

CASE 3002: Application of PAN AM.
for creation of new gas pool and
special pool rules - Lea County.

CASE No.

3000

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

CASE No.

3000

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

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CASE No. 3246

Order No. R-2935-D

(5) That the reservoir characteristics of the Mesa-Queen Pool presently available justify the establishment of a gas-liquid ratio limitation of 5,000 cubic feet of gas per barrel of liquid hydrocarbons until further order of the Commission.

(6) That the evidence establishes that the Mesa-Queen Pool has been and will be efficiently and economically drained and developed under the Special Rules and Regulations promulgated by Orders Nos. R-2935 and R-2935-A.

(7) That the Special Rules and Regulations promulgated by Orders Nos. R-2935 and R-2935-A have afforded and will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil and gas in the pool.

(8) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Special Rules and Regulations promulgated by Orders Nos. R-2935 and R-2935-A should be continued in full force and effect until further order of the Commission.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Mesa-Queen Pool, promulgated by Orders Nos. R-2935 and R-2935-A, are hereby continued in full force and effect until further order of the Commission.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

GUYTON B. HAYS, Member

S E A L

esr/

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

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. 2720
Order No. R-2397-C

APPLICATION OF TENNECO OIL COMPANY
FOR SPECIAL RULES AND REGULATIONS
GOVERNING WELLS IN THE DOUBLE-X
DELAWARE POOL, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
January 26, 1966, at Santa Fe, New Mexico, before Examiner
Elvis A. Utz.

NOW, on this _____ day of February, 1966, the Commission,
a quorum being present, having considered the testimony, the
record, and the recommendations of the Examiner, 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 this case has been reopened pursuant to the provi-
sions of Order No. R-2397-B.
- (3) That the evidence establishes that the Double-X Dela-
ware Pool has been and will be efficiently and economically
drained and developed under the Special Rules and Regulations
promulgated by Orders Nos. R-2397, R-2397-A, and R-2397-B.
- (4) That the Special Rules and Regulations promulgated by
Orders Nos. R-2397, R-2397-A, and R-2397-B have afforded and will
afford to the owner of each property in the pool the opportunity
to produce his just and equitable share of the oil and gas in the
pool.

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CASE No. 2720

Order No. R-2397-C

(5) That to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Special Rules and Regulations promulgated by Orders Nos. R-2397, R-2397-A, and R-2397-B should be continued in full force and effect until further order of the Commission.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Double-X Delaware Pool promulgated by Orders Nos. R-2397, R-2397-A, and R-2397-B are hereby continued in full force and effect until further order of the Commission.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

GUYTON B. RAYS, Member

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

S E A L

esr/

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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 1, 1968
EXAMINER HEARING

IN THE MATTER OF:

In the matter of Case No. 3002
being reopened pursuant to the
provisions of Order No. R-2684
which order provided special rules
and regulations for the Fowler-
Lower Paddock Pool, Lea County,
New Mexico.

Case 3002 (reopened)

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 3002.

MR. HATCH: Case 3002. Reopened. In the matter of Case No. 3002 being reopened pursuant to the provisions of Order No. R-2684-B, which order provided special rules and regulations for the Fowler-Lower Paddock Pool, Lea County, New Mexico.

MR. BUELL: For Pan American Petroleum Corporation, Guy Buell, we have one witness, Mr. Wight.

(Witness sworn)

MR. UTZ: Are there other appearances?

You may proceed.

MR. BUELL: Mr. Examiner, it might be of help to you in that this is a rather unusual background that we have in the Fowler-Lower Paddock, if I make a very brief opening statement. This pool was discovered in December of 1963 when Pan American completed the South Mattix Unit No. 16, as a gas well. Pan American applied for and the Commission approved in March of 1964 by Order No. R-2684, temporary gas pool rules which among other things, provided for 320-acre units. As customary with the Commission's policy on temporary rules were reviewed in April of 1965. At that time South Mattix Unit or I'll refer to it in the future as SMU,

and anytime I say SMU I'm talking about the South Mattix Unit and not the university in Dallas. Sixteen was still the only well in the pool and it was still a gas well, so under those circumstances the Commission continued the gas pool rules as temporary for another year. By the time the rules were next reviewed by the Commission in April of 1966 three additional wells had been drilled and completed in the Lower Paddock, but these three new wells were completed as oil wells, so in view of this, we recommended to the Commission the adoption of pool rules which would apply to associated oil and gas pool which we obviously have in the Lower Paddock. The Commission approved these temporary rules for a two-year period to govern this associated oil and gas reservoir. Among the rules that they adopted as temporary for a two-year period, were 80-acre oil proration units, the rules provided for an allowable factor for these oil wells of 2.33. They continued the 320-acre gas units and provided a gas allowable which was four times the top gas limit for an 80-acre oil well. They also, in view of the producing characteristics of the oil wells in the pool, adopted a limiting gas-oil ratio of four thousand to one, so actually this hearing today is to review rules that started

out back in 1964 but over their temporary life they changed from gas pool rules to associated oil and gas pool rules, and today it will be our recommendation to the Commission that these rules now in effect as temporary be adopted as permanent pool rules for the Fowler-Lower Paddock pool.

(Whereupon, Applicant's Exhibits 1 through 5 marked for identification)

DAVID G. WIGHT

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. BUELL:

Q Mr. Wight, will you state your name, by whom you are employed, in what capacity, and what location, please?

A My name is David George Wight, I'm employed by Pan American Petroleum Corporation as a Petroleum Engineer in their Fort Worth Division Office.

Q You have testified before the New Mexico Oil Conservation Commission before, have you not, and your qualifications as a Petroleum Engineer are a matter of public record?

A Yes, they are.

Q In connection with this subject case here today

I wish you would look first at what has been identified as Pan American's Exhibit No. 1. What is that exhibit?

A This is a base map of the Fowler area. It shows the various completions in the area of the Fowler-Lower Paddock pool. The Lower Paddock completions, of which there are four, are designated with yellow for gas and red for oil. The four completions starting with the initial one, which is a gas well, Well No. 16, is located in the southeast quarter of Section 15. Well No. 9, an oil well, is located in the northeast quarter of Section 15. Well No. 18, in the northeast quarter of Section 22 and Well No. 19 in the northwest quarter of Section 22.

Q All in 24 South, 37 East, Lea County?

A Yes.

Q Since this is an orientation map more or less, how have you designated the boundary of the south Mattix Unit?

A The South Mattix Unit which is located in Sections 15 and 22 is outlined with a heavy black dashed line.

Q And I believe you stated that this was a multi-pay area and you have color coded the various wells to show their reservoir completion?

A Yes.

Q Let's go now, Mr. Wight, to what has been identified as our Exhibit No. 2. What is that exhibit?

A This is a structure map using the same base map as our Exhibit No. 1. The structure is contoured on the top of the Fowler-Lower Paddock pool pay. Designated on this map by colors are the four Fowler-Lower Paddock wells, these being the same colors as on our Exhibit No. 1.

Q And your contour is on top of the Lower Paddock pay?

A Yes, sir.

Q Now, while there are only four completions in the Lower Paddock reservoir, most of the wells in this area have penetrated it, have they not?

A Yes, we have many completions in other horizons which have penetrated the Lower Paddock pay. This gives us excellent control on the structure and wells that we have logs on through the Paddock pay, Lower Paddock, have tops picked.

Q How would you describe the structure of the Lower Paddock as reflected on this exhibit?

A This is an asymmetrical anticline trending from the northwest to the southeast; it has a gas cap which we have estimated to be at a minus 1,960 feet.

Q You say, "gas cap," you mean gas-oil contact?

A Gas-oil contact, yes.

Q Have you designated that on Exhibit No. 2?

A Yes, it is designated by a light dashed line and appropriately labeled.

Q Would you say that the Lower Paddock Pool is predominantly a gas reservoir with just a small oil accumulation?

A Yes, by looking at our structure and the completions you can see that it is primarily a gas reservoir with a small amount of oil associated in the rim.

Q Let's move on now to what has been identified as our Exhibit No. 3. What is that exhibit?

A Exhibit No. 3 consisting of four parts, are performance curves on the wells in the Fowler-Lower Paddock pay. They are plots of production versus time for each well.

Q For each of the four completions?

A Yes, sir.

Q Look now to Exhibit No. 4, what is that exhibit?

A Exhibit No. 4 also consisting of four parts, is a tabulation on each individual well completed in the Lower Paddock pay as to production data.

Q Looking at the production history of these wells, particularly the three oil completions, what does it reveal to you?

A Most recently, looking at the oil completions, Well No. 9 shows that it produced 12 barrels of oil per day in December of 1967, Well No. 19 produced 15 barrels per day in December of '67, and Well No. 18 produced 6 barrels a day in December of 1967..

Q These wells are not barnburners in any sense of the word, are they, Mr. Wight?

A No, these production tabulations indicate that they are somewhat marginal in nature.

Q Have you had available to you any interference data which would indicate the degree or magnitude of an area that one well in this pool will effectively drain?

A Yes.

Q In that connection I wish you would look at what has been identified as Exhibit No. 5, what is that exhibit?

A This is a plot of bottom hole pressures versus time that we have obtained on the Fowler-Lower Paddock completions.

Q Would you briefly explain for the Examiner and the record the exact data which this exhibit reflects?

A Well No. 16, the discovery well, had an initial pressure on completion of 2,214 pounds, this was in December of 1963.

Q Virgin pressure in the Lower Paddock Pool was 2411?

A 2,214.

Q 2214.

A Yes, sir. At a later date in March of 1965 we obtained another pressure on Well No. 16, this pressure being 1811 PSI, or showing a decline of approximately 400 pounds. Subsequent pressures were obtained on completion of additional wells in the reservoir; in May of 1965 Well No. 9 was completed in the Lower Paddock pay. This was the second completion and it had an initial bottom hole pressure of 1,911 pounds, approximately 300 pounds less than the discovery pressure.

Q Approximately how far is No. 9 located from No. 16, which at that time was the only producing well in the pool?

A This Well No. 9 is located 3,600 feet from No. 16.

Q And these data certainly show that one well in this pool will effectively and efficiently drain an extremely large area?

A Yes, using this distance you can calculate a drainage radius for Well No. 16 in excess of 900 acres.

Q Do you have any other initial pressures on subsequently completed wells on this exhibit?

A Yes, sir, in July of 1965 Well No. 18 was completed in the Lower Paddock pay; this was the third Lower Paddock completion, it had an initial pressure of 1,828 PSI, some 400 pounds below the discovery pressure. This well is located some 3,000 feet from the discovery well No. 16, and this exhibit or this data shows a drainage radius in excess of 600 acres for Well No. 16.

Q This exhibit also reflects a subsequent pressure on the discovery Well No. 16 at about the same time that Wells No. 9 and 18 were completed, does it not?

A Yes, sir, this pressure taken in March shows that the pressure of 1,811 on No. 16 is approximately the same as the later completions in the same year on the other wells, showing good drainage of the reservoir.

MR. UTZ: When was No. 18 completed?

A No. 18 was completed in July of 1965.

Q (By Mr. Buell) Now, in addition to these interference data which show that wells in this pool can effectively and efficiently drain a large area, what about this pool from the standpoint of economics? Can you economically justify a well in this pool, an oil well, to a

unit size of less than 80?

A No, sir, the 80-acre spacing for oil wells represents marginal economics and a reduction in the unit size would present unfavorable economics.

Q Is the marginal nature of this reservoir rather vividly demonstrated by the fact that so many wells in this pool have the Lower Paddock behind the pipe and yet haven't attempted a completion in the Lower Paddock?

A Yes, sir.

Q From your earlier testimony, Mr. Wight, it's pretty obvious that the three oil completions in this pool at this time cannot even approach producing the 80-acre allowable. Why would you recommend to the Commission that the rules providing for an 80-acre allowable remain in effect?

A Although these wells cannot produce an 80-acre allowable this will be an incentive to operators, Pan American, and offset operators to attempt additional completions in the Lower Paddock pay.

Q In other words, this appears to be a salvage type reservoir and you believe you need all the incentive possible to encourage an operator to salvage as much from it and recover as much oil and gas as we can?

A Yes, sir.

Q You are recommending then to the Commission that these rules as currently in effect be continued as permanent rules?

A Yes, sir, that's my recommendation.

Q In your opinion, if the Commission takes that action will it serve conservation through the prevention of waste as well as protecting correlative rights of all the owners of interest in this pool?

A Yes, sir, it will.

Q Do you have anything else you care to add at this time?

A No, sir.

MR. BUELL: May it please the Examiner, that's all we have by way of Direct. I would like to formally offer Pan American's Exhibits 1 through 5.

MR. UTZ: Without objection, Exhibits 1 through 5 will be entered into the record of this case.

(Whereupon, Applicant's Exhibits 1 through 5 were offered and admitted in evidence.)

CROSS EXAMINATION

BY MR. UTZ:

Q Do you have any information as to how the gas-oil

contact is acting, whether it's stationary, moving up or down dip?

A Well, Well No. 18 is the basis for picking the gas-oil contact. It has a high gas-oil ratio and our production tabulation will reflect that. The other two wells which are completed lower continue to have low gas-oil ratios and although they are completed at some distance lower, we have not seen any evidence of the gas cap going in that direction. Well No. 16 makes no oil at this time and so that would be indicative of no oil going up into the gas cap to this well. This is the only data we have to present in that regard.

MR. BUELL: Actually Well No. 16, the gas well is producing less liquids than it did on completion.

A Yes.

Q (By Mr. Utz) How about the No. 18 GOR? Has it gone up or down? Just scanning your exhibit here it looks like it's increasing substantially, is that true?

A It's fluctuated to a great extent. Other than the initial gas-oil ratio shown on this tabulation in September, gas-oil ratios have been on the order of 20,000 or higher. It would appear to me that the gas-oil ratio has been about the same with periodic variances up as high

as 59,000 -- excuse me, 61,000.

Q Have you any explanation for the erratic GOR of this well, for example in April of '67, 53,000, December of '67, 26,000?

A No, sir, I don't.

MR. BUELL: It doesn't even appear to be related to the oil production, does it, Mr. Wight?

A No, sir, we examined the producing rates, in June we had one of the higher producing rates during the year, you had one of your lower gas-oil ratios, so I can't draw a conclusion as to the cause of this fluctuation in the gas-oil ratio.

Q It wouldn't appear that the gas cap is expanding?

A No, sir, I don't believe it has moved very much.

Q Do you have any information as to the production of the Gulf well in Section 23?

A Which well are you speaking of?

Q The Plains-Knight, I believe it's the No. 1 that's completed in this zone, isn't it? Isn't one of those wells completed in the Lower Paddock?

A No, sir, the only Lower Paddock completions are within the South Mattix Unit. The Plains-Knight, Gulf Plains-Knight wells are No. 1 is an Ellenburger, No. 3 is an Upper

Paddock gas well, No. 2 is a Blinebry well.

MR. BUELL: You were probably thinking of that Upper Paddock completion, Mr. Examiner.

Q (By Mr. Utz) I'm thinking of the time that they wanted this unorthodox location and you opposed them on it. Was that the Upper Paddock?

A I think it was the Ellenburger, wasn't it?

MR. BUELL: Yes, sir, Ellenburger.

A Ellenburger, I believe.

Q (By Mr. Utz) So actually, your request here is for permanent rules of the current order in every respect?

A Yes, sir.

MR. UTZ: Are there other questions of the witness? He may be excused.

(Witness excused)

MR. UTZ: Take the case under advisement.

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 27, 1966

EXAMINER HEARING

IN THE MATTER OF:

In the matter of Case No. 3002 being
reopened pursuant to the provisions of
Order No. R-2684-A, which order continued
the original order for an additional year,
establishing 320-acre spacing for the
Fowler-Lower Paddock Gas Pool, Lea County,
New Mexico.

Case No. 3002
(Reopened)

BEFORE:

Elvis A. Utz, Gas Engineer

TRANSCRIPT OF HEARING

MR. UTZ: Call Case 3002 (Reopened). In the matter of Case No. 3002 being reopened pursuant to the provisions of Order No. R-2684-A, which order continued the original order for an additional year, establishing 320-acre spacing for the Fowler-Lower Paddock Gas Pool, Lea County, New Mexico.

MR. BUELL: We have one witness, Mr. Howell.

MR. UTZ: Let the **record** show that Mr. Howell was sworn in the previous case.

MR. BUELL: Mr. Examiner, it might be well, with regard to this case, to briefly review some of the history. The temporary pool rules were first adopted by the Commission March 31, 1964, by your Order R-2684. These were temporary rules for a one year period and at that time we only had one gas well completed in the lower Paddock Gas Pool. The Commission called a review hearing in April of 1965. Unfortunately, at that time we still had this one lone gas well in the lower Paddock, and based upon our recommendation the Commission again continued the temporary rules for another 12 month period; that was done by R-2684-A.

Unfortunately, subsequent to the April 1965 hearing, Pan American has drilled and completed 3 wells in this reservoir. I say "unfortunately" because they are all oil wells, so actually what we're dealing here with, now, is not

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a non-associated gas reservoir but rather an associated oil and gas reservoir, which we think is primarily and predominantly a gas reservoir with a small rim-type accumulation of oil. Therefore, today, viewing the type reservoir that we have and the well that we have in it, we would like to present evidence and testimony supporting pool rule recommendations that will go to the type reservoir we actually have.

We would like to, at this time, recommend an associated oil and gas pool rule recommendation. We recognize, certainly, Mr. Examiner, that the scope of the hearing as advertised on this docket does not cover a presentation of that kind. What we would like to do, and it's a plea that the Examiner heard a little earlier today, is to be allowed to present evidence and testimony on the recommendations and ask that the case be readvertised, sufficiently broad in scope, to cover associated oil and gas pool rules, and after it has been readvertised and when it's called at the readvertised docket, that the record of this hearing simply be incorporated into the record of that docket by reference.

I might point out to the Examiner that all four lower Paddeock completions are within the South Mattix Unit which Pan American operates. There are no other operators

in this area that, at this time, have any lower Mattix completions.

I can certainly tell the Examiner at this time that I don't believe any operator in the area would object to this procedure.

MR. UTZ: The Examiner will hear this case as proposed by Pan American's counsel, and the case will be readvertised and called again at the May 27th hearing, at which time any interested parties may give testimony or make statements.

MR. BUELL: Thank you very much, Mr. Examiner.

(Whereupon, Applicant's Exhibits
1 through 6 marked for
identification.)

* * *

R E X H O W E L L, a witness, having been first duly sworn,
was examined and testified as follows:

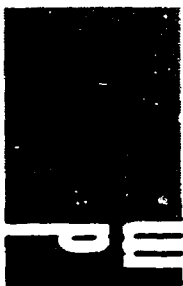
DIRECT EXAMINATION

BY MR. BUELL:

Q Mr. Howell, state your name, by whom you are employed, in what location, and in what capacity?

A Rex Howell, employed by Pan American Corporation in the Lubbock District Office as a Reservoir Engineer and Section Leader.

Q Mr. Howell, you have previously testified before



this Commission and your qualifications are a matter of public record?

A Yes, sir.

MR. BUELL: Are the witness's qualifications acceptable?

MR. UTZ: Yes, sir.

Q (By Mr. Buell) Would you look first at what has been identified as Pan American's Exhibit 1?

A Yes, sir. Exhibit 1 is an area map of the Fowler Area and shown by colored dots are the current completed production intervals of the different wells in this area. Also shown on this map in the heavy dashed blue line, is the outline of the South Mattix Unit in which Pan American is the operator. Other working owners are Continental, Standard of Texas, Atlantic and Tenneco.

Q How many separate reservoirs have produced in the Fowler Area?

A Eight that have produced. At the current time only 7 produce in the area. Now, the Drinkard is not productive in this area at the present time.

Q How have you distinguished the wells which are in the reservoir subject matter of this hearing?

A Shown in the lower Paddock in Section 16 there are three lower Paddock completions, 15, 2 and 22 which are

colored red.

Q Would you go now to what has been identified as Exhibit 2. What is that Exhibit?

A Again, Exhibit 2 is a map of the Fowler Area. On it is shown our present interpretation of the lower Paddock pay zone. Also shown on this map in the heavy blue line is the outline in yellow for the gas wells and red for the three oil wells shown on the Paddock completions. Also shown is the approximate gas-oil contact based on production data.

Q How would you describe the structure of the lower Paddock reservoir which is reflected by Exhibit 2?

A The structure is an asymmetrical anticline and this is similar to the other producing horizons in this area.

Q Look at Exhibit 3; what is that exhibit?

A Exhibit 3 is a North - South **structural cross section**. Included on it are the logs of the four lower Paddock completions. Each are hung on the subsea depth of minus (-) 1700 feet shown by the heavy dashed blue line. Also shown is the correlation of the top of the lower Paddock formation and pay, and top of the Blinbry pay. And also shown by each one of the wells is the current producing interval and the initial completion of the reservoir.

Also shown with the lighter dashed blue line at the subsea depth of minus (-) 1960, is the approximate depth of the gas-oil contact.

Q Mr. Howell, I've stated that I thought this was primarily and predominantly a gas reservoir, do you share that opinion?

A Yes, sir, I agree.

Q What has been our experience with these three oil wells we have recently completed?

A The three oil wells' potential have fairly low rates. It appears that all these oil wells will be marginal in nature.

Q Let's look at our next exhibit, Exhibit 4; what is that exhibit?

A This is a tabulation of the production data, both oil, water and gas, for all of the Fowler Lower Paddock completions.

Q These data more or less are self-explanatory, I don't think you need to read it all. Do you have any comments you would like to make about any of these data?

A The latest March production data on the individual wells indicate Well 9 is making 26 barrels of oil per day, per calendar day; Well 18, 8 barrels; Well 19, 19 barrels of oil per day.

Q Mr. Howell, look next at what has been marked as Pan American's Exhibit 5 and 5A, companion exhibits, and state for the record what 5 and 5A is.

A Exhibits 5 and 5A plot the bottom hole pressures in the Lower Paddock Pool. Where Attachment 5A is, is a tabulation of the same plotted pressure data.

Q Sticking now with Exhibit 5, what significant data are reflected on that exhibit?

A On Exhibit 5 is shown the initial reservoir pressure of the lower Paddock formation which was measured on December 10, 1963. Its initial pressure at the pool data of minus (-) 1912' subsea, was 2214 psi.

Also shown is the initial pressure on our South Mattix 19, which was 1911 psi, also at the same datum measured in May of 1965.

Q The initial pressure on the subsequently completed well was how much lower than virgin reservoir pressure?

A 303 pounds.

Q How far away was that subsequently completed well Number 9 from the discovery well, Well Number 16?

A Number 9 is about 3600 feet North of Well 16.

Q What is the area of the circle, the radius of which is 3600 feet?

A It would be in excess of 900 acres.

Q These data show that we were having pressure interference over an area of 900 acres?

A Yes, sir.

Q What other data are on this exhibit?

A The last point shown to the right on Exhibit 5 is the initial pressure measured in our South Mattix Well 18, which is 1828 psi, also at a datum of 1912 feet.

Q How much below virgin pressure was that, and how far before the nearest producing well is Well Number 18?

A I believe that's 386 psi lower than the initial reservoir pressure. This well is located about 3,000 feet South of Well Number 16.

Q What is the area of the circle, the radius of which is 3,000 feet?

A In excess of 600 acres.

Q Again, we see by pressure interference data that one well has the ability to drain a tremendous area?

A Yes, sir, that's correct.

Q Do you have any other comments you would like to make on 5 or 5A?

A No, sir.

Q Look then, at Exhibit 6, which contains the rules that you're recommending here, today. Again, in the interest of time and in order not to burden the record, I wish you

would summarize for the record what you feel are the more important rules.

A All right, sir. Since we have both oil and gas wells in this field I'm recommending rules that I think will take care of both situations. I would like to recommend that the gas well be classified as a well that is producing with a gas liquid ratio of 50,000 cubic feet of gas or more.

Q Why do you recommend 50,000 to 1 as a breakover point?

A It appears that once a well starts making or producing with 50,000 cubic feet per well, it's predominantly a gas well.

Q Go ahead.

A If it produces less, it's to be classified as an oil well. I would recommend that proration units of 320 acres be set up for the gas wells and 80 acres for the oil wells, with a proportional factor of 2.33 for allowable purposes for the oil wells, and recommend that acreage cannot be simultaneously dedicated to an oil and gas well, nor can a well be dually completed to produce gas from the Fowler Lower Paddock Gas Pool.

I recommend that, and then finally I would recommend that the maximum allowable for a gas well shall be equal to four times the top allowable gas limit for an oil

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well.

Q With interference data of the magnitude reflected on Exhibit 5, why are you recommending 320 acre gas units and not 640 acre units?

A Refer to Exhibit 2, showing the approximate gas-oil contact of minus (-) 1960, neither in Section 15 or 22 do we have 640 acres strictly productive of gas. I believe that future completions in the Lower Paddock will be the result of the other wells completed in the lower horizon.

Q So your 320 gas unit recommendation will not result in drilling unnecessary wells?

A No, sir, it will not.

Q Let me ask you a question about a limited gas-oil ratio for oil wells. Do you think that under the performance of oil wells this ratio is justified?

A Yes, sir. Refer to Exhibit 4, which shows the gas-oil ratio history of the oil wells, and note that all the gas-oil ratios have increased on the wells. Therefore, since we do have a gas cap in this area, that the oil wells will produce at a fairly high limit. So I believe 6,000 cubic feet limit is a practical number to use.

Q Do you feel that these recommended rules will serve conservation as well as protect the Correlative Rights of the interest owners?

A Yes, sir, I believe our data show that one well in this reservoir can effectively drain 320 acres for gas and 80 acres for oil. I believe that the reservoir is principally and predominantly a gas reservoir. These rules have taken these facts into consideration and I believe they form a basis for developing and depleting this associated gas reservoir in a manner that will serve conservation.

Q Do you have anything else to add at this time?

A No, sir.

MR. BUELL: That concludes our direct testimony and I would like to offer Pan American's Exhibits 1 through 6.

(Whereupon, Applicant's Exhibits 1 through 6 offered into evidence.)

MR. UTZ: If there are no objections they will be admitted.

(Whereupon, Applicant's Exhibits 1 through 6 admitted into evidence.)

CROSS-EXAMINATION

BY MR. PORTER:

Q What was your recommendation for the gas-oil ratio?

A 6,000 for an oil well, sir.

CROSS-EXAMINATION

BY MR. UTZ:

Q Mr. Howell, I note that your Number 9 was 2269 and your 18 was 59,506, and 19 was 3,693?

A Yes, sir.

Q Now, according to your definition here, then, the Number 18 would also be a gas well?

A Yes, sir, that's correct.

Q What acreage would be dedicated to Number 18?

A When Well 18 was going to be developed we had a hearing to get an unorthodox gas proration unit; we were drilling that well again as a gas well; we were going to use the well in the upper 40 acre tract in Section 22.

Q The North half?

A Yes, sir, plus the North half of the Southeast Quarter. --

Q I see.

A -- which would have been 320 acres. This was approved by the Commission, however the well resulted, initially, as an oil completion. I think if the well is reclassified as a gas well, then we would recommend that, essentially, the East half be included as the proration unit for the gas well with the 80 acres around Well 19, being dedicated to the oil well.

Q A 280 acre unit?

A Yes, sir, that's correct.

Q In regard to the Number 19 Well, then, I presume the West half of the Northwest Quarter?

A Yes, sir, that would be correct.

Q How about the Number 16?

A At the present time the South half of Section 15. 320 acres is dedicated to this gas well.

Q Do you think that 320 acres is productive?

A Yes, sir.

Q How about Number 9?

A Number 9, we probably dedicated the North half of the Northeast Quarter to that well.

Q Then you probably will recomplete either the 10 or 17?

A Yes, sir, possibly.

Q Looks like the whole Northeast of the North half is productive.

A Yes, sir.

Q Where do you think the productive limit is, of this structure?

A I don't know, sir. Only the four wells we've got as completed have tested the lower Paddock. We have not encountered volumes and I do not know where the productive limits end.

Q What would be the normal unit allowable on 80 acres?

A 2.33 acreage based on a 44 barrels per day. A month would be 103 barrels of oil per day.

Q You were asking for 6,000?

A Yes, sir.

Q So an 80 acre gas well allowable will be 618 MCF per day?

A Yes, sir.

Q And 320 would be four times that?

A Yes, sir.

Q Almost 2-1/2 per day?

A Yes, sir.

Q Let me hear, again, why you think you should have the 6,000 ratio in this pool?

A I believe the 6,000 ratio is needed so that the oil wells can be produced as long as possible, at as high a rate as possible. You note the gas-oil ratio on all three of these wells have increased. On well 9 it's 2269; on well 18, it will be reclassified as a gas well, but it has increased from 700 to essentially 60,000; and Number 19 is up to 3693 feet per barrel. Also, this is the current gas-oil ratio limit for the Fowler Blinebry Pool which is the next producing horizon under the Lower Paddock.

Q If the gas allowable established by 6,000 GOR should prove to be higher than it should be in order to maintain a constant gas-oil contact, how would you determine it, determine that situation in the way these wells were spaced here?

A Actually determine the movement of the gas-oil contact?

Q Yes, sir.

A I think this would just totally depend on the producing characteristics of the well. Of course, the original contact was not established, it was based on the information on the Number 16, which was a gas well, and Well 18, which was the next highest completed well. Therefore, it indicates that it's not lower than 1960 feet but it's pretty close to that. For movement of gas-oil contact, I think we would just have to watch the individual well performance. The other wells are fairly low down-structure and it will probably be a long time before the gas cap would expand out to that.

Q If Number 18 were to decrease it would be a pretty good sign that the oil was moving up structure?

A Yes, sir, it would.

Q How much production do you have out of the 18 at this time?

A Total production, I would guess, sir, about 3,000 barrels.

Q It's a relatively new well?

A Yes, sir.

MR. UTZ: Are there other questions of the witness?

RE CROSS-EXAMINATION

BY MR. PORTER:

Q Mr. Howell, I'm sorry, I was out for a moment. What was your recommendation for the definition of a gas well?

A A gas well shall mean a well producing from within the vertical and horizontal limits of the Fowler Lower Paddock Pool which produces with a producing gas liquid ratio of 50,000 cubic feet of gas or more per barrel of liquid hydrocarbons.

Q Two of them would be gas wells?

A Yes.

Q Also, you referred to the Fowler Blinebry Pool as having a gas-oil ratio limitation of 6,000 to 1?

A Yes, sir, that's correct.

Q Is that defined as an oil pool?

A Yes, sir.

Q Does it have any gas wells in it at all?

A No, sir, it does not.

MR. PORTER: That's all I have.

MR. UTZ: The witness may be excused. Are there any other statements in this case? We have quite a number of communications from people who show approval and others who have discovered that Pan American was changing the rules on this case. Texas Standard Oil Company, Division of Chevron Oil Company concurs; Tenneco concurs; Continental concurs; and Atlantic Conkurs.

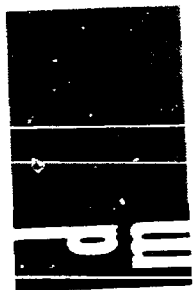
Are there other statements in this case? The case will be taken under advisement and the hearing is adjourned.

(Whereupon, the hearing was
adjourned at 3:00 o'clock P.M.)

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I N D E X

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STATE OF NEW MEXICO)

) SS

COUNTY OF BERNALILLO)

I, BOBBY J. DAVIS, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability

Witness my Hand and Seal this 15th day of May, 1966.

NOTARY PUBLIC

My Commission Expires:

March 13, 1969.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No 3002, heard by me on Apr. 27, 1966.

Wm. H. H., Examiner
New Mexico Oil Conservation Commission

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. 3246
Order No. R-2935-B

THE MATTER OF CASE NO. 3246 BEING REOPENED
PURSUANT TO THE PROVISIONS OF ORDER NO. R-
2935, WHICH ORDER ESTABLISHED SPECIAL RULES
FOR THE MESA-QUEEN POOL, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 10, 1968,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this _____ day of January, 1968, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, 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 by Order No. R-2935, dated July 13, 1965, tempo-
rary Special Rules and Regulations were promulgated for the Mesa-
Queen Pool, Lea County, New Mexico.

(3) That by Order No. R-2935-A, dated January 13, 1966,
said temporary Special Rules and Regulations were continued in
full force and effect for an additional two-year period.

(4) That pursuant to the provisions of Order No. R-2935-A,
this case was reopened to allow all interested parties in the
subject pool to appear and show cause why the gas-liquid ratio
limitation of 5,000 cubic feet of gas per barrel of liquid
hydrocarbons should not be reduced and why the special rules
and regulations should not be discontinued.

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:

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CASE No. 3002

Order No. R- 2684-C

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR EXTENSION AND AMENDMENT
OF THE SPECIAL RULES AND REGULATIONS
FOR THE FOWLER-LOWER PADDOCK POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 1, 1968,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this day of May, 1968, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, 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 pursuant to the provisions of Order No. R-2684-B,
dated June 23, 1966, Case No. 3002 has been reopened to allow all
interested parties in the Fowler-Lower Paddock Pool, Lea County,
New Mexico, to appear and show cause whether the special pool
governing said pool,
rules, as they relate to well spacing, well classification, and
limiting gas-oil ratios, should remain in effect.

(3) That the reservoir characteristics of the Fowler-Lower
Paddock Pool presently available justify the definition of a gas
well as a well producing with a gas-liquid ratio of 50,000 or
more cubic feet of gas per barrel of liquid hydrocarbons.

(4) That the reservoir characteristics of the subject pool presently available justify the establishment of a gas-liquid ratio limitation of 4000 cubic feet of gas per barrel of liquid hydrocarbons.

(5) That the evidence establishes that the Fowler-Lower Paddock Pool has been and will be efficiently and economically drained and developed under the Special Rules and Regulations promulgated by Order No. R-2684-B.

(6) That the Special Rules and Regulations promulgated by Order No. R-2684-^B~~A~~ have afforded and will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil and gas in the pool.

(7) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Special Rules and Regulations promulgated by Order No. R-2684-B should be continued in full force and effect until further order of the Commission.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Fowler-Lower Paddock Pool, promulgated by Order No. R-2684-^B~~A~~, are hereby continued in full force and effect until further order of the Commission.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

DRAFT

GMH/esr

June 15, 1966

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:

CF Subj. _____

CASE No. 3002

Order No. R-2684-B

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR EXTENSION AND AMENDMENT
OF THE SPECIAL RULES AND REGULATIONS
FOR THE FOWLER-LOWER PADDOCK POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 25, 1966,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of June, 1966, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, 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 by Order No. R-2684, dated March 31, 1964, the
Fowler-Lower Paddock Gas Pool was created and temporary Special
Rules and Regulations were promulgated for the Fowler-Lower
Paddock Gas Pool, Lea County, New Mexico.

(3) That by Order No. R-2684-A, dated May 4, 1965, said
temporary Special Rules and Regulations were continued in full
force and effect for an additional one-year period.

(4) That pursuant to the provisions of Order No. R-2684-A,
April 27, 1966,
this case was reopened to allow the operators in the subject pool
to appear and show cause why the Fowler-Lower Paddock Gas Pool
developed
should not be ~~established~~ on 160-acre units.

at the request of
(5) That the applicant, Pan American Petroleum Corporation,

Case No. 3002, was continued to May 25, 1966, and readvertised to consider the
amendment of Order No. R-2684 and Order No. R-2684-A to

establish special rules and regulations governing the Fowler-Lower Paddock Pool.

(6) That the applicant seeks the promulgation of rules classifying wells as gas wells or oil wells, establishing spacing for gas wells and oil wells, *and fixing a limiting gas-oil ratio of 6000 to one.*

(7) That the reservoir characteristics of the subject pool indicate that the gas area can be efficiently and economically drained and developed on 320-acre spacing, and that the oil area can be efficiently and economically drained and developed on 80-acre spacing.

(8) That the reservoir characteristics of the subject pool presently available justify the definition of a gas well as a well producing with a gas-liquid ratio of 50,000 or more cubic feet of gas per barrel of liquid hydrocarbons.

(9) That the reservoir characteristics of the subject pool presently available justify the establishment of a gas-liquid ratio limitation of 4000 cubic feet of gas per barrel of liquid hydrocarbons.

(10) That temporary special rules and regulations providing for 320-acre gas well spacing and 80-acre oil well spacing should be promulgated for the subject pool in order to prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, prevent reduced recovery which might result from the drilling of too few wells, and otherwise prevent waste and protect correlative rights.

(11) That the temporary special rules and regulations should provide for the classification of a gas well as a well producing

with a gas-liquid ratio of 50,000 or more cubic feet of gas per barrel of liquid hydrocarbons and should provide for the establishment of a gas-liquid ratio of 4,000 cubic feet of gas per barrel of liquid hydrocarbons in order to afford the owner of each property in the pool the opportunity to produce his just and equitable share of the oil or gas, or both, and for this purpose to use his just and equitable share of the reservoir energy.

(12) That the Special Rules and Regulations promulgated by Order No. R-2684 and Order No. R-2684-B are not sufficient to afford the owner of each property in the pool the opportunity to produce his just and equitable share of the gas and oil in the pool.

(13) That the Special Rules and Regulations promulgated by Order No. R-2684 and Order No. R-2684-A of the Commission Rules and Regulations should be amended to allow the owner of each property in the pool the opportunity to produce his just and equitable share of the gas and oil in the pool.

(14)
IT IS THEREFORE ORDERED:

That, effective _____, 1966, Order No. R-2684 and Order No. R-2684-A are hereby amended to read in their entirety as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
FOWLER-LOWER PADDOCK POOL

RULE 1. Each well completed or recompleted in the Fowler-Lower Paddock Pool or in the Lower Paddock formation within one mile thereof, and not nearer to or within the limits of another designated Lower Paddock pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

That this case should be reopened at an examiner hearing in May, 1968, at which time the operators of the subject pool should be permitted to appear and show cause why their special pool rules, as they relate to well spacing, well classification, and limiting gas-oil ratios, should remain in effect.

RULE 2. A gas well shall mean a well producing from within the vertical and horizontal limits of the Fowler-Lower Paddock Pool which produces with a producing gas-liquid ratio of 50,000 cubic feet of gas or more per barrel of liquid hydrocarbons.

RULE 3. A well producing from within the horizontal and vertical limits of the Fowler-Lower Paddock Pool and not classified as a gas well shall be classified as an oil well in the Fowler-Lower Paddock Pool.

RULE 4. Each gas well shall be located on a standard unit containing 320 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental section.

RULE 5. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 6. Each oil well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section.

RULE 7. The Secretary-Director may grant an exception to the requirements of Rule 6 without notice and hearing when an application has been filed for a non-standard unit comprising a single ^{or the unorthodox shape of the tract is due to a variation in the quarter-section or lot} quarter-quarter section or lot. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 8. A standard oil proration unit (79 through 81 acres) shall be assigned an 80-acre proportional factor of 2.33 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

RULE 9. Each well shall be located no nearer than 660 feet to the outer boundary of the quarter section and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 10. The Secretary-Director may grant an exception to the requirements of Rule 9 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the

proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 11. Acreage dedicated to a gas well shall not be simultaneously dedicated to an oil well and the dual completion of a well so as to produce gas and oil from two different zones in said pool is hereby prohibited.

RULE 12. Gas-liquid ratio tests shall be conducted annually during the month of May on all wells located in and producing from the Fowler-Lower Paddock Pool.

RULE 13. The limiting gas-oil ratio for an oil well shall be 4,000 cubic feet of gas for each barrel of oil produced.

RULE 14. The maximum allowable for a gas well shall be equal to four times the top allowable gas limit for an oil well.

IT IS FURTHER ORDERED:

That the locations of all wells presently drilling to or completed in the Fowler-Lower Paddock Pool shall be approved by the Commission.
(1) That the locations of all wells presently drilling to or completed in the Fowler-Lower Paddock Pool or within one mile thereof are hereby approved provided that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before July 1, 1966.

(2) That each oil well presently drilling to or completed in the Fowler-Lower Paddock Pool or within one mile thereof shall receive a 40-acre allowable until a Form C-102 dedicating 80 acres to the well has been filed with the Commission.

(1) That the locations of all wells presently drilling to or completed in the Fowler-Lower Paddock Pool shall be approved by the Commission. That the locations of all wells presently drilling to or completed in the Fowler-Lower Paddock Pool or within one mile thereof are hereby approved provided that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before July 1, 1966. That each oil well presently drilling to or completed in the Fowler-Lower Paddock Pool or within one mile thereof shall receive a 40-acre allowable until a Form C-102 dedicating 80 acres to the well has been filed with the Commission.

~~(3)~~ (3) That the Special Rules and Regulations promulgated by Order No. R-2684 and Order No. R-2684-A, as amended in their entirety by this order, are hereby continued in full force and effect until further order of the Commission.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

(4) That this case shall be reopened at an examiner hearing in May, 1968, at which time the operators in the subject pool may appear and show cause ^{whether} ~~why~~ these temporary special rules, as they relate to well spacing, well classification and gas-oil ratio limitation, should remain in effect.

DRAFT

D/est

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CF Subj. _____

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 3002

Order No. R-2684-A

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR THE CREATION OF A NEW
GAS POOL AND FOR SPECIAL POOL RULES,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
April 7, 1965, at Santa Fe, New Mexico, before Examiner
Elvis A. Utz.

NOW, on this _____ day of April, 1965, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, 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 by Order No. R-2684, dated March 31, 1964, tem-
porary Special Rules and Regulations were promulgated for the
Fowler-Lower Paddock Gas Pool, Lea County, New Mexico.

(3) That pursuant to the provisions of Order No. R-2684,
this case was reopened to allow the operators in the subject pool
to appear and show cause why the Fowler-Lower Paddock Gas Pool
should not be developed on 160-acre spacing units.

(6) That the temporary Special Rules and Regulations for
the Fowler-Lower Paddock Gas Pool, promulgated by Order No.
R-2684, should be continued in effect for an additional one-year

(4) That no additional evidence was presented at the hearing.
(5) That Pan American Petroleum Corporation requested that the special rules and
regulations be continued for an additional one-year period as there had been
no development in the pool since the issuance of Order No. R-2684.

CASE No. 3002
Order No. R-2684-A

period in order to allow the operators in the subject pool
sufficient time to gather additional information concerning
the reservoir characteristics of the pool.

(7) That this case should be reopened at an examiner hear-
ing in April, 1966, *and that 160-acre spacing units should*
be established for the
~~parties should appear and show cause why the Fowler-Lower Paddock~~
if the operators in the subject pool do not present substantial
Gas Pool ~~should not be developed on 160-acre spacing units.~~
evidence to justify continuation of the special rules and regulations
for the pool.

IT IS THEREFORE ORDERED:

(1) That the temporary Special Rules and Regulations for
the Fowler-Lower Paddock Gas Pool promulgated by Order No. R-2684
are hereby continued in full force and effect for an additional
one-year period.

(2) That this case shall be reopened at an examiner hear-
ing in April, 1966, *and that 160-acre spacing units should be*
established for the
~~parties may appear and show cause why the Fowler-Lower Paddock~~
if the operators in the pool do not present substantial
Gas Pool ~~should not be developed on 160-acre spacing units.~~
to justify continuation of the special rules and regulations for the pool.

(3) That jurisdiction of this cause is retained for the
entry of such further orders as the Commission may deem neces-
sary.

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

DRAFT

JND/esr

March 18, 1964

IN THE MATTER OF THE APPLICATION OF
PAN AMERICAN PETROLEUM CORPORATION
FOR THE CREATION OF A NEW
GAS POOL AND FOR SPECIAL RULES,
LEA COUNTY, NEW MEXICO.

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR THE CREATION OF A NEW
GAS POOL AND FOR SPECIAL RULES,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at the Leas Ferry, New Mexico, on
March 11, 1964, at 10:00 a.m., before Daniel J. [redacted],
Examiner and, [redacted] by the [redacted] on Commission of New
Mexico, [redacted] in accordance
with Rule 121 of the Commission Rules and Regulations:--

NOW, on this _____ day of March, 1964, the Commission,
a quorum being present, having considered the ~~application~~ testimony,
the record, ~~and the recommendations of the Examiner,~~
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,
seeks the creation of a new gas pool for Lower Paddock production
in Lea County, New Mexico, and the promulgation of temporary
special rules and regulations governing said pool, including a
provision of 320-acre spacing.

(3) That the Pan American No. 20-1-64, located in Unit 1
of Section 15, Township 2- North, Range 17 East, NMPM, Lea County,
New Mexico, has discovered a separate reservoir of gas which
should be designated as a new gas pool and that the
spacing should be designated as 320-acre spacing and that the
spacing should be designated as 320-acre spacing and that the
spacing should be designated as 320-acre spacing.

at 5088 feet
formation and ~~5230 feet~~, the top of the Blinebry formation, and
at 5230 feet
that the horizontal limits of said pool should be all of Section
15, Township 24 South, Range 37 East, NMPM, Lea County, New
Mexico.

(4) That in order to prevent the economic loss caused by
the drilling of unnecessary wells, to avoid the augmentation of
risk ~~caused~~ *arising* from the drilling of an excessive number of wells,
to prevent reduced recovery which might result from the drilling
of too few wells, and to otherwise prevent waste and protect
correlative rights, temporary special rules and regulations
providing for 320-acre spacing units should be promulgated
for the Fowler-Lower Paddock Gas Pool.

(5) That the temporary special rules and regulations
should be established for a one-year period in order to allow
the operators in the subject pool to gather reservoir informa-
tion to establish the area that can be efficiently and
economically drained and developed by one well.

(6) That this case should be reopened at an examiner hear-
ing in April, 1965, at which time the operators in the subject
pool should be prepared to appear and show cause why the Fowler-
Lower Paddock Gas Pool should not be developed on 160-acre
spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified
as a gas pool for Lower Paddock production is hereby created and
designated the Fowler-Lower Paddock Gas Pool, with vertical
limits comprising the zone encountered in the Pan American SMU
Well No. 16, located in Unit O of Section 15, Township 24 South,
Range 37 East, NMPM, Lea County, New Mexico, between the top of
Lower Paddock formation at 5088 feet and the top of the Blinebry
formation at 5230 feet, and horizontal limits comprising all of
Section 15, Township 24 South, Range 37 East, NMPM, Lea County,
New Mexico.

Temporary
(2) That *Temporary* Special Rules and Regulations for the Fowler-
Lower Paddock Gas Pool are hereby promulgated as follows,
effective April 1, 1964.

SPECIAL RULES AND REGULATIONS
FOR THE
FOWLER-LOWER PADDOCK GAS POOL

RULE 1. Each well completed or recompleted in the Fowler-Lower Paddock Gas Pool or in the Lower Paddock formation within one mile of ~~the Fowler-Lower Paddock Gas Pool~~ ^{of said pool}, and not nearer to or within the limits of another designated Lower Paddock pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the Fowler-Lower Paddock ~~Gas Pool~~ shall be located on a standard unit containing 320 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a single governmental section

of the Commission

RULE 3. The Secretary-Director may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a single governmental section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which ~~any part of~~ the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of Paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well completed or recompleted in the Fowler-Lower Paddock ~~Gas Pool~~ shall be located no nearer than 660 feet to the outer boundary of the quarter section and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed unorthodox location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

Don't want to change that anything contained in this rule is to be applied to the existing rules. The purpose of this rule is to make more than be able to be on a standard unit. (but - we don't use this for gas pools)

IT IS FURTHER ORDERED:

(1) That any operator desiring to dedicate 320 acres to a well presently drilling to or completed in the Fowler-Lower Paddock Gas Pool shall file a new Form C-128 with the Commission on or before ^{May 1}~~April 1~~, 1964.

(2) That this case shall be reopened at an examiner hearing in April, 1965, at which time the operators in the subject pool should be prepared to appear and show cause why the Fowler-Lower Paddock Gas Pool should not be developed on 160-acre spacing units.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 11, 1964

EXAMINED HEARING

IN THE MATTER OF: Application of Pan American
Petroleum Corporation for the creation of
a new gas pool and for special pool rules,
Lea County, New Mexico. Applicant, in the
above-styled cause, seeks the creation of
a new Lower Paddock Gas Pool for its SMU
Well No. 16, located in Unit O of Section
15, Township 24 South, Range 37 East, and
the establishment of special pool rules
therefor, including a provision for 320-
acre spacing, Lea County, New Mexico.

Case No. 3002

BEFORE: DANIEL S. NUTTER, EXAMINER.

TRANSCRIPT OF HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1187

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691

MR. NUTTER: We will call Case 3002.

MR. DURRETT: Application of Pan American Petroleum Corporation for the creation of a new gas pool and for special pool rules, Lea County, New Mexico.

MR. MALONE: May it please the Commission, Charlie Malone of Atwood and Malone of Roswell for the Applicant, Pan American Petroleum Corporation. We have one witness and seven exhibits.

(Witness sworn.)

(Whereupon, Applicant's Exhibits 1 - 7 were marked for identification.)

JAMES T. ROGERS

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. MALONE:

Q Please state your name and business address.

A James T. Rogers, employed by Pan American in the Lubbock District Office, Senior Grade Petroleum Engineer.

Q Does the Lubbock Office of Pan American have jurisdiction of Lea County, New Mexico?

A Yes, sir.

Q Are you personally familiar with the matters described

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in the application in this case, Mr. Rogers?

A Yes, sir, I am.

Q Have you previously testified before this Commission in matters of this type?

A Yes, sir.

MR. MALONE: Mr. Examiner, are the qualifications of this witness satisfactory?

MR. NUTTER: They are.

Q Would you state very briefly, Mr. Rogers, what Pan American seeks by its application?

A We're seeking temporary pool rules for a new gas pool in the Lower Paddock formation in the Fowler area.

Q Is this Lower Paddock formation which you've just mentioned a designated pool?

A No, sir, it's not.

Q Does Pan American recommend a pool name?

A Yes, sir, we would like to recommend Fowler and Lower Paddock Gas Pool.

Q Is there production in the Lower Paddock within one mile of the section in which your discovery well was drilled here?

A No, sir, there's not.

Q Referring now to your Exhibit 1, would you explain what this shows, please?



A Exhibit 1 is a base map of the Fowler area. More for general information it shows all of the wells drilled in this vicinity and the formation in which the wells are completed, the completions are color coded. The code or legend is at the lower left-hand corner. There are nine productive formations in this immediate area.

Also shown on this exhibit is an outline of a cross section, and also the outline of the South Mattix Unit, which is operated by Pan American.

Q Is it correct that the discovery well for this Lower Paddock Gas Pool which you are now discussing is the Well No. 16, located within the boundaries of the South Mattix Unit?

A Yes, sir. Well No. 16 is a triple completion in the Paddock, Lower Paddock and Tubb formations. It's located in the Southwest Quarter of the Southeast Quarter of Section 15. The Lower Paddock is shown on here in red.

Q What does Exhibit 2 show, please?

A Exhibit 2 is a cross section through several wells in the South Mattix Unit on the Gulf Plains Knight lease down in the east end. The trace of this cross section is shown on Exhibit 1 as the line A-A¹. This cross section has shown on it the tops of the Paddock, Lower Paddock, Blinebry, Tubb and Drinkard formations in this area.



Q Has this cross section, Exhibit 2, been previously presented to this Commission?

A Yes, sir, this cross section was presented in this identical form in Cases 2742, 43 and 44, concerning field rules for the Paddock, Blinebry and Tubb formations.

Q Those cases were on February 19 of this year?

A Yes, sir, they were.

Q Would you go now to Exhibit 3 and describe it, please?

A Exhibit 3 is a structure map contoured on top of the Lower Paddock, indicating the structure of this formation to be an asymmetrical anticline with the Northwest-Southwest trend.

Q How many wells are completed in the Lower Paddock which you are discussing here today?

A We have only one completion in the Lower Paddock and that's the South Mattix No. 16 previously referred to. It's shown on this Exhibit No. 3 colored in red.

MR. NUTTER: You mentioned there has been a triple completion of this SMU No. 16. Has this Commission approved this triple completion?

A Yes. This triple was approved in Case 2974 held on January 22, 1964.

Q Did Pan American at that time present evidence as to the fact that the Lower Paddock is a separate and a distinct gas



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reservoir which is not in communication with any other reservoirs?

A Yes, sir, we did.

Q Was Order No. R-2644 entered in that case allowing the triple completion in the three separate zones?

A Yes, sir, it was.

MR. MALONE: Mr. Examiner, at this time, to prevent loading the record in this case, we would like to move the admission in evidence in this case of the transcript and the evidence in the former Case No. 2974 heard on January 22 of this year.

MR. NUTTER: I presume that in this case the subject of whether this was a distinct reservoir from the remainder of the Paddock was dealt with in detail?

MR. MALONE: Yes, definitely.

MR. NUTTER: You want to incorporate the record?

MR. MALONE: We would like to, please.

MR. NUTTER: Case 2974's record will be incorporated in this proceeding.

Q (By Mr. Malone) Did you say that the Lower Paddock completion in the SMU 16 is shown in red on the exhibits?

A Yes.

Q What is the status of this well?

A This well is currently shut-in. We are waiting pipeline



connection.

Q With respect to your structure map, which is the current Exhibit No. 3, what geological evidence does Pan American have to support a request for temporary 320 spacing? What can you say with respect to the geology of the area as to whether one well would drain 320 acres or more?

A Geologically, as shown by our Exhibits 2 and 3, the structure map and cross section, we have no apparent structural impediments and we have a good indication of continuity of Pennsylvanian the Lower Paddock is correlatable and continuous as shown by the cross section, and we have no reason to suspect from a geological standpoint that one well will not drain more than 320 acres.

Q It is your opinion, then, that the Lower Paddock within the structure is a single continuous gas reservoir, is that correct?

A Yes, sir, it is.

Q Have you obtained a production test on this Lower Paddock zone in Well No. 16?

A We haven't tested this well extensively. We plan to run routine tests when we connected it such as a four back pressure test. However, we have a test obtained in the completion of the well at a rate of 1784 MCF per day with a flowing tubing pressure of 850 psi.



Q Would you go now to Exhibit No. 4, please, and describe it?

A Exhibit No. 4 is a tabulation of the pertinent data used to arrive at pore volume reserve estimates for the Lower Paddock gas. On this exhibit we have shown the net pay of 19 feet, porosity of 9%, water saturation of 30% and several other data leading to gas reserves of 9.06 million cubic feet per acre.

Q To what abandonment pressure is that calculated?

A These reserves are calculated to an abandonment pressure of 213 psi.

Q Generally speaking, would you expect the reserves to be below or above average at the location of this SMU No. 16?

A These reserves on Exhibit 4 are taken from the well log run on SMU 16, and I would expect the reserves at that location to be higher than the average for the field due to the fact that the well is located within the top contour, or you might say located on top structure, since we generally associate that location as being for the better wells in the field.

Q Would you now describe what is shown on Exhibit 5, please?

A Exhibit 5 compares the economics of development of the Lower Paddock on 160 acres versus 320 acres. These economics have been prepared based on reserves shown in Exhibit 4. We have 160 acres, reserves of 1450 million cubic feet. This is dry gas



with no condensate reserves. The gas price at fifteen cents is that currently being paid by El Paso as pertains to our contract with them.

On 160-acre spacing we would have a profit per well of \$95,000, thirty-two month payout, and 1.53 return on investment.

On 320-acre spacing we have essentially twice the numbers we had on 160. We went up with considerably more profit of \$267,000 per well, sixteen month payout, and 4.31 return on investment.

Q Do these economics in your opinion permit drilling on 160?

A The economics for 160-acre spacing meet our minimum requirements for drilling. They barely meet it, it approaches marginal economics. However, they do meet economics for development. However, there's another consideration here that affects economics, in that our rate of take with El Paso is on acreage basis and the drilling of two wells on 320 tract, on 160-acre statewide spacing would not result in any higher rate of production than one well on 320. So, if you incorporate that into the economics, essentially you have no payout on the second well drilled on a 320 if you are on 160-acre spacing.

Q In addition, if your estimates of reserves and a payout, and so forth, happens to be slightly low, then the return on



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investment might fall below what you call your minimum return, is that correct?

A That's right.

Q Do you have a set of proposed rules?

A Yes, we have our proposed rules, shown by Exhibit No. 6. These rules are identical to those established by the Commission for the Fowler-Paddock Gas Pool, and the Fowler-Tubb Gas Pool with one exception.

Q What is that?

A The exception is in Rule 4 where it states "Each well completed or recompleted in the Fowler-Lower Paddock Gas Pool shall be located no nearer than 660 feet to the outer boundary of the quarter section and no nearer than 330 feet to any governmental quarter-quarter section line." The rules for the Paddock and Tubb state that wells should be located no nearer than 990 feet to the outer boundary, whereas here we have 660 feet.

Q Would you discuss Exhibit 7, please, and state the reason that Pan American requests a slightly different rule with respect to well locations?

A Exhibit 7 shows the well locations for the Ellenburger, Blinberry, Tubb and Paddock formations in this area as established by the field rules for these various formations. The Ellenburger locations are shown colored in orange, and I have just shown the



possible locations within a 160-acre tract, and it would be the same for 160, for each 160 in the section. Ellenburger is on 80 acre with strict location. The wells have to be located in the Northwest or Southeast 40 of a quarter section.

The Blinebry is also an 80-acre spacing with more flexible spacing, in that the wells can be located on either 40 of an 80, and both Ellenburger and Blinebry, the wells have to be located within a 150-foot circle of the center of the 40.

For the Tubb and Paddock Gas Pools, based on the 990, 330 spacing in that field, wells can be located at the X's shown on this exhibit which gives you one of eight specific locations in a 320 to locate your wells. What we run up against here, we have most of our wells in these more shallow zones are duals or triples, and we anticipate that future completions in this Lower Paddock will be by dual completion of existing wells.

The proposed rule that we have here of 660 would allow us to locate our wells within the red squares shown on this Exhibit 7, which makes our possible locations compatible with both the Ellenburger and Blinebry on the oil side, or compatible with the Tubb and Paddock gas where the X is located, so that we could dual complete the Lower Paddock with a Blinebry or Ellenburger well, or we could dual or triple complete it with a Paddock or Tubb gas well and relieve us of having to request unorthodox locations in



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this Lower Paddock for future completions.

Q And the administrative and legal expenses that goes with those applications, is that correct?

A Yes.

Q For how long is Pan American requesting the temporary pool rules which you are suggesting?

A We're requesting temporary rules for one year to eighteen months in Case 2743 held on February 19, 1964 for continuation of temporary rules in the Fowler-Tubb Gas Pool. We requested that the Fowler-Tubb case be reopened at the same time as reopening of this current case, and that continuation for the Fowler-Tubb also be for one year to eighteen months. Reopening of these two cases at the same date will permit consolidation of exhibits and require that Pan American come to Santa Fe only once for this subject area.

Q Will Pan American adopt a data-gathering program to obtain the necessary data to support further its request in this field?

A Yes, sir. Well, as we've stated, we have only one completion at the present time. It's not connected and, of course, upon connection of that well and additional wells we will take the necessary pressure and production data to adequately indicate the drainage area of the wells completed in the Fowler-Lower Paddock Gas Pool.



Q Mr. Rogers, in your opinion would the granting of this application tend to prevent waste and protect correlative rights of all owners within this area?

A Yes, sir, it will.

Q Were these exhibits prepared by you or under your direction?

A Yes, sir.

MR. MALONE: Pan American respectfully moves the introduction of Exhibits 1 through 7.

MR. NUTTER: Pan American Exhibits 1 through 7 will be admitted in evidence.

(Whereupon, Applicant's Exhibits 1 through 7 were offered and admitted in evidence.)

MR. MALONE: I believe that's all I have.

MR. NUTTER: Does anyone have any questions of Mr. Rogers? Mr. Durrett.

CROSS EXAMINATION

BY MR. DURRETT:

Q I missed your date that you were speaking of. What date was it that you requested that the case be reopened?

A This case be reopened?

Q Yes.

A For one year to eighteen months, within a year to



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eighteen months.

Q Well, now, if I understood correctly, there was a compatible case that was going to be reopened.

A Oh, yes, sir. Case 2743, which was held February 19, 1964. That would concern the Fowler-Tubb Gas Pool, and we asked in that case for continuation of temporary rules for Fowler-Tubb that would require that it be reopened. We want this current case reopened with that Fowler-Tubb case.

Q Reopened with Case 2743 if possible?

A Right, the same date if possible.

Q One other question. There is just one well completed in the pool now, is that correct?

A That's right.

Q And it's not connected?

A No, sir.

Q What is the possibility of obtaining a pipeline connection?

A We have a contract with El Paso covering that well, and it should be connected within two or three weeks.

Q So you don't anticipate it will be sitting there for a long period of time without connection?

A No. That was the problem we ran into in the Tubb. We shouldn't have that here.



MR. DURRETT: That's all I have.

BY MR. NUTTER:

Q Mr. Rogers, this is the only well that has been completed in this Lower Paddock zone. How about the other wells that have gone through the Lower Paddock, have they taken any drill stem tests or tested the Lower Paddock in any way, do you know?

A No, sir. We have not tested it at all, and to be perfectly frank, we weren't even aware it was there until recently. We ran a very good set of logs on this No. 16 and picked up this zone as a result of having a good logging program. We have not tested it and we haven't drill stem tested it or cored it or anything.

Q So actually this Lower Paddock hasn't been condemned in their wells, it just hasn't been affirmed either?

A That's right.

Q How does it compare with the Upper Paddock? I realize the Commission has entered temporary rules for the Upper Paddock zone. From what you know of the reservoir characteristics, how do they compare?

A As far as reserves and economics go, they're very similar. If you will allow me just a minute here. I'm referring now to Exhibit No. 14 in N.M.O.C.C. Case 2742, 43, 44 consolidated. I'm not sure which one of the numbers pertain to the Paddock, held



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on January 23, 1963. In that Exhibit 14 we had reserves of 8.75 MMCF per acre and as shown on our exhibit in this case we have 9.06. The economics on the Paddock were \$93,000 profit per well on 160-acre spacing with a 1.55 return on investment and a 31-month payout, and those numbers are very similar, almost identical to those shown on our Exhibit No. 5 in this case.

Q Now, the Upper Paddock came on for its second hearing just a short time ago, didn't it?

A Yes, sir, it did.

Q Were you present at that hearing?

A Yes, sir. We requested permanent rules in the Paddock at that time.

Q What did you have to substantiate your permanent rules in that case, do you recall?

A We had pressure and production data over a period of several years that indicated that the wells were effectively draining at least 320 acres. We essentially based it on the initial pressures of subsequent completions in the field being lower than the initial pool pressure, and also on our gas material balance pressure, cumulative reserve determination as compared to pore volume reserves.

Q Haven't you been able to compare the permeability in the Lower Fowler section with the Upper Fowler section?



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A No, sir. We don't have any permeability or any cores in either of these formations. The only way we could compare it would be by comparing our production rates or absolute open flows, and since we have not obtained one on this well, it would be hard.

Q You would have to run drawdown tests and things like that?

A Yes.

Q You haven't been able to do this yet?

A Also we only estimated this with 2,000 gallons of acid, so the one test we got very roughly 1700 MCF a day is possibly not a good indication of the permeability of the formation. Since this was a triple completion we anticipate probably some well bore damage of that Lower Paddock, and I feel certain that if necessary, additional stimulation would probably give us a lot better rate.

Q I believe you said your flowing tubing pressure was 800 some pounds. What's the shut-in pressure on this well?

A I'm not sure what the shut-in surface pressure is. We have a bottomhole pressure we already obtained on it.

Q What is that?

A The bottomhole pressure was 2214 at a datum of minus 1912 feet. That pressure was obtained December 10th, 1963 after 72-hour shut-in.



Q So evidently this will be virgin pressure for the reservoir?

A Yes, sir. That pressure was also utilized in these reserve calculations.

MR. NUTTER: Any other questions?

MR. DURRETT: I have one additional question.

BY MR. DURRETT:

Q Mr. Rogers, on your SMU Well No. 16 is the date January the 3rd, 1964, is that your completion date on that? I'm referring to your Exhibit 1.

A Yes, sir, that is what Pan American would call the official completion date. We had all three zones rated on production at that time; of course, the well has been shut-in since then.

Q Will this well conform to your well location which you have requested?

A Yes, it will fall on the X on Exhibit 7, which would be on the corner of the square that well is 990, 330 location.

Q So you would not need an exception for the existing well?

A No, sir.

Q Did you state what horizontal limits you would propose for the pool?

A No, sir, I didn't.



Q Do you have any you would like to recommend?

A I hadn't considered it. Is it necessary that I recommend?

Q No, sir.

MR. NUTTER: How would you dedicate your acreage if you were to have 320 acres, what acres would you dedicate to this well, the South Half or the East Half?

A I don't know whether -- we haven't looked in detail at which well we would prefer to complete our second one in in this section, off-hand I just don't know. It's going to require that we review the casing and the mechanics of all these completions in this area and pick the best wells for completion with this Lower Paddock, and then at that time we will decide which way we prefer to lay our 320.

MR. NUTTER: Do you have anything further, Mr. Durrett?

MR. DURRETT: No.

MR. NUTTER: Does anyone have anything further of the witness? He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Malone?

MR. MALONE: I understood that the Commission might have received some concurrences which perhaps should be noted in the record, is that correct?



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MR. DURRETT: Yes, that is correct. We have received telegrams from Atlantic Refining Company, Delhi-Taylor, stating that they support your application in this case, and we have also received a letter from Standard Oil Company of Texas stating that they concur in your application.

MR. NUTTER: Does anyone have anything further they wish to offer in Case 3002? We'll take the case under advisement, and call a fifteen-minute recess.

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) SS

I, ADA DEARNLEY, 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 31st day of March, 1964.

Ada Dearnley
Notary Public-Court Reporter

My commission expires I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 3002 heard by me on 3/11, 1964.

June 19, 1967.

Arthur, Examiner
New Mexico Oil Conservation Commission



PAN AMERICAN PETROLEUM CORPORATION

P. O. Box 268
Lubbock, Texas 79401
February 7, 1966

File: JET-6076 22-110-1

Subject: Application for Temporary
Field Rules, Undesignated
Lower Paddock Gas Pool,
Sections 15 and 22, T-24-S,
R-37-E, Lea County, New Mexico

Mr. A. L. Porter, Jr.
Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 371
Santa Fe, New Mexico

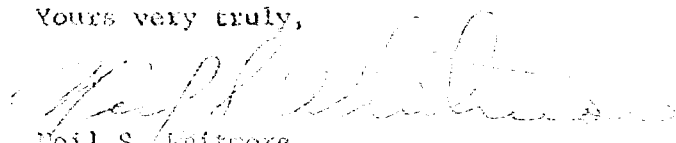
Dear Sir:

Pan American Petroleum Corporation as operator of the South Mattix Unit respectfully requests that a hearing be docketed to consider its application for adoption of temporary rules for the Undesignated Lower Paddock Gas Pool located in Section 15, T-24-S, R-37-E, Lea County, New Mexico, and to designate this field as the Fowler Lower Paddock Gas Pool.

In our opinion information available to date regarding this field indicates the necessity for, and we plan to request, the following temporary rules: (1) 320 acre well spacing; (2) all wells drilled or recompleted in the field subsequent to the effective date of the rules are to be located no closer than 660' to any outer boundary of the 320 acre proration unit; and (3) optional proration units to consist of either the N/2, S/2, E/2 or W/2 of a governmental section.

At the present time the subject field contains one producing gas well, Pan American's SMU No. 16. In our opinion, establishment of the above rules on a temporary basis will be in the interest of conservation and protection of correlative rights.

Yours very truly,


Neil S. Baltimore
District Superintendent

JER:jb

cc: ALL WORKING INTERESTS

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 963-3971

ALBUQUERQUE, N. M.
PHONE 243-6691

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 7, 1965

EXAMINER HEARING

IN THE MATTER OF:

CASE NO. 3002 BEING REOPENED PURSUANT TO
THE PROVISIONS OF ORDER NO. R-2684, WHICH
ORDER ESTABLISHED TEMPORARY 320-ACRE
SPACING FOR THE FOWLER-LOWER PADDOCK GAS
POOL, LEA COUNTY, NEW MEXICO, FOR A
PERIOD OF ONE YEAR

Case No. 3002

BEFORE:

ELVIS A. UTZ

TRANSCRIPT OF HEARING



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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P. O. BOX 1082 • PHONE 243-4491 • ALBUQUERQUE, NEW MEXICO

PAGE 2

MR. UTZ: Case Number 3002.

MR. DURRETT: In the matter of Case Number 3002 being reopened pursuant to the provisions of Order Number R-2684, which order established temporary 320-acre spacing for the Fowler-Lower Paddock Gas Pool, Lea County, New Mexico, for a period of one year.

MR. MALONE: If it please the Commission, Charles Malone of Atwood & Malone, appearing for the applicant. Pan American Petroleum Corporation has requested that we simply make a statement in this case for the applicant, and that statement would be as follows:

The original application in this matter was heard about one year ago. At that time the SMU Well Number 16 had been completed as the discovery well in this pool, and all well information which was available was furnished at that time. Since that time no further well completions have been made in the Fowler Lower Paddock gas pool. Since there is no further well completion information available at this time, the applicant respectfully requests that the temporary rules established by Order Number R-2684 be continued in effect, and would recommend that this extension be for an additional period of one year.

MR. UTZ: Is there anything further in regard to Case Number 3002? ... Case Number 3002 will be taken under

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMAS BLDG. • P. O. BOX 1092 • PHONE 243-6491 • ALBUQUERQUE, NEW MEXICO

advisement.

* * *

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, ELIZABETH K. HALE, Notary Public and Court Reporter,
hereby certify that the proceedings in the foregoing case were
taken and transcribed by me, and that the foregoing is a true
and correct transcript of proceedings to the best of my
knowledge, skill and ability.

IN WITNESS WHEREOF, my hand and seal of office this 8th
day of April, 1965.

Elizabeth K. Hale

Notary Public

My commission expires
May 23, 1968.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 3002,
heard by me on April 7, 1965.
Shirley G. S. [Signature], Examiner
New Mexico Oil Conservation Commission

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WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

SYMBOLS
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D LLA161 MEX 96 PD=FAX DALLAS TEX 6 320P CST=
NEW MEXICO OIL CONSERVATION COMMISSION=
P O BOX 2088 SANTA FE NMEX 87501=

DELHI-TAYLOR OIL CORPORATION RESPECTFULLY REQUESTS THAT PAN
AMERICAN PETROLEUM CORPORATION'S APPLICATION FOR TEMPORARY
320-ACRE SPACING FOR THE FOWLER LOWER PADDOCK GAS POOL BE
GRANTED. IN OUR OPINION PROMULGATION OF A SMALLER SPACING
UNIT IN THE ABSENCE OF SUBSTANTIALLY MORE PRESSURE AND
PERFORMANCE DATA WOULD EXPOSE THE APPLICANT AND ITS
CO-OWNERS TO THE POSSIBILITY OF SUBSTANTIAL ECONOMIC LOSS
WITH RESPECT TO THIS GAS RESERVOIR. IT IS REQUESTED THAT
THIS COMMUNICATION BE INCORPORATED INTO THE HEARING RECORD
OF FOWLER LOWER PADDOCK GAS POOL, CASE 3002 MARCH 11, 1964,
NMOCC DOCKET=

DELHI-TAYLOR OIL C RP R S WANSBROUGH MANAGER
PRODUCTION ENGINEERING==

1964 MAR 6 PM 3:21

MAIN OFFICE OCC

320-ACRE 3002 11 1964 NMOCC=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

CLASS OF SERVICE

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WESTERN UNION

TELEGRAM

W. P. MARSHALL, PRESIDENT

(17) 1201 (4-60)

SYMBOLS

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MAIN OFFICE 800

LA032.SSH055

1964 MAR 9 1 AM TO 34

L RWA026 PD=ROSWELL NMEX 9 1002A MST=

THE NEW MEXICO OIL CONSERVATION COMMISSION=

SANTA FE NMEX=

ATTN A L PORTER REGARDING CASE 3002 MARCH 11 1964 NMOCC

WE SUPPORT PAN AMERICAN REQUEST FOR TEMPORARY FIELD

RULES FOR FOWLER LOWER PADDOCK GAS POOL THE ATLANTIC REFG

CO HAS A WORKING INTEREST IN SMU WELL #16 WHICH IS THE

DISCOVERY WELL=

W P TOMLINSON THE ATLANTIC REFINING CO=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE



STANDARD OIL COMPANY OF TEXAS OFFICE OCC
A DIVISION OF CALIFORNIA OIL COMPANY
P. O. BOX 1249 HOUSTON 1, TEXAS

1964 MAR 9 AM 8:28

March 5, 1964

W. L. P.

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

Attention: Mr. A. L. Porter, Jr., Secretary-Director

Gentlemen:

Standard Oil Company of Texas, a Division of California Oil Company, concurs in the application of Pan American Petroleum Corporation for the creation of a new gas pool and special rules providing for 320-acre spacing for the Lower Paddock gas pool, Lea County, New Mexico. This application is Case 3002, scheduled to be heard March 11, 1964.

Standard is the owner of leasehold interests in this area.

Yours very truly,

C. N. Segnar
C. N. Segnar
Chief Engineer

RIMc:ja

cc: Pan American Petroleum Corporation
Attention: Mr. Neil S. Whitmore
P. O. Box 268
Lubbock, Texas 79401

MARCH 11, 1964 EXAMINER HEARING

- CASE 3004: Application of Ambassador Oil Corporation for a unit agreement Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Pearsall Queen Sand Unit comprising 960 acres of State and Federal land in Townships 17 and 18 South, Range 32 East, Lea County, New Mexico.
- CASE 3005: Application of Ambassador Oil Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Pearsall (Queen) Pool, Lea County New Mexico, by the injection of water into the Queen formation through 5 wells, located in Sections 4 and 5 Township 18 South, Range 32 East.
- CASE 3006: Application of Continental Oil Company for a waterflood project, Lea County, New Mexico. Applicant in the above-styled cause, seeks authority to institute a waterflood project in the Pearsall (Queen) Pool, Lea County, New Mexico, by the injection of water into the Queen formation through one well located in Unit M of Section 33, Township 17 South, Range 32 East.
- CASE 3007: Application of Consolidated Oil & Gas, Inc. for a triple completion, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of the triple completion (conventional) of its Hoyt Well No. 2-5, located in Unit L of Section 5, Township 26 North, Range 4 West, Rio Arriba County, New Mexico, to produce gas from the Basin Dakota and Blanco Mesaverde Gas Pools and oil from an undesignated Gallup oil pool through parallel strings of 2 1/16 inch, 1 1/2 inch, and one inch tubing, respectively.
- CASE 3008: Application of Phillips Petroleum Company for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the triple completion (conventional) of its Santa Fe Well No. 87, located in Unit L of Section 31, Township 17 South, Range 35 East, Lea County, New Mexico, to produce oil from the North Vacuum-Abo, Vacuum-Wolfcamp and Vacuum-Glorieta Pools through parallel strings of 2 3/8-inch OD tubing.
- CASE 3009: Application of Cities Service Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Owen No. 1 Well located in Unit P of Section 35, Township 21 South, Range 37 East, Lea County, New Mexico, to produce oil from the Blinebry and Drinkard Oil Pools through parallel strings of 1½-inch and 2 1/16-inch tubing, respectively.
- CASE 3010: Application of R. C. Davoust for the expansion of a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, as successor to Stanton Oil Company, Ltd., seeks to expand the Turkey Track Pool Waterflood Project authorized by Order No. R-1524. Said expansion would be effected by the drilling of 11 water injection wells to the Queen formation at certain unorthodox locations no nearer than 5 feet distance from any 40-acre lot line in Section 34, Township 18 South, Range 29 East, and Section 3, Township 19 South, Range 29 East, Eddy County, New Mexico.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 11, 1964

9 A. M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Elvis A. Utz, Alternate Examiner:

CASE 2988 (Continued from the February 5, 1964 Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit George E. Willett and all other interested parties to appear and show cause why the SDD Hare Well No. 7, located 600 feet from the South line and 1360 feet from the East line of Section 14, Township 29 North, Range 11 West, San Juan County, New Mexico, should not be plugged in accordance with a Commission-approved plugging program.

CASE 2998 (Continued from the February 19, 1964 Examiner Hearing)

Application of Tenneco Oil Company for a gas well-water injection well, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Central Totah Unit Well No. 24 located in Unit O of Section 11, Township 28 North, Range 13 West, San Juan County, New Mexico, to produce gas from the Basin-Dakota Gas Pool through 1 1/2 inch tubing and to inject water into the Gallup formation, Totah-Gallup Oil Pool, through 2 1/16 inch tubing with separation of the zones by a packer set at 5766 feet.

CASE 3001: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit O. A. Peters and all interested parties to appear and show cause why the Peters State Well No. 1, located 860 feet from the South line and 660 feet from the East line of Section 2, Township 1 North, Range 20 East, De Baca County, New Mexico, should not be plugged in accordance with a Commission-approved plugging program.

CASE 3002: Application of Pan American Petroleum Corporation for the creation of a new gas pool and for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Lower Paddock Gas Pool for its SMU Well No. 16, located in Unit O of Section 15, Township 24 South, Range 37 East, and the establishment of special pool rules therefor, including a provision for 320-acre spacing, Lea County, New Mexico.

CASE 2737 (Reopened): In the matter of Case No. 2737 being reopened pursuant to the provisions of Order No. R-2429-A, which order established temporary 640-acre spacing units for the White City-Pennsylvanian Gas Pool, Eddy County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 160-acre spacing units.

CASE 3003: Application of Cabot Corporation for the creation of a new oil pool and for special pool rules, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Bough "C" Oil Pool for its Signal State Well No. 1, located in Unit A of Section 29, Township 8 South, Range 33 East, Chaves County, New Mexico, and for the establishment of temporary pool rules therefor, including a provision for 80-acre proration units.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 7, 1965

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner,
or A. L. Porter, Jr., Alternate Examiner:

- CASE 3225: Application of Harold L. Runnels for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill his Millard Eidson B Well No. 3, the surface location of which is 660 feet from the South line and 1980 feet from the East line of Section 26, Township 16 South, Range 35 East, Shoebar Field, Lea County, New Mexico. Applicant proposes to set a whipstock at 6800 feet and directionally drill in a northwesterly direction bottoming said well at a true vertical depth of approximately 10,400 feet in the Permo-Pennsylvanian pay at a point not closer than 330 feet to the North and West lines of the SW/4 SE/4 of said Section 26.
- CASE 3226: Application of Skelly Oil Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Grayburg Jackson Pool in its Dow Unit Area, by the injection of water into the Premier (Grayburg) and San Andres formations through six wells located in Section 22, Township 17 South, Range 31 East, Eddy County, New Mexico.
- CASE 3227: Application of Texaco Inc. for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the triple completion (combination) of its C. H. Weir "B" Well No. 6 located in Unit P of Section 11, Township 20 South, Range 37 East, Lea County, New Mexico, to produce oil from the Skaggs Glorieta Pool through 2 7/8 inch casing, gas from the Skaggs Drinkard Pool through 1.61 inch ID tubing installed in a parallel string of 2 7/8 inch casing, and gas from the East Weir Blinebry Pool through the tubing-casing annulus, both strings of 2 7/8 inch casing being cemented in a common well-bore.
- CASE 3228: Application of Texaco Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Skaggs Pool by the injection of water into the Grayburg formation through nine wells in Sections 7, 12, and 13, Township 20 South, Range 37 East, Lea County, New Mexico.

Examiner Hearing - April 7, 1965

CASE 3229: Application of Pan American Petroleum Corporation for a dual completion and a non-standard gas production unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its South Mattin Unit Well No. 18 located in Unit G of Section 22, Township 24 South, Range 37 East, Lea County, New Mexico, to produce gas from the Lower Paddock formation and oil from the Blinbry formation, Fowler field, through parallel strings or tubing. Applicant, further seeks approval of a Fowler-Lower Paddock non-standard gas production unit for said well, comprising the NE/4, E/2 NW/4, and N/2 SE/4, of said Section 22.

CASE 3002:
(Reopened) In the matter of Case No. 3002 being reopened pursuant to the provisions of Order No. R-2684, which order established temporary 320-acre spacing for the Fowler-Lower Paddock Gas Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 160-acre spacing units.

CASE 3230: Application of The British-American Oil Producing Company for an unorthodox location and a non-standard gas unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its North Wilson Deep Unit Well No. 1 located 660 feet from the South line and 1980 feet from the East line of Section 31, Township 20 South, Range 36 East; applicant further seeks approval of a non-standard Morrow gas unit to be dedicated to said well, said unit comprising the SE/4 of Section 31 and the SW/4 of Section 32, Township 20 South, Range 36 East, Lea County, New Mexico.

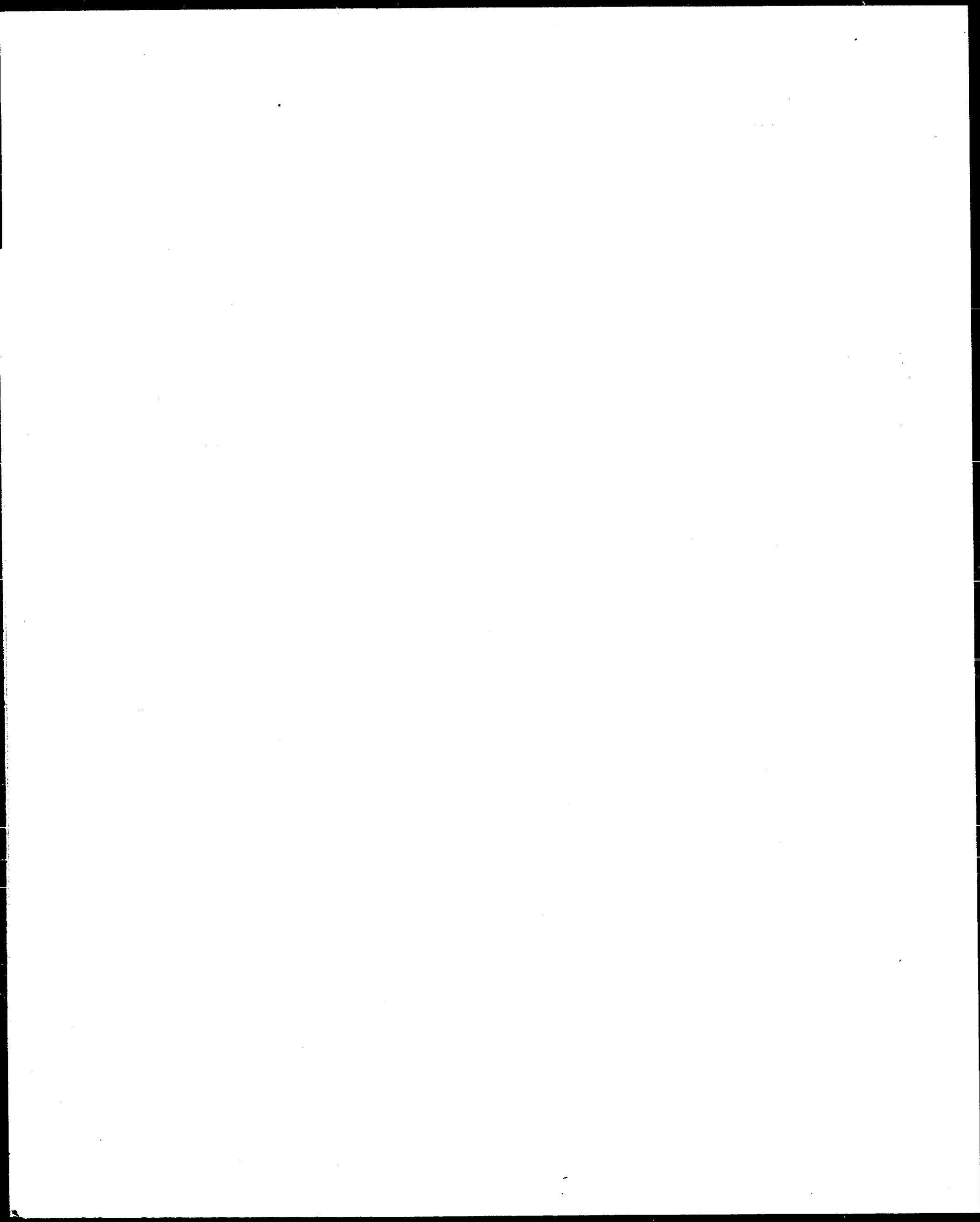
CASE 3231: Application of Vilas P. Sheldon for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Old Loco Unit Area comprising 720 acres, more or less, of State lands in Sections 31 and 32, Township 17 South, Range 29 East, Eddy County, New Mexico.

CASE 3232: Application of Vilas P. Sheldon for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Grayburg Jackson and Loco Hills Pools in the Old Loco Unit Area by the injection of water into the Lovington and Grayburg formations through six injection wells in Section 32, Township 17 South, Range 29 East, Eddy County, New Mexico.

Examiner Hearing - April 7, 1965

CASE 3233: Application of Tidewater Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the East Eumont Unit Area comprising 5,535 acres, more or less, of Federal, State and Fee lands in Townships 18, 19, and 20 South, Range 37 East, Lea County, New Mexico.

CASE 3234: Application of Tidewater Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Eumont Pool, Lea County, New Mexico, in its East Eumont Unit Area by the injection of water into the Yates, Seven Rivers and Queen formations through 69 wells in said unit area.



Case 3002

Heard 4-7-65

Rec. 4-7-65

Continue order R-2684 in force for
1 more year with the ~~word that~~
if info isn't forthcoming
the pool would revert to
160 A. of acres.
Richard M.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 27, 1966

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner or Daniel S. Nutter, Alternate Examiner:

- CASE 3394: Application of Shell Oil Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the N/2 SW/4, SE/4 SW/4, and NW/4 SE/4 of Section 22, Township 21 South, Range 37 East, Blinebry Gas Pool, Lea County, New Mexico, said unit to be dedicated to applicant's Turner Well No. 13 located in Unit N of said Section 22.
- CASE 3395: Application of R. W. Warner for down-hole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle in the well-bore marginal oil production from undesignated Gallup and Dakota Pools in his Warner-Federal Well No. 1 located in Unit A of Section 10, Township 22 North, Range 8 West, San Juan County, New Mexico.
- CASE 3396: Application of Texaco Inc. for a non-standard oil proration unit and a non-standard location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the approval of a 40-acre non-standard oil proration unit comprising the NE/4 SW/4 of Section 14, Township 12 South, Range 34 East, Ranger Lake-Pennsylvanian Pool, Lea County, New Mexico, said unit to be dedicated to its State of New Mexico "DA" Well No. 2 to be located 1980 feet from the South and West lines of said Section 14.
- CASE 3397: Application of Texaco Inc. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of its Skaggs-Grayburg Unit Area comprising 880 acres, more or less, of Fee land in Sections 12 and 13, Township 20 South, Range 37 East, and Sections 7 and 18, Township 20 South, Range 38 East, Lea County, New Mexico.
- CASE 3398: Application of Texaco Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg formation, Skaggs-Grayburg Pool, through eleven wells in its Skaggs-Grayburg Unit, Lea County, New Mexico.
- CASE 3399: Application of Tenneco Oil Company for two non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of two non-standard gas proration units which would comprise all lands in the W/2 of Section 30, Township 30 North, Range 9 West, adjacent to a Blanco-Pictured Cliffs Pool, San Juan County, New Mexico.
- CASE 3400: Application of Pan American Petroleum Corporation for creation of a new pool and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for its Big Eddy Unit Well No. 7 located in Unit O of Section 19, Township 20 South, Range 31 East, Eddy County, New Mexico, and for the promulgation of special rules therefor, including a provision for 160-acre oil proration units.

- 2 -

APRIL 27, 1966, EXAMINER HEARING

CASE 3002 (Reopened):

In the matter of Case No. 3002 being reopened pursuant to the provisions of Order No. R-2684-A, which order continued the original order for an additional year, establishing 320-acre spacing for the Fowler-Lower Paddock Gas Pool, Lea County, New Mexico. All interested parties may appear and show cause why said pool should not be developed on 160-acre spacing units.

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



P. O. BOX 871
SANTA FE

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

March 31, 1964

Re: Case No. 3072
Order No. R-2684
Applicant:

Pan American Petroleum Corp.

Mr. Charles Malone
Atwood & Malone
Attorneys at Law
Box 700
Roswell, New Mexico

DOCKET MAILED

Dear Sir:

Date 3-24-65

Enclosed herewith are two copies of the above-referenced
Commission order recently entered in the subject case.

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ix/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Astec OCC

OTHER

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF CASE NO. 3002)
BEING REOPENED PURSUANT TO THE) No. 3002
PROVISIONS OF ORDER NO. R-2684-A.)

ENTRY OF APPEARANCE

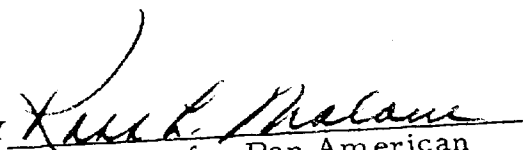
The undersigned, Atwood & Malone of Roswell, New Mexico,
a firm of attorneys, all of whose members are duly licensed to practice
law in the State of New Mexico, hereby enters its appearance as local
counsel with Guy Buell, Esquire, of the Texas Bar, for Pan American
Petroleum Corporation in the above entitled cause.

DATED at Roswell, New Mexico, this 21st day of April,

1966.

ATWOOD & MALONE

BY


Attorneys for Pan American
Petroleum Corporation
Post Office Drawer 700
Roswell, New Mexico

State of New Mexico
Oil Conservation Commission



P. O. BOX 2088
SANTA FE

OTHER _____



TENNECO OIL COMPANY • P. O. BOX 1011 • 1800 WILCO BUILDING • MIDLAND, TEXAS 79701

April 25, 1966

MAILED
APR 26 AM 8 09

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

RE: Hearing Scheduled April 27, 1966
Adoption of Permanent Field Rules
Fowler (Lower Paddock) Pool

Gentlemen:

Pan American Petroleum Corporation has advised Tenneco Oil Company that at the captioned hearing, they intend to request the following rules in addition to requesting the temporary rules be made permanent.

1. That a well be classified as a gas well if the producing gas-oil ratio equals or exceeds 50,000 cubic feet per barrel.
2. That a well be classified as an oil well if the producing gas-oil ratio is less than 50,000 cubic feet per barrel.
3. A proration unit of 80 acres for gas wells.
4. A limiting gas-oil ratio of 6000 cubic feet per barrel for oil wells.
5. A maximum gas well allowable to be equal to four times the top allowable for an oil well.

Please be advised that Tenneco Oil Company concurs with Pan American Petroleum Corporation in these specific requests and hereby supports their petition for the above rules.

Yours very truly,

TENNECO OIL COMPANY


A. W. Lang

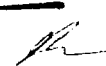
District Production Superintendent

ACT:pt

cc: Pan American Petroleum Corporation
P. O. Box 268
Lubbock, Texas

DOCKET MAILED

Date

5-10-66


CLASS OF SERVICE

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WESTERN UNION

TELEGRAM

W. P. MARSHALL, PRESIDENT

1201 (4-60)

SYMBOLS

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LA042 DAT58 SSB163

APR 25 1966 APR 25 AM 11 01

D HSC090 PD 9 EXTRA=WUX HOUSTON TEX 25 1040A CST=

NEW MEXICO OIL CONSERVATION COMMISSION=

SANTA FE NMEX=

IN RE COMMISSION HEARING, CASE 3002, SCHEDULED FOR APRIL 27, 1966, TO CONSIDER ADOPTION OF PERMANENT FIELD RULES FOR FOWLER, LOWER PADDOCK POOL, STANDARD OIL COMPANY OF TEXAS, A DIVISION OF CHEVRON OIL COMPANY, CONCURS IN AND SUPPORTS PAN AMERICAN PETROLEUM CORPORATION'S REQUEST THAT TEMPORARY RULES NOW IN EFFECT BE MADE PERMANENT AND THAT THE FOLLOWING ADDITIONAL RULES BE ADOPTED:

1. GAS WELL IF PRODUCING GAS/OIL RATIO IN EXCESS OF

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

CLASS OF SERVICE

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W. P. MARSHALL, PRESIDENT

1201 (4-00)

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50,000 CFPB

2. OIL WELL IF PRODUCING GAS-OIL RATIO LESS THAN
50,000 CFPB

3. PROPORTION UNIT OF 80-ACRES FOR OIL WELLS

4. LIMITING GOR OF 6,000 CFPB FOR OIL WELLS

5. MAXIMUM GAS WELL ALLOWABLE TO BE EQUAL TO FOUR
TIMES TOP GAS LIMIT FOR OIL WELL=

C N SEGNER CHIEF ENGINEER STANDARD OIL CO OF
TEXAS A DIVISION OF CHEVRON OIL CO HOUSTON=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

CLASS OF SERVICE

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WESTERN UNION

TELEGRAM

W. P. MARSHALL, