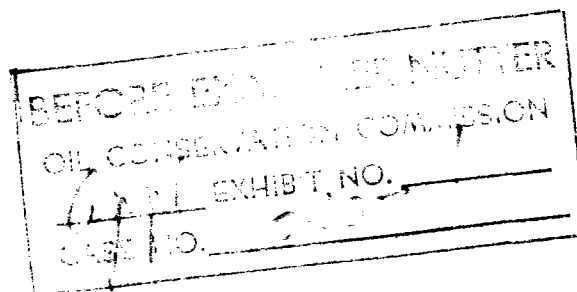
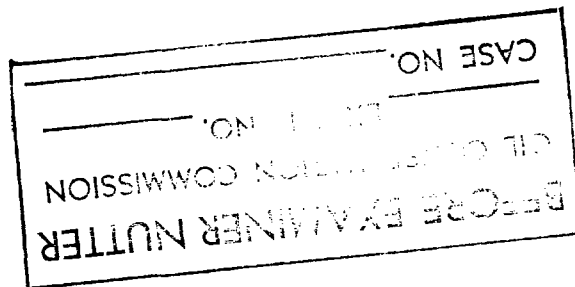


EXHIBIT

PAN AMERICAN PETROLEUM CORPORATION  
PROPOSAL TO COMINGLE WITHOUT PRIOR  
METERING PRODUCTION FROM THE  
DENTON (DEVONIAN) AND DENTON (WOLFCAMP)  
RESERVOIRS ON PAN AMERICAN'S  
W. H. FORT "A" LEASE  
SE/4 SEC. 25, T-14-S, R-37-E, LEA COUNTY, NEW MEXICO  
NEW MEXICO OIL CONSERVATION COMMISSION  
EXAMINER HEARING CASE NO. 2107  
OCTOBER 19, 1960



## CONTENTS

A. General

B. Discussion of Flow Diagrams which show manner  
in which wells will be produced and tested.

### GENERAL

Pan American Petroleum Corporation respectfully requests that the New Mexico Oil Conservation Commission grant an exception to Statewide Rule No. 303(a) to permit commingling without prior metering of production from the Devonian and Wolfcamp Reservoirs underlying its W. H. Fort "A" Lease in the Denton Fields of Lea County, New Mexico. The Fort Lease is located in the SE/4 of Section 25, T-14-S, R-37-E, and is in the northeastern portion of the Denton Fields as shown on Attachment I.

There are two wells on the Fort "A" Lease which are presently completed in the Devonian reservoir. Well No. 1 produces approximately 17 BOPD plus 11 BWPD. Well No. 2 has been shut-in due to an uneconomical producing rate from the Devonian. Upon approval of this application, Pan American will request through regular channels, Commission authorization to recompleté Well No. 2 in the Wolfcamp reservoir.

Granting of this application will permit use of existing hydraulic lift equipment and battery equipment thereby resulting in a savings of approximately \$24,000.

### PROVISIONS FOR PRODUCING AND FOR TESTING WELLS SEPARATELY

Attachments II, III, and IV show diagrammatically the existing power oil manifold now on the W. H. Fort "A" Lease and additional facilities which Pan American proposes to install to permit periodic testing of the two wells individually.

