

FOR INFORMATION OF OFFICIALS  
R-1000-A to permit

Case No.

2029

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Application, Transcript,  
and Exhibits, Etc.

LAFORE 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. 2029  
Order No. R-1731

APPLICATION OF PAN AMERICAN PETROLEUM  
CORPORATION FOR AN AMENDMENT OF ORDER  
NO. R-1399 TO PERMIT THE COMINGLING OF  
EMPIRE-ABO POOL PRODUCTION FROM SEVERAL  
SEPARATE LEASES IN EDDY COUNTY, NEW  
MEXICO, AND TO PERMIT THE INSTALLATION  
OF AN AUTOMATIC CUSTODY TRANSFER SYSTEM  
TO HANDLE PRODUCTION FROM SAID LEASES.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on  
July 27, 1960, at Santa Fe, New Mexico, before Daniel S. Mutter,  
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 4th day of August, 1960, the Commission,  
a quorum being present, having considered the application, and  
the recommendations of the Examiner, Daniel S. Mutter, 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,  
has requested that Case No. 2029 be dismissed.

IT IS THEREFORE ORDERED:

That Case No. 2029 be and the same is hereby dismissed.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*John Burroughs*  
JOHN BURROUGHS, Chairman

*Murray E. Norman*  
MURRAY E. NORMAN, Member

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

esr/

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

August 4, 1960

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

Re: Case No. \_\_\_\_\_  
Order No. 2020  
R-1731  
Applicant:

~~Dan 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

lr/

Carbon copy of order also sent to:

Hobbs OCC ☒ \_\_\_\_\_  
Artesia OCC ☒ \_\_\_\_\_  
Aztec OCC ☐ \_\_\_\_\_

Other \_\_\_\_\_

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Date July 28, 1960

CASE NO. 2029

HEARING DATE DSN - Santa Fe - 9a.m. 7/27

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

Dismissed as requested by applicant.

Staff Member

DOCKET: EXAMINER HEARING JULY 27, 1960

Oil Conservation Commission - 9 a.m., Mabry Hall, State Capitol, Santa Fe, N.M.

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

CASE NOS. 2023 through 2033 will not be heard before 1 p.m. on July 27, 1960.

CASE NOS. 2034 through 2040 will not be heard before 9 a.m. on July 28, 1960.

CASE 2017: Application of Continental Oil Company for an order authorizing an automatic custody transfer system to handle the Maljamar Pool production from its Miller "BX" lease comprising in pertinent part the E/2 of Section 14, Township 17 South, Range 32 East, Lea County, New Mexico.

CASE 2018: Application of Continental Oil Company for an order authorizing the triple completion of its Jicarilla Apache Well No. 27-2, located in the NW/4 NW/4 of Section 27, Township 25 North, Range 4 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of oil from the Gallup formation, the production of oil from the Greenhorn formation and the production of oil from the Dakota formation through parallel strings of 4½ inch, 2 7/8 inch, and 4½ inch casing cemented in a common well bore. Applicant proposes to install tubing to the Gallup and the Dakota formations.

CASE 2019: Application of Continental Oil Company for an order authorizing the triple completion of its Northeast Haynes Apache Well No. 9-1, located in the NW/4 SW/4 of Section 9, Township 24 North, Range 5 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of gas from the Mesaverde formation, the production of gas from the Gallup formation and the production of gas from the Greenhorn formation through parallel strings of 2 7/8 inch, 4½-inch, and 4½-inch casing respectively, cemented in a common well bore. Applicant also proposes to install tubing in the latter two zones.

CASE 2020: Application of Amerada Petroleum Corporation for an order authorizing the triple completion of its Wimberly Well No. 13, located in Unit M, Section 24, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Langlie Mattix Pool, the disposal of salt water into the Grayburg and San Andres formations in the interval from 3500 feet to 4200 feet, and the production of oil from the Justis-Blinebry Pool by means of two parallel strings of 3½-inch casing cemented in a common well bore. Applicant would dispose of the salt water through one string of casing, produce the Blinebry oil through 1½-inch tubing set in the second string of casing, and produce Langlie Mattix gas through the annulus of the 1½-inch tubing and the second casing string.

CASE 2021: Application of Shell Oil Company for authority to recomplate its State BUA Well No. 2 (formerly its Bluit Unit Well No. 2) at an unorthodox oil well location in the Pennsylvanian formation within one mile of the Bluit Pennsylvanian Pool. Said well is located 1980 feet from the North line and 660 feet from the West line of Section 16, Township 8 South, Range 37 East, Roosevelt County, New Mexico.

CASE 2022: Application of Sinclair Oil & Gas Company for an order authorizing the dual completion of its Turner "B" SP Well No. 67, located in Unit L, Section 20, Township 17 South, Range 31 East, Eddy County, New Mexico, in such a manner as to permit the production of oil from the Grayburg-Jackson Pool and the production of oil from an undesignated Abo pool through parallel strings of 2-inch tubing.

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The following cases will not be heard before 1 p.m. on July 27, 1960:

CASE 2023: Application of Honolulu Oil Corporation for an order authorizing it to institute a pressure maintenance project in the Horseshoe-Gallup Oil Pool by the injection of water into the Gallup formation through its Navajo Well No. 4, located in the SE/4 SE/4 of Section 5, Township 31 North, Range 17 West, San Juan County, New Mexico; applicant further seeks the adoption of special rules governing the operation of said project.

CASE 2024: Application of Humble Oil & Refining Company for an order authorizing it to institute a pressure maintenance project in the Horseshoe-Gallup Oil Pool by the injection of water into the Gallup formation through 29 wells located in Sections 3, 4, 9, 10, and 11, Township 31 North, Range 17 West, San Juan County, New Mexico; Applicant further seeks the adoption of special rules governing the operation of said project.

CASE 2025: Application of Socony Mobil Oil Company for permission to convert to water injection its Navajo "A" Well No. 9, located in NE/4 NW/4 of Section 14, Township 31 North, Range 17 West, Rio Arriba County, New Mexico, in conjunction with a proposed adjacent pressure maintenance project in the Horseshoe-Gallup Oil Pool.

CASE 2026: Application of The British American Oil Producing Company for an order authorizing the "slim-hole" completion of its Fullerton Well No. 7, located 1850 feet from the South and West lines of Section 11, Township 27 North, Range 11 West, Dakota Producing Interval, San Juan County, New Mexico, utilizing 2 7/8-inch tubing as casing.

- CASE 2027: Application of Hondo Oil & Gas Company for an amendment of Order No. R-1643 to provide an alternative to the fail-safe features required in the automatic custody transfer system authorized therein for the Hondo-Western-Yates State 647 lease, Empire-Abo Pool, Eddy County, New Mexico.
- CASE 2028: Application of Pan American Petroleum Corporation for an order authorizing it to commingle the production from the Empire-Abo Pool from all wells on eight separate leases in Sections 27 and 34, Township 17 South, Range 28 East, Eddy County, New Mexico. Applicant also seeks authorization of an automatic sustody transfer system to handle said commingled production.
- CASE 2029: Application of Pan American Petroleum Corporation for an amendment of Order R-1399 to permit the commingling of Empire-Abo Pool production from Federal Lease No. LC-064050-A, E/2 SE/4 of Section 34 and NW/4 SW/4 of Section 35, Township 17 South, Range 27 East, with the Empire-Abo Pool production from those leases for which commingling was approved by paragraph one of said order and to permit the commingling of Empire-Abo Pool production from Federal Lease No. NM-025602, NW/4 and N/2 SW/4 of Section 15, Township 18 South, Range 27 East with the Empire-Abo Pool production from those leases for which commingling was approved by paragraph two of said order. Applicant also seeks an amendment of Order No. R-1399-A to permit production from the above-described leases in Eddy County, to be handled by the automatic custody transfer systems authorized in said order.
- CASE 2030: Application of Pan American Petroleum Corporation for permission to commingle the Empire-Abo Pool production from eleven separate State leases in Townships 17 and 18 South, Range 28 East, Eddy County, New Mexico. Applicant further seeks permission to install automatic custody transfer facilities to handle said commingled production.
- CASE 2031: Application of Union Oil Company of California for approval of its South Caprock Queen Unit Agreement, which unit is to embrace 9526 acres in Townships 14 and 15 South, Ranges 30 and 31 East, Caprock Queen Pool, Chaves County, New Mexico.
- CASE 2032: Application of Union Oil Company of California for an order authorizing it to institute a waterflood project in the Caprock-Queen Pool on its proposed South Caprock Queen Unit by the injection of water into the Queen formation through ten wells located in Township 15 South, Range 31 East, Chaves County, New Mexico, and for authority to drill a water injection well at an unorthodox location, being 330 feet West of the East line and 1320 feet South of the North line of Section 18, Township 15 South, Range 31 East.



CASE 2033: Application of Cabeen Exploration Corporation for permission to complete its State 1-K Well located 1980 feet from the South and West lines of Section 11, Township 10 South, Range 32 East, in an undesignated Permo-Pennsylvanian pool in Lea County, New Mexico as a "slim-hole" completion, using 2-7/8 inch casing.

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The following cases will not be heard before 9 a.m. on July 28, 1960

CASE 2034: Application of Gulf Oil Corporation for an order authorizing the dual completion of its J. N. Carson Well No. 6, located 330 feet from the South line and 965 feet from the East line of Section 28, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Penrose-Skelly Pool and the production of gas from the Blinebry Gas Pool through parallel strings of 2 3/8-inch tubing.

CASE 2035: Application of Gulf Oil Corporation for an order authorizing the dual completion of its W. T. McCormack Well No. 12, located 554 feet from the North line and 1874 feet from the East line of Section 32, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Drinkard Pool and the production of oil from the Wantz-Abo Pool through parallel strings of 2 3/8-inch tubing.

CASE 2036: Application of Charles Loveless, Jr., for the establishment of a 280-acre non-standard gas unit in the Atoka-Pennsylvanian Gas Pool consisting of the NE/4, N/2 NW/4 and SW/4 NW/4 of Section 21, Township 18 South, Range 26 East, Eddy County, New Mexico. Applicant proposes that said unit be dedicated to the Brunner No. 1 Dayton Townsite Well to be located on an unorthodox location at a point 1650 feet from the North line and 2310 feet from the East line of said Section 21.

CASE 2037: Application of Sun Oil Company for the creation of a new oil pool for Wolfcamp production to be designated as the Jenkins-Wolfcamp pool and to consist of Sections 2, 3, 4, 8, 9, 10 and 11 of Township 9 South, Range 34 East, Lea County, and Sections 34 and 35, Township 8 South, Range 34 East, Roosevelt County, New Mexico. Applicant further seeks the promulgation of special rules and regulations for said pool including a provision for 80-acre drilling and proration units.

CASE 2038: Application of Benson-Montin-Greer Drilling Corporation for an order authorizing the dual completion of the Jones Well No. 1, located in Unit P, Section 17, Township 28 North, Range 13 West, San Juan County, New Mexico, in such a manner as to permit the production of oil from an undesignated Gallup Pool and the production of gas from the West Kutz-Dakota Pool through parallel strings of 1 1/2-inch OD tubing.

cket No. 21-60

CASE 2039: Application of Southwest Production Company for approval of an unorthodox oil well location in the Gallegos-Gallup Oil Pool for its Rummel Federal Well No. 1, located 790 feet from the North line and 1190 feet from the West line of Section 36, Township 27 North, Range 12 West, San Juan County, New Mexico.

CASE 2040: Application of Neville G. Penrose, Inc., for an order authorizing the dual completion of its Grizzel Well No. 1, located in Unit G, Section 5, Township 22 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Tubb Gas Pool and the production of oil from the Drinkard Pool through the casing-tubing annulus and 2 3/8-inch tubing respectively.

# PAN AMERICAN PETROLEUM CORPORATION

Lubbock, Texas  
June 28, 1960

File: WJS-5536-541.113 x 986.510.1

Subject: Commingling and LACT Hearing  
Various Leases, Empire Abo Field  
Eddy County, New Mexico

*Case 2029*

RECEIVED  
JUN 30 1960  
MAIN OFFICE OCC

Mr. A. L. Porter, Jr. (2)  
New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Dear Sir:

Please refer to Mr. Alex Clarke, Jr.'s letter of June 8, 1960, File: GWK-315-986.510.1, which transmitted five separate applications for hearing relating to commingling and/or LACT installations in the Empire Abo Field. By telegram dated June 10, 1960, Mr. Clarke requested that you not docket those applications for hearing since Mr. John Anderson with the USGS had advised that his office would not consent to commingling of crude from Federal Leases with crude from State Leases. We appreciate your attention to this request.

In view of Mr. Anderson's position, we are transmitting three other separate applications for hearing relating to commingling and/or LACT installations in the Empire Abo Field. These three applications are in lieu of the five applications transmitted by our letter of June 8, 1960. Submission is made in this manner at the suggestion of Mr. Nutter so that the convenience of the Commission can govern whether one or more hearings are called.

In his letter of June 8, 1960, Mr. Clarke made a request also for permission to temporarily store off-lease the production from certain leases pending NMOCC hearing of and action upon our request for approval to install and operate the subject commingled storage and automatic custody transfer facilities. Subsequently, we were granted permission to do this by Mr. M. L. Armstrong, Supervisor District No. 2, NMOCC, Artesia, New Mexico, as evidenced by his letter of June 17, 1960, to Mr. A. J. Inderrieden, copy to you.

Yours very truly,

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

*Revised  
Mailed  
7/15/60*  
AHG:es

## PAN AMERICAN PETROLEUM CORPORATION

Box 268  
Lubbock, Texas  
June 28, 1960

*Case 2029*

File: WJS-5541-541.113 x 986.510.1

Subject: Commingling and LACT Hearing  
Various Federal Leases  
Empire Abo Pool  
Eddy County, New Mexico

Mr. A. L. Porter, Jr. (2)  
New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Dear Sir:

We respectfully request that the New Mexico Oil Conservation Commission set on an early docket a hearing wherein Pan American Petroleum Corporation can present application for approval to commingle the production from additional Federal leases with the production from those Federal leases for which commingling was previously approved by Commission Order No. R-1399 and to handle this additional Federal lease production with automatic custody transfer facilities which were previously authorized by Commission Order R-1399-A.

Following the hearing of Case No. 1662, the New Mexico Oil Conservation Commission entered Order No. R-1399 granting Pan American Petroleum Corporation permission to commingle production from seven separate Federal leases in the Empire Abo Pool, Eddy County, New Mexico; and following the hearing of Case No. 1773, the New Mexico Oil Conservation Commission entered Order No. R-1399-A further granting Pan American Petroleum Corporation permission to install and operate two automatic custody transfer systems; the first to handle that portion of the Empire Abo Pool production permitted to be commingled by paragraph (1) of said Order No. R-1399, and the second to handle that portion of the Empire Abo Pool production permitted to be commingled by paragraph (2) of said Order No. R-1399. We now desire to amend Orders No. R-1399 and R-1399-A as follows:

Order No. R-1399 - Amend to permit the commingling of Empire Abo Pool production from Federal Lease No. LC-064050-A, described as E/2 SE/4 Section 34 and NW/4 SW/4, Section 35, T-17-S, R-27-E, with the Empire Abo Pool production from those Federal leases for which commingling was approved by paragraph (1) of Order No. R-1399.

Mr. A. L. Porter, Jr.

-2-

File: WJS-5541-541.113 x 986.S10.1

And further amend to permit the commingling of Empire Abo Pool production from Federal Lease No. NM-025602, described as the NW/4 and the N/2 SW/4 Section 15, T-18-S, R-27-E, with the Empire Abo Pool production from those Federal leases for which commingling was approved by paragraph (2) of Order No. R-1399.

Order No. R-1399-A - Amend to permit the handling of Empire Abo Pool production from the above described Federal Lease No. LC-064050-A by the automatic custody transfer system authorized by paragraph (1) of Order No. R-1399-A.

And further amend to permit the handling of Empire Abo Pool production from the above described Federal Lease No. NM-025602 by the automatic custody transfer system authorized by paragraph (2) of Order No. R-1399-A.

Attached hereto is a lease plat of that portion of the Empire Abo Pool covered by Orders No. R-1399 and R-1399-A. The Federal leases covered by paragraph (1) of Orders No. R-1399 and R-1399-A are enclosed by a solid green line. The Federal Lease No. LC-064050-A which is covered by the first proposed amendment of these same orders is enclosed by a broken or dashed green line. The Federal leases covered by paragraph (2) of Orders No. R-1399 and R-1399-A are enclosed by a solid red line. The Federal Lease No. NM-025602 which is covered by the second proposed amendment of these same orders is enclosed by a broken or dashed red line.

Yours very truly,

*A. J. Inderrieden*

A. J. Inderrieden  
District Engineer

AHG:es  
Attachment

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
July 27, 1960.

IN THE MATTER OF:

APPLICATION OF THE PAN AMERICAN PETROLEUM CORPORATION for an amendment of Order R-1399 to permit the commingling of Empire-Abo Pool production from Federal Lease No. LC-064050-A, E/2 SE/4 of Section 34 and NW/4 SW/4 of Section 35, Township 17 South, Range 27 East, with the Empire-Abo Pool production from those leases for which commingling was approved by paragraph one of said order and to permit the commingling of Empire-Abo Pool production from Federal Lease No. NM-025602, NW/4 and N/2 SW/4 of Section 15, Township 18 South, Range 27 East with the Empire-Abo Pool production from those leases for which commingling was approved by paragraph two of said order. Applicant also seeks an amendment of Order No. R-1399-A to permit production from the above-described leases in Eddy County, to be handled by the automatic custody transfer systems authorized in said order.

CASE  
NO. 2029

BEFORE:

Hon. Daniel S. Nutter, Examiner.

TRANSCRIPT OF PROCEEDINGS

MR. NUTTER: Hearing will come to order, please. We will take next Case 2029.

MR. PAYNE: Case 2029. Application of Pan American Petroleum Corporation for an amendment of Order R-1399.

MR. NEWMAN: Kirk Newman, of Atwood and Malone, Roswell.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



New Mexico, representing the Applicant. We move to dismiss this case.

MR. NUTTER: Case Number 2029 will be dismissed.

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STATE OF NEW MEXICO )  
 ) ss.  
COUNTY OF BERNALILLO )

I, LLEWELYN NELSON, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS My Hand and Seal, this the 2nd day of August, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

*Llewellyn J. Nelson*  
NOTARY PUBLIC.

My Commission Expires:

June 14, 1964.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of case No. 2029, heard by me on 7/27, 1960.

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

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-5691

ALBUQUERQUE, NEW MEXICO

