox oil well location, Lea County, New Mexico.

MR. BUELL: For Pan American Petroleum Corporation, Guy Buell.

(Witness sworn.)

GEORGE FORD,

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. BUELL:

Q Mr. Ford, would you state your complete name, by whom you are employed, and in what capacity?

A George H. Ford, staff engineer for Pan American Petroleum Corporation, Fort Worth, Texas.

MR. NUTTER: We might note for the record that we have the letter of appearance for Atwood and Malone.

Q Have you testified at previous Commission hearings and are your qualifications as a petroleum engineer a matter of public record?

A Yes, sir.

(Whereupon Applicant's Exhibits 1 and 2 were marked for identification.)

Q At the outset, I wish you would state for the benefit of the record and the Examiner just what our recommendation to the Commission here today will be.

A We recommend that the Commission approve an unorthodox location for our South Mattix Unit No. 24 in the approximate center of the Southwest Fourth of the Southeast Fourth of Section 15, Township 24 South, Range 37 East. That exact location is 510 feet from the South line and 1330 feet from the East line of Section 15; also that this well be approved as the second well on the proration unit in the South Half of the Southeast Fourth of Section 15 and that the allowable for this proration unit be produced in any proportion from South Mattix Unit No. 24, the new well, and South Mattix No. 8, the present well on that proration unit.

Q Mr. Ford, in the Fowler-Ellenburger Oil Pool, have many exceptions similar to this been granted in the past by this Commission?

A Yes, they have.

Q I wish you would look in that connection to what has been marked as Pan American's Exhibit 1. What is that exhibit?

A Exhibit 1 is a base map of the Fowler area with a scale of one inch to one thousand feet, with the conventional symbols for Ellenburger completions, the South Mattix Unit,

outlined with a heavy dashed black line; the proposed location for South Mattix Unit No. 24 emphasized with a small red dot and the proration unit for No. 24 and No. 28 outlined in red. Also emphasized with a red color, just outside the conventional well symbol and just outside the circle around it, are six wells where similar applications have been approved by the Commission.

Q Look now, if you will, at what has been identified as our Exhibit No. 2. What is that exhibit?

A Exhibit 2 is a structure map to the same base as Exhibit 1; again the South Mattix Unit is outlined with a heavy dashed black line. I won't go into the structure. It's been presented and discussed at these many previous Commission hearings concerning unorthodox locations for this area. I will comment.

It's a faulted anticline and it does show that all of the proration units we're asking for, South Mattix Unit No. 24 and No. 28, is productive of oil in the Fowler-Ellenburger field.

Q In your opinion, Mr. Ford, is the approval of our request here for Well No. 24 necessary to protect the correlative rights of the owners of interest in the South Mattix Unit?

A Yes, sir, it is. I would like to point out that the three wells of Gulf just to the east and south of the South

Mattix Unit boundary in the area of our South Mattix Unit No. 28 have an average allowable of 207 barrels per day in February, '68, whereas the South Mattix Unit wells have an average allowable in February 1968 of 134 barrels of oil per day.

Q According to Exhibit No. 2, our structural interpretation, does Gulf have sufficient productive acreage in Section 23 to assign a full eighty productive acre unit to each one of their three wells?

A No, sir, they don't.

Q Do you feel that the approval of this request will allow the owners of interest to mitigate this disadvantage and more nearly protect the correlative rights of all the owners of interest?

A Yes, I do, and I recommend that the Commission approve our request.

Q Do you see how the approval can in any way violate the correlative rights of any of the other owners of interest in the pool outside the South Mattix Unit?

A No, sir.

Q Do you have anything else you would care to add at this time, Mr. Ford?

A No, sir.

MR. BUELL: That concludes our direct, Mr. Examiner.

I would like to formally offer Pan American's Exhibits 1 and 2.

MR. NUTTER: Pan American's Exhibits 1 and 2 will
be admitted in evidence.

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

CROSS EXAMINATION

BY MR. NUTTER:

Q What is the present producing capability of your
Well No. 8?

A On February, 1968, Commission proration schedule,
it had an allowable of twenty-nine barrels per day. I believe
it is making that amount. The last test I had was in August
of last year when it pumped thirty-four barrels of oil per
day and four barrels of water.

Q Thirty-four and four?

A Yes, sir, it should be down to around twenty-nine
barrels a day in February of this year.

Q Evidently this well has not declined because of an
encroachment of water. The oil-water contact hasn't hit it
if it has only made four barrels of water. It's just a matter
of depletion of the oil, I suppose?

A We have had some mechanical problems. It was com-
pleted January 13, 1958. On initial potential it was 376

barrels per day plus zero barrels of water. Over the years we pumped six workovers on the well. The last one we had trouble with communication between the perforations in the Ellenburger. We couldn't adequately stimulate the well, so I think really some mechanical problem as well as primary depletion of the reservoir.

Q Are you acquainted with the orders that the Commission entered when they approved the unorthodox location for your Well No. 17?

A Yes, sir, I believe this is very similar to that application and that approval.

Q At that time, Well No. 9 had completed to a very marginal status, as I recall, and the Commission approved the location of the No. 17 with the provision that No. 9 would remain on production until authority was given by the Commission for plugging of the well.

A Yes, and we would request the same treatment for --

Q No. 8?

A Yes, sir.

MR. NUTTER: Are there any further questions of Mr. Ford? He may be excused. Does anyone have anything further they wish to offer in Case 3729? We will take the case under advisement.

* * *

I N D E X

<u>WITNESS</u>	<u>PAGE</u>
GEORGE FORD	
Direct Examination by Mr. Buell	2
Cross Examination by Mr. Nutter	6

<u>EXHIBIT</u>	<u>MARKED</u>	<u>OFFERED AND ADMITTED</u>
Applicant's 1 and 2	2	6

