FORM 470 2-57

PAN AMERICAN PETROLEUM CORPORATION

Post Office Box 68
Hobbs, New Mexico 88240

'70 FEB 25 PM 1 12

February 24, 1970

File: VES-89-400

Subject: Commingling of Production
State "A-19" & "B-19" Leases
into Gladiola Storage System
Gladiola Devonian Oil Pool
Lea County, New Mexico

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Reference is made to our letter of application dated February 16, 1970, requesting permission to commingle oil production from subject leases.

Attached is a copy of the Commissioner of Public Land's approval of the commingling.

Your earliest consideration of this matter shall be appreciated.

Yours very truly,

V. E. Staley
Area Superintendent

RRY/jt

Attachments

State of New Mexico

Commissioner of Public Lands

ALEX J. ARMIJO
COMMISSIONER

February 18, 1970

RECEIVED
PAN AMERICAN
PETROLEUM CORP.
FEB 19 1970
HOBBS, N.M.

AS	1	
AC		
AE	2	
AF1		
AF2		
AAC		
CRY	3	
FILE		

P. O. BOX 1148
SANTA FE, NEW MEXICO

Pan American Petroleum Corporation
P. O. Box 68
Hobbs, New Mexico 88240

Re: Commingling of Production
State "A-19" &"B-19" Leases
into Gladiola Storage System
Gladiola Devonian Oil Pool
Lea County, New Mexico

ATTENTION: Mr. V. E. Staley

Gentlemen:

Reference is made to your application dated February 16, 1970, requesting approval to commingle Gladiola Devonian oil production from the State "A-19" and State "B-19" leases, comprising the N/2NE/4, SE/4NE/4 and the NE/4SW/4, of Section 19, Township 12 South, Range 38 East, Lea County, New Mexico.

You are hereby given approval to the above request. Any deviation from your proposed request will be reason to cancel approval.

This approval is subject to the subsequent approval of the New Mexico Oil Conservation Commission.

Your Ten ($10.00) Dollar filing fee has been received.

Very truly yours,

Ted Bilberry

Ted Bilberry, Director
Oil and Gas Department

TB/ML/s

FORM 470 2-57

(1)

PAN AMERICAN PETROLEUM CORPORATION

Post Office Box 68
Hobbs, New Mexico 88240

February 16, 1970

File: VES-79-400 x 541.112

CTB-209

Subject: Commingling of Production
State "A-19 & State "B-19" Leases
into Gladiola Storage System
Gladiola Devonian Oil Pool
Lea County, New Mexico

New Mexico Oil Conservation Commission (3)
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Pan American Petroleum Corporation respectfully submits this application for authority to commingle Gladiola Devonian oil production from the State "A-19" and State "B-19" Leases, encompassing the N/2 NE/4, SE/4 NE/4 and the NE/4 SW/4 of Section 19, T-12-S, R-38-E, NMPM, respectively.

There is no diversity of ownership and the commingling of this common source of oil will not result in the loss of revenue to either lease. Both wells are marginal, averaging approximately 22 and 17 BOPD, respectively.

Lease production is to be allocated on the basis of periodic well tests and the commingled storage facilities, located in Unit K, Section 19, T-12-S, R-38-E, will be known as the GLADIOLA STORAGE SYSTEM.

A copy of a schematic diagram of the proposed project, together with a copy of a plat showing the location of all wells on the leases involved, is attached.

Copies of letters of commingling consent from all interest owners, or their authority, are attached.