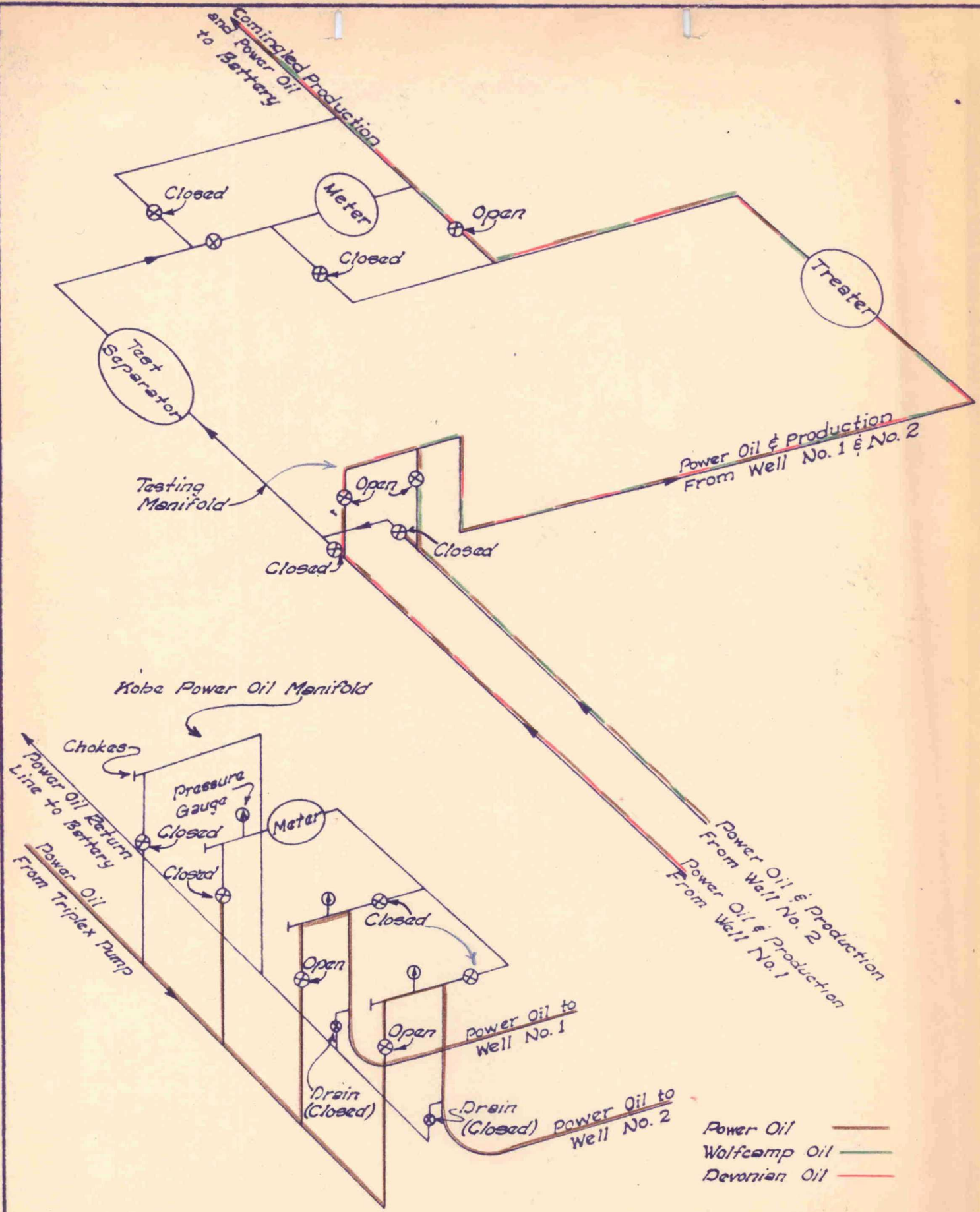
Attachment II indicates the flow of power oil and production oil through these manifolds under normal producing operations. No meters will be in operation under these conditions and the volume of commingled production will be determined by tank gauging.

Attachment III shows the flow of power oil and production oil through these manifolds when Well No. 1 is being tested to determine Devonian production. Test production will be determined by subtracting the metered volume of input power oil from the volume of power oil - production oil indicated by the test meter. No correction for BS&W will be required since the returning power oil and production oil will pass through the treater prior to being metered.

Attachment IV shows the flow of power oil and production oil through these manifolds when Well No. 2 is being tested to determine Wolfcamp production. To determine test production, input power oil will be metered and subtracted from the volume of power oil - production oil indicated by the test meter. A correction for BS&W will be made if necessary.

