

JAN 5 1970

PAN AMERICAN PETROLEUM CORPORATION

Post Office Box 68
Hobbs, New Mexico 88240

January 2, 1970

File: VES-1-400 x 541.111

Subject: Commingling of Production
Paddock - Oil and
Blinebry - Oil Pools
Grizzell "B" Lease
Lea County, New Mexico

PC - 394

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

Gentlemen:

The New Mexico Oil Conservation Order No. R-1905 dated March 3, 1961 provides authority to commingle Drinkard and Paddock oil production from our Grizzell "B" Lease, comprising the S/2 NE/4 of Section 8, T-22-S, R-37-E, NMPM, Lea County, New Mexico.

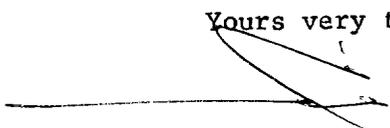
This is a request that Order R-1905 be amended or superceded with a PC Order permitting the commingling of Blinebry oil and Paddock oil and the deletion of authority for Drinkard production.

Drinkard production ceased on January 1, 1969. Blinebry oil production commenced on December 11, 1969 upon recompletion of the Grizzell "B" Well No. 1, located in Unit G, Section 8, T-22-S, R-37-E, NMPM, Lea County, New Mexico.

It is proposed to commingle and allocate the production on the basis of periodic well tests since both wells are marginal and there is no diversity of ownership. On PT, Grizzell "B" No. 1, Blinebry oil, flowed 49 BO and 9 BLW in 24 hours, 40.4° Cgr., GOR 26,285. Grizzell "B" No. 2, Paddock oil, pumped 199 BO (36° Cgr.) during the month of November 1969, or an average of 6.63 BOPD. There shall be no loss in revenue from the commingling due to the small volume of Paddock oil and the anticipated improvement of gravity.

Attached is a schematic diagram of the proposed Grizzell "B" Commingled Battery together with a plat showing all wells on the leases and the pool from which each is producing.

Yours very truly,

A handwritten signature in black ink, appearing to read "V. E. Staley", written over a horizontal line.

V. E. Staley
Area Superintendent

RRY/jt

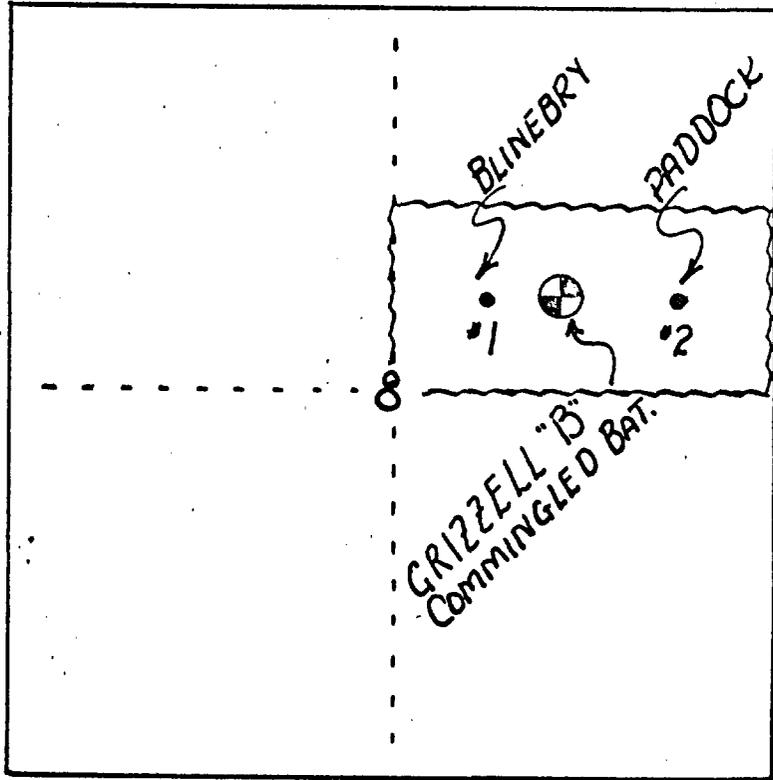
cc: Shell Pipe Line Company
Midland, Texas

Shell Oil Company
Midland, Texas

New Mexico Oil Conservation Commission
Hobbs, New Mexico

R-37-E

T
22
S

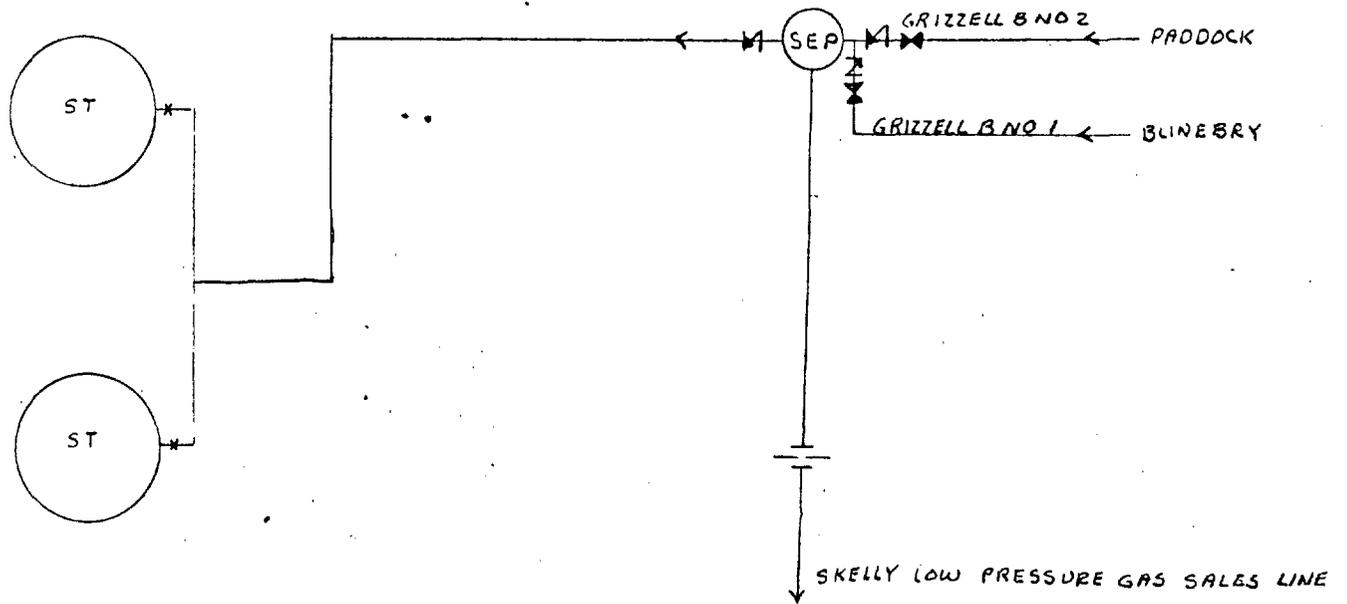


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SCALE:

GRIZZELL "B" LEASE (BLINEBRY & PADDOCK POOLS)
S/2 NE/4 SEC 8 T-22-S R-37E LEA CO. N.M.

DRG.
NO. RR.



COMMON SEPARATOR USED IN COMMINGLING
 PRODUCTION TESTS OBTAINED BY SHUTTING
 IN ONE WELL

PAN AMERICAN PETROLEUM CORPORATION

SCALE: NONE

SCHEMATIC DIAGRAM OF PROPOSED
 GRIZZELL B COMMINGLED BATTERY

DRG.
 NO. 15