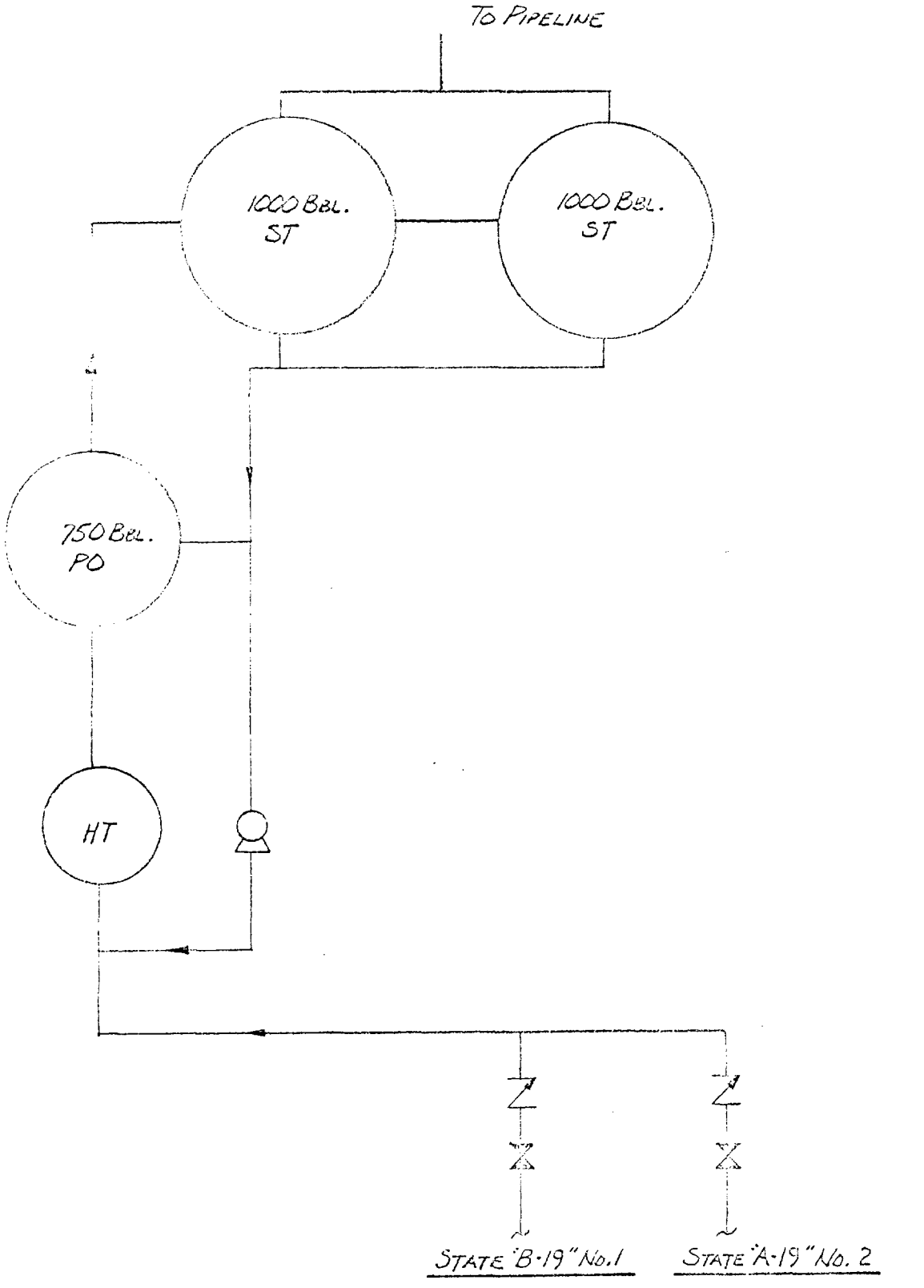
Yours very truly,

V. E. Staley
Area Superintendent

RRY/jt

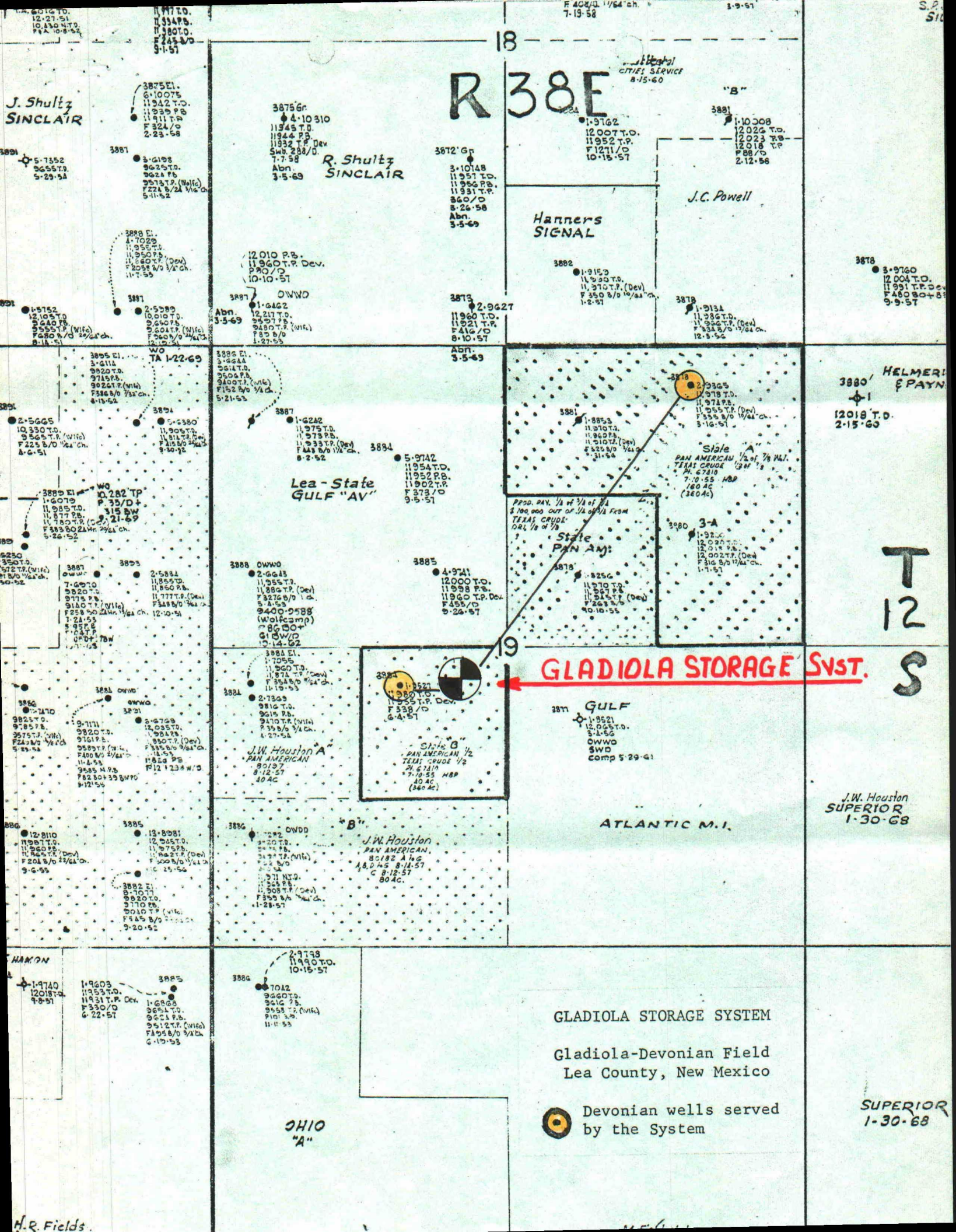
cc: Commissioner of Public Lands, Box 1148, Santa Fe, New Mexico (2)
New Mexico Oil Conservation Commission, Box 1980, Hobbs, N.M.
Pan American Petroleum Corp, Box 1725, Midland, Texas

Attach.



NOTE: SHUT-IN ONE WELL TO CONDUCT WELL TESTS

PAN AMERICAN PETROLEUM CORPORATION	SCALE: NONE
PROPOSED COMMINGLING INSTALLATION GLADIOLA DEVONIAN FIELD SECT. 19 T-12-S R-38-E LEA COUNTY, N. MEXICO	DRG. NO. 11/17/59


18
R 38 E
T 12 S
19
GLADIOLA STORAGE SYST.
J. Shultz SINCLAIR
R. Shultz SINCLAIR
Hanners SIGNAL
J.C. Powell
Lea - State GULF "AV"
State PAN Am.
State "A" PAN AMERICAN
State "B" PAN AMERICAN
J.W. Houston "A" PAN AMERICAN
J.W. Houston "B" PAN AMERICAN
GULF
ATLANTIC M.I.
J.W. Houston SUPERIOR 1-30-68
HELMERI & PAYN
OHIO "A"
H.R. Fields
GLADIOLA STORAGE SYSTEM
Gladiola-Devonian Field
Lea County, New Mexico
Devonian wells served by the System

FORM 470 2-67

PAN AMERICAN PETROLEUM CORPORATION

Post Office Box 68
Hobbs, New Mexico 88240

November 19, 1969

File: VES- 383-541.112 x 400

Subject: Recommendation for Commingling Production - State "A-19" No. 2 and State "B-19" Well No. 1 Gladiola Devonian Field Lea County, New Mexico

Mr. George J. Helis
General Manager
American Trading and Production Corporation
Drawer 992
Midland, Texas 79701

Gentlemen:

We are recommending that the production from the State "A-19" Well No. 2 be commingled into the battery at the State "B-19" Well No. 1 with the allocation being based on well tests. Your ownership is the same in both leases. This commingling is proposed as it is necessary at present to replace a 500 barrel tank at the State "A-19" battery at a cost of approximately $3140 or a net cost to non-operators of $1570. The cost to commingle, using an existing salt water disposal line for a flow line, would allow the non-operators a net gain of $592. The economics for the commingling is included in Attachment I.