EXHIBIT

PAN AMERICAN PETROLEUM CORPORATION  
PROPOSAL TO COMMINGLE WITHOUT PRIOR  
METERING PRODUCTION FROM THE  
DENTON (DEVONIAN) AND DENTON (WOLFCAMP)  
RESERVOIRS ON PAN AMERICAN'S  
W. H. FORT "A" LEASE  
SE/4 SEC. 25, T-14-S, R-37-E, LEA COUNTY, NEW MEXICO  
NEW MEXICO OIL CONSERVATION COMMISSION  
EXAMINER HEARING CASE NO. 2107  
OCTOBER 19, 1960



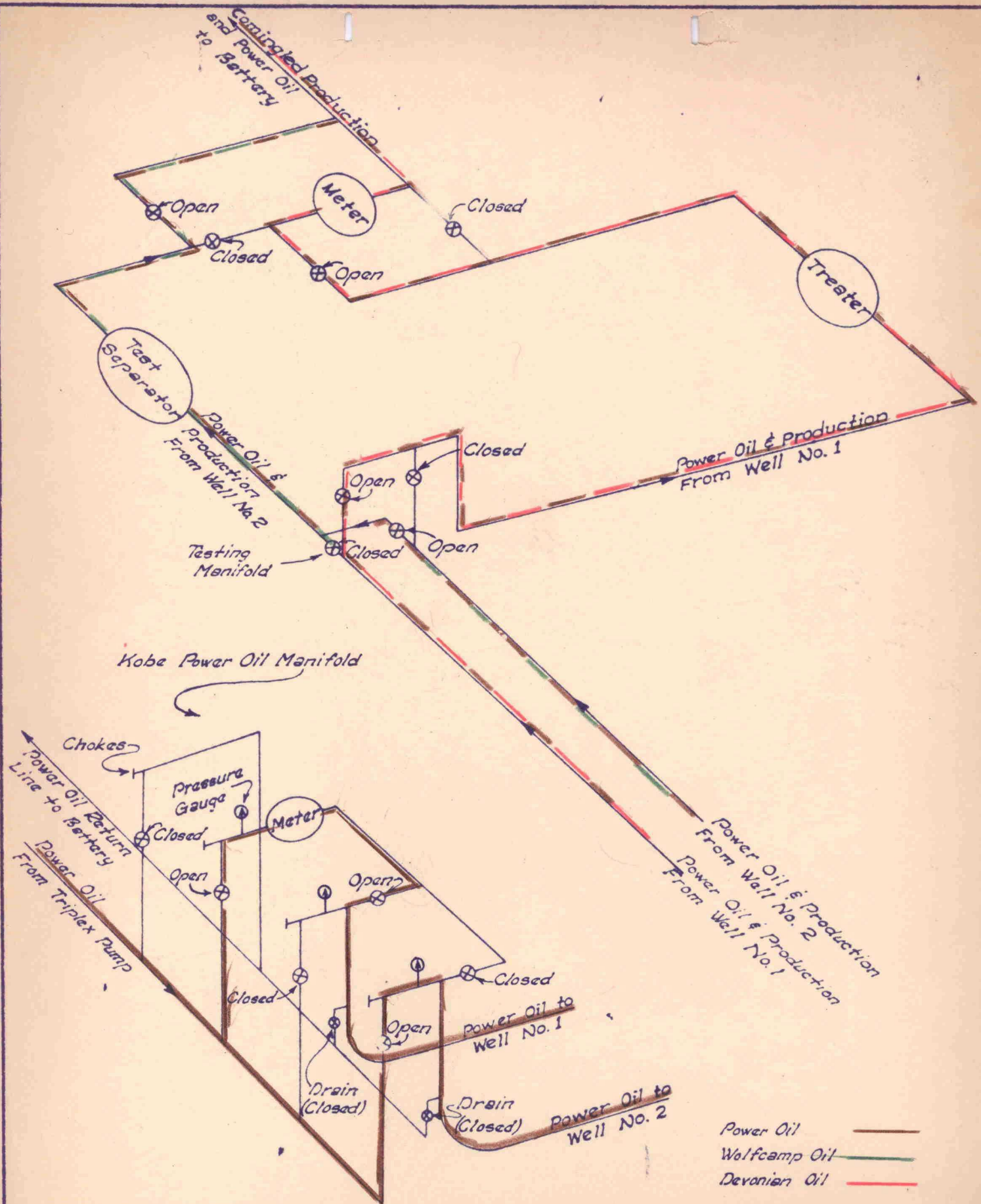
PAN AMERICAN PETROLEUM CORPORATION

SCALE:

SCHEMATIC FLOW PATTERN WHILE PRODUCING NORMALLY WITHOUT TESTING

DRG. ATTACHMENT  
No. II



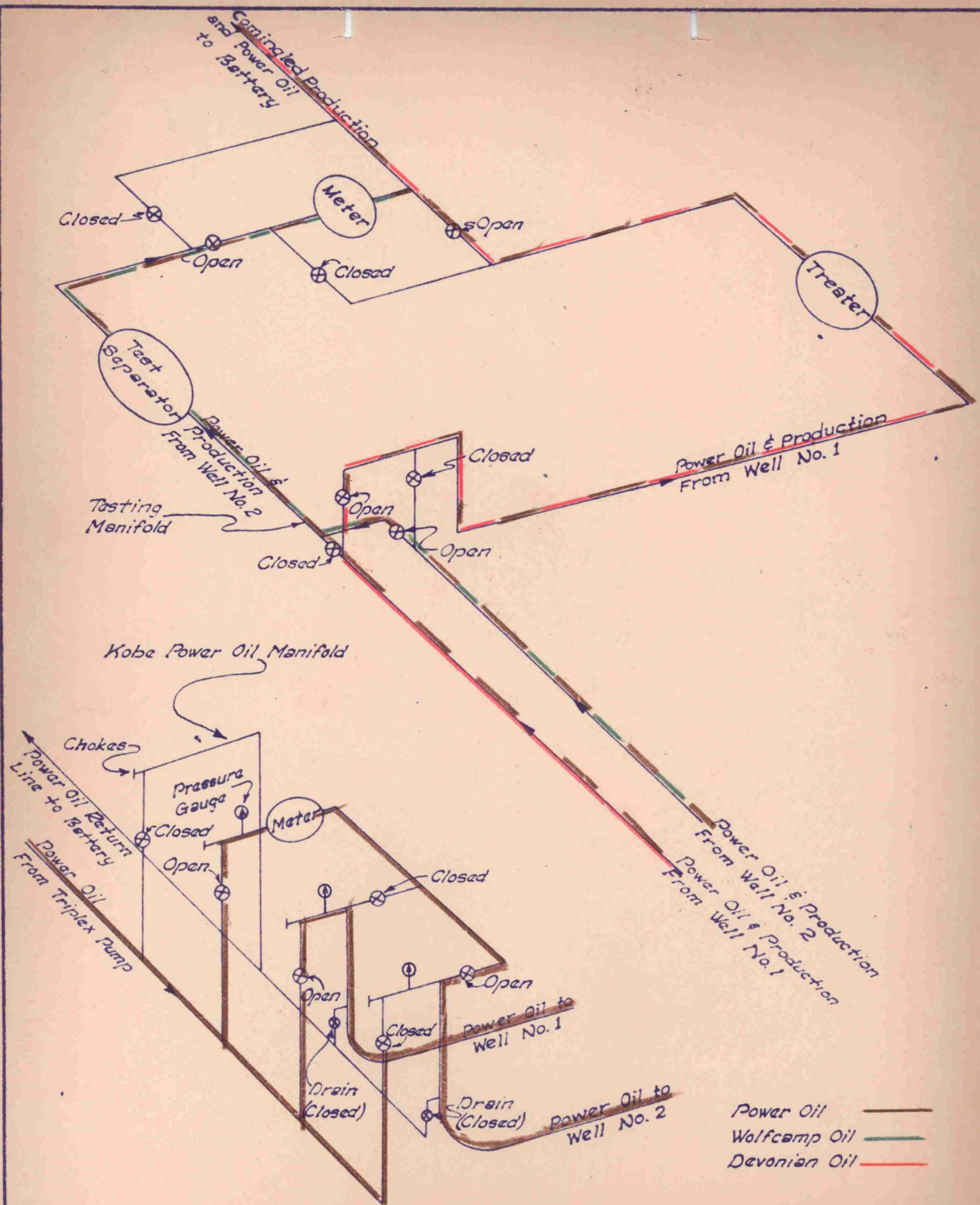


PAN AMERICAN PETROLEUM CORPORATION

SCALE:

SCHEMATIC FLOW PATTERN WHILE TESTING WELL No. 1 (DEVONIAN)

DRG. ATTACHMENT  
No. III



PAN AMERICAN PETROLEUM CORPORATION

SCALE:

SCHEMATIC FLOW PATTERN WHILE TESTING WELL NO. 2 (WOLFCAMP)

DRG. ATTACHMENT  
NO. IV







# SINCLAIR OIL & GAS COMPANY

PO BOX 1470

MIDLAND, TEXAS

MUFG 3 276

R. L. ELSTON  
VICE PRES. & DIVISION MANAGER

C. J. CAMPBELL  
ASSISTANT DIVISION MANAGER

October 13, 1960

F. S. TINKLER  
DIVISION SUPERVISOR, SUPT.

W. E. RICE  
SECTION SUPERVISOR, SUPT.

F. ROGERS  
DIVISION GAS & GAS PRODUCTS SUPT.

New Mexico Oil Conservation Commission  
Post Office Box 871  
Santa Fe, New Mexico

Gentlemen:

We have been advised by Pan American Petroleum Corporation that they are requesting an exception to State-wide Rule 303-A to permit the commingling without prior metering of production from the Denton Devonian and Denton Wolfcamp reservoirs, Lea County, New Mexico, on their W. H. Fort "A" lease, located in the SE/4 of Section 25, T-14-S, R-37-E.

Sinclair Oil & Gas Company has no objection to the granting of the above described application and hereby waives their right to notice and hearing on same.

Yours very truly,

J. Mefford

JM:EMA:lw

Orig. & 3 cc: Pan American Petroleum Corporation  
Post Office Box 268  
Lubbock, Texas  
Attn: Mr. Neil S. Whitmore

Attachment VI

DRAFT

NEW MEXICO  
OCTOBER 20

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. 2107  
Order No. R- 1809

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 October 19, 1960, 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 October, 1960, 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, is the owner and operator of the W. H. Fort "A" Lease comprising the <sup>SE/4</sup> ~~NE/4~~ of Section 25, Township 14 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks permission to commingle the Denton (Devonian) Pool production with the Denton (Wolfcamp) Pool production from two wells located on the above-described W. H.

Fort "A" Lease, both of which are recently completed in the Devonian formation and one of which is to be completed in the Wolfcamp formation.

(4) That the ~~two~~ wells from which the production is proposed to be commingled ~~are~~ both marginal wells <sup>located on the</sup> said W. H. Fort "A" Lease.

(5) That the ownership of the ~~above-described lease~~ is common at all depths.

(6) 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, be and the same is hereby authorized to commingle the Denton (Devonian) Pool production with the Denton (Wolfcamp) Pool production from two wells on the W. H. Fort "A" Lease, comprising the <sup>SE/4</sup> ~~NE/4~~ of Section 25, Township 14 South, Range 37 East, NMPM, Lea County, New Mexico,

PROVIDED HOWEVER, That the applicant shall notify the Commission's Santa Fe Office in the event that either well on the subject lease becomes a top allowable well in either producing zone, at which time this case may be reopened.

PROVIDED FURTHER, That the applicant shall install adequate facilities to permit the testing of all wells on the said W. H. Fort "A" Lease at least once each month to determine the individual production from each well.

IT IS FURTHER ORDERED:

That all meters used in the above-described automatic custody transfer system shall be operated and maintained in such a manner as to ensure an accurate measurement of the liquid hydrocarbon production at all times.

That meters shall be checked for accuracy at least once each month until further direction by the Secretary-Director.

That meters shall be calibrated against a master meter or against a test tank of measured volume and the results of such calibration filed with the Commission on the Commission form entitled "Meter Test Report."

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

LARGE FORMAT  
EXHIBIT HAS  
BEEN REMOVED  
AND IS LOCATED  
IN THE NEXT FILE



### ATTACHMENTS

- I. Map of Denton Fields showing location of Pan American - W. H. Fort "A" Lease, Well to be recompleted, and Devonian and Wolfcamp wells on offsetting leases.
- II. Schematic Flow Diagram showing flow on lease while producing normally without testing.
- III. Schematic Flow Diagram showing flow on lease while Well No. 1 is being tested.
- IV. Schematic Flow Diagram showing flow on lease while Well No. 2 is being tested.
- V. Photostatic copy of Waiver of Objection from Shell Oil Company.
- VI. Photostatic copy of Waiver of Objection from Sinclair Oil and Gas Company.