

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 consisting of the N/2 of Section 22, Township 18 South, Range 26 East, Eddy County, New Mexico. Interested 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 Service 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 Corporation 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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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 N/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.



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.

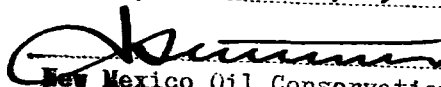
IN WITNESS WHEREOF I have affixed my hand and notarial seal this 5th day of January, 1961.


 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.


 _____, Examiner
 New Mexico Oil Conservation Commission

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I N D E XWITNESSPAGE

BILL SMITH

Direct Examination by Mr. Buell

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Cross Examination by Mr. Nutter

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IdentificationReceived
In Evidence

Pan American's 1

2

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