Commingling would not only allow salvage of the existing State "A-19" tank battery, but should also lower the operating and maintenance cost of both leases since only one battery will be in service. The non-operators would show a gain of $592 after commingling, due to salvage of existing equipment. We propose to utilize the existing salt water disposal line between the two batteries in lieu of laying a new flow line. Since the ownership in the salt water disposal line is different than that of the leases (non-operators in State "A-19" and "B-19 Leases own 15.625%), it is Pan American's intent that the salt water disposal system sell the salt water disposal line in place at a price equivalent to the cost of laying a flow line from the State "A-19" Well No. 2 to the State "B-19" tank battery. The cost is estimated at $1770. Although this is less than the investment value of $2,692 for this portion of the line, we think that it is a fair proposal for both the salt water disposal system owners and the State "A-19" and "B-19" Lease owners.

The October production was 26 BOPD and 377 BWPD on the State "A-19" Well No. 2 and 22 BOPD and 366 BWPD on the State "B-19" Well No. 1. It is desired to commingle at the State "B-19" battery since the State "B-19" Well No. 1 is on hydraulic pump, and the hydraulic system is already installed. The State "A-19" No. 2 is on a beam pump and will allow a much simpler and more economical installation to the State "B-19" battery.

Attached is a sketch of the proposed commingling installation. We would appreciate your early reply since it is imperative that we either commingle or obtain an additional tank for the State "A-19" Lease. All owners except American Trading and Production Corporation and the Midland National Bank have approved the commingling. If you approve of this commingling, please sign and return one copy.

Yours very truly,

Original Signed by:
V. E. STALEY

V. E. Staley
Area Superintendent

EJS/jt

Attachments

APPROVED BY: [illegible]

FOR: American Trading & Production Corp.

Texas Crude Oil Company
2601 Ridgmar Plaza
P. O. Box 12405
Fort Worth, Texas 76116

October 9, 1969

Pan American Petroleum Corporation
Post Office Box 68
Hobbs, New Mexico 88240

Attention Mr. J. E. York

Re: Commingling of Production
of State "A" 19 Well No. 2
and State "B" 19 Well No. 1
Gladiola Devonian Field
Lea County, New Mexico

Gentlemen:

The undersigned parties hereto are the owners of an interest in the captioned wells, the Working Interest Ownership of said wells being identical, except that Cecile H. Kaufman is the owner of a 5.46875% Working Interest in State "B" 19 Well No. 1 and Texas Crude Oil Company (4.91288%) and R. E. Kellerman (0.54687%) are the collective owners of a 5.46875% Working Interest in State "A" 19 Well No. 2. 4.921875

The undersigned parties hereto desire to consolidate the production facilities for captioned wells and produce the said two wells into common storage. The undersigned parties hereto direct that the requisite labor be performed and production facilities installed to accomplish said commingling utilizing the tank battery facility presently in place on the State "B" 19 Well No. 1 Lease. The undersigned parties hereto further direct that payment for the said combined production be made to:

Texas Crude Oil Company
P. O. Box 12405
Fort Worth, Texas 76116

under the terms of customary division orders.

Please acknowledge the foregoing by returning two (2) fully executed copies of this letter to Texas Crude Oil Company.

Very truly yours,

Cecile H Kaufman
Cecile Kaufman

TEXAS CRUDE OIL COMPANY

By: [illegible]

R. E. Kellerman

SCBJr/ag

ACCEPTED AND AGREED TO THIS ____ DAY OF OCTOBER, 1969
PAN AMERICAN PETROLEUM CORPORATION
By

RM 470 2-57

PAN AMERICAN PETROLEUM CORPORATION

Post Office Box 68
Hobbs, New Mexico 88240

November 19, 1969

File: VES-384-541.112 x 400

RECEIVED
PAN AMERICAN
PETROLEUM CORP.
DEC 1 1969
HOBBS, N. M.

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AF2	
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FILE	

Subject: Recommendation for Commingling Production - State "A-19" No. 2 and State "B-19" Well No. 1 Gladiola Devonian Field Lea County, New Mexico

The Midland National Bank
Trustee Acct. #0378-00-3
P. O. Box 2097
Midland, Texas 79701

Gentlemen:

We are recommending that the production from the State "A-19" Well No. 2 be commingled into the battery at the State "B-19" Well No. 1 with the allocation being based on well tests. Your ownership is the same in both leases. This commingling is proposed as it is necessary at present to replace a 500 barrel tank at the State "A-19" battery at a cost of approximately $3140 or a net cost to non-operators of $1570. The cost to commingle, using an existing salt water disposal line for a flow line, would allow the non-operators a net gain of $592. The economics for the commingling is included in Attachment I.

Commingling would not only allow salvage of the existing State "A-19" tank battery, but should also lower the operating and maintenance cost of both leases since only one battery will be in service. The non-operators would show a gain of $592 after commingling, due to salvage of existing equipment. We propose to utilize the existing salt water disposal line between the two batteries in lieu of laying a new flow line. Since the ownership in the salt water disposal line is different than that of the leases (non-operators in State "A-19" and "B-19 Leases own 15.625%), it is Pan American's intent that the salt water disposal system sell the salt water disposal line in place at a price equivalent to the cost of laying a flow line from the State "A-19" Well No. 2 to the State "B-19" tank battery. The cost is estimated at $1770. Although this is less than the investment value of $2,692 for this portion of the line, we think that it is a fair proposal for both the salt water disposal system owners and the State "A-19" and "B-19" Lease owners.

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Attached is a sketch of the proposed commingling installation. We would appreciate your early reply since it is imperative that we either commingle or obtain an additional tank for the State "A-19" Lease. All owners except American Trading and Production Corporation and the Midland National Bank have approved the commingling. If you approve of this commingling, please sign and return one copy.

Yours very truly,

V. E. Staley
Area Superintendent

EJC/jt

Attachments

APPROVED
BY: _____

FOR: _____

Approved:

The Midland National Bank
Account No. _____

By: _____
Trust Officer

FORM 470 2-57

PAN AMERICAN PETROLEUM CORPORATION

Post Office Box 68
Hobbs, New Mexico 88240

February 16, 1970

File: VES-79-400 x 541.112

Subject: Commingling of Production
State "A-19 & State "B-19" Leases
into Gladiola Storage System
Gladiola Devonian Oil Pool
Lea County, New Mexico

New Mexico Oil Conservation Commission (3)
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Pan American Petroleum Corporation respectfully submits this application for authority to commingle Gladiola Devonian oil production from the State "A-19" and State "B-19" Leases, encompassing the N/2 NE/4, SE/4 NE/4 and the NE/4 SW/4 of Section 19, T-12-S, R-38-E, NMPM, respectively.

There is no diversity of ownership and the commingling of this common source of oil will not result in the loss of revenue to either lease. Both wells are marginal, averaging approximately 22 and 17 BOPD, respectively.

Lease production is to be allocated on the basis of periodic well tests and the commingled storage facilities, located in Unit K, Section 19, T-12-S, R-38-E, will be known as the GLADIOLA STORAGE SYSTEM.

A copy of a schematic diagram of the proposed project, together with a copy of a plat showing the location of all wells on the leases involved, is attached.

Copies of letters of commingling consent from all interest owners, or their authority, are attached.

Yours very truly,

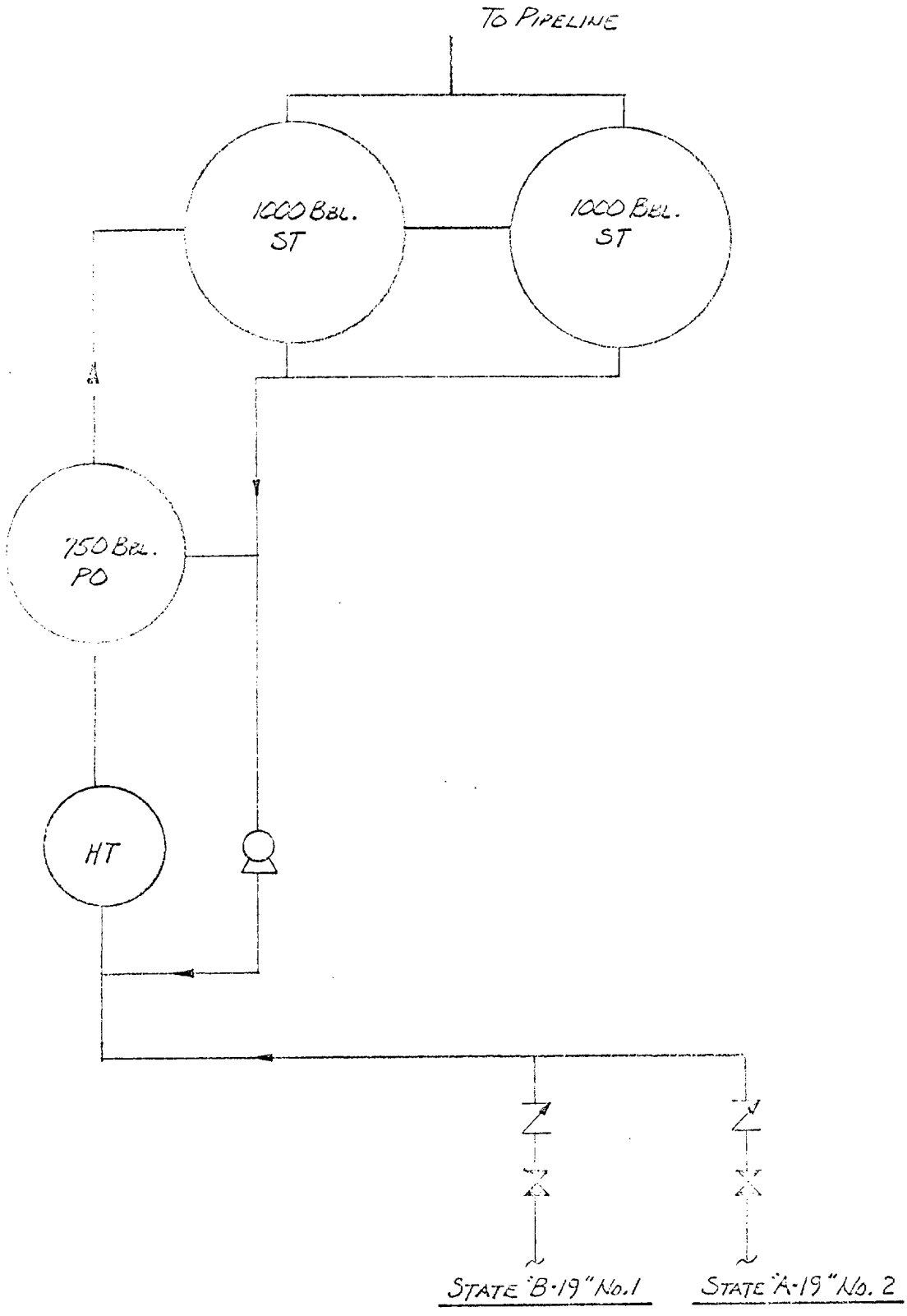
Original Signed by:
V. E. STALEY

V. E. Staley
Area Superintendent

RRY/jt

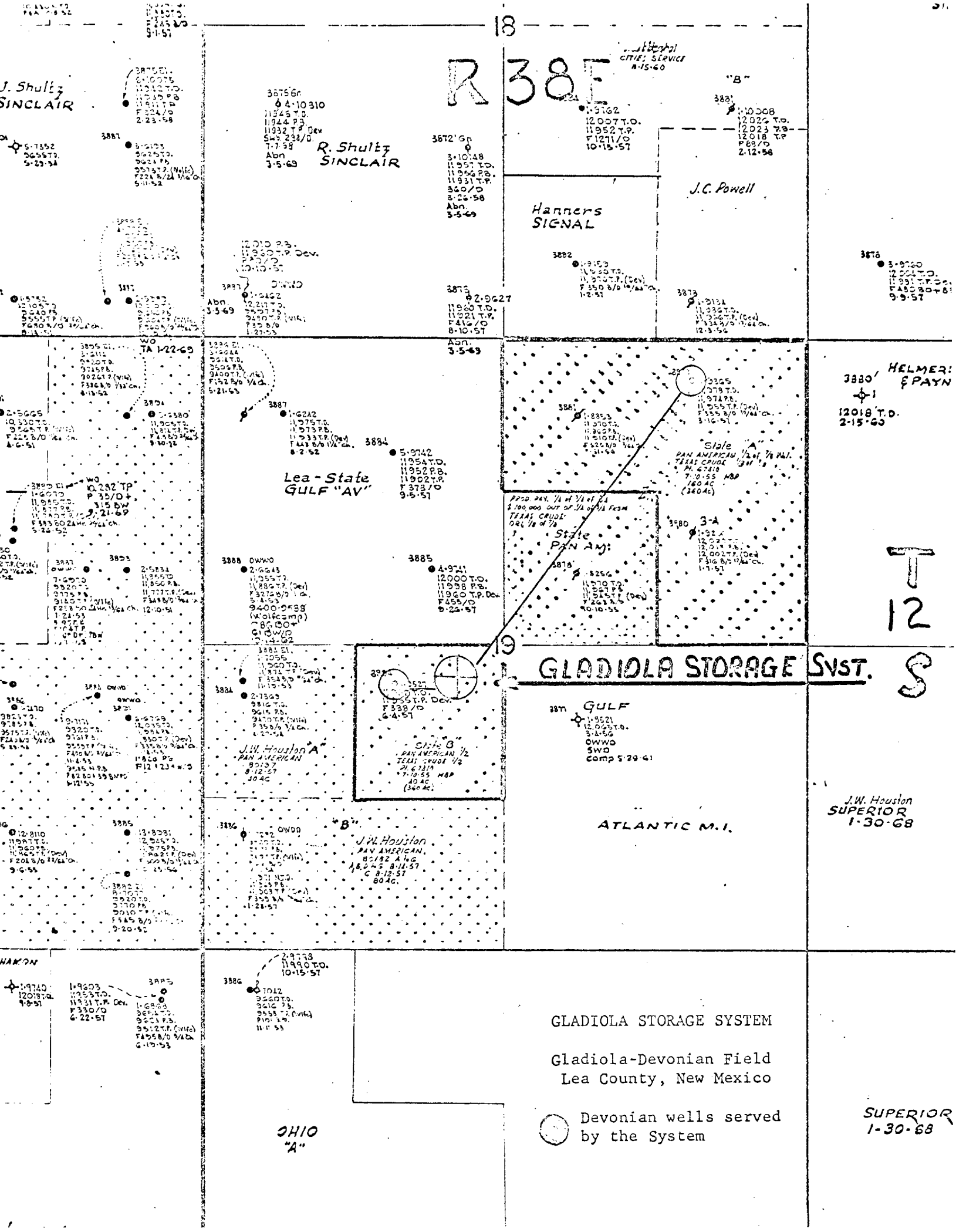
cc: Commissioner of Public Lands, Box 1148, Santa Fe, New Mexico (2)
New Mexico Oil Conservation Commission, Box 1980, Hobbs, N.M.
Pan American Petroleum Corp, Box 1725, Midland, Texas

Attach.



NOTE: SHUT-IN ONE WELL TO CONDUCT WELL TESTS

PAN AMERICAN PETROLEUM CORPORATION	SCALE: NONE
PROPOSED COMMINGLING INSTALLATION GLADIOLA DEVONIAN FIELD SECT. 19 T-12-S R-38-E LEA COUNTY, N. MEXICO	DRG. NO. 11/17/49



GLADIOLA STORAGE SYSTEM

Gladiola-Devonian Field
Lea County, New Mexico

Devonian wells served by the System

Amoco Production Company

Post Office Box 68
Hobbs, New Mexico

September 21, 1971

RECEIVED
SEP 23 1971
OIL CONSERVATION COMM.
SANTA FE

File: VES-298-400

Subject: Gladiola Storage System
Adm. Order CTB-209

New Mexico Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 88501

Gentlemen:

Administrative Order CTB-209 dated March 20, 1970 provides authority to commingle Gladiola Devonian oil production from our State A-19 and State D-19 Leases comprising specified acreage in Section 19, T-12-S, R-38-E, Lea County, New Mexico.

Please cancel referenced order. Wells on both leases have now been abandoned.

Yours very truly,

V. E. Staley
Area Superintendent

CC: Mr. J. L. Hoyt, Jr.
Mr. O. B. Puryear
Mr. J. E. Leascher

Administrative Order CTB-209 is hereby cancelled.

A. L. PORTER, Jr., Secretary-
Director

December 9, 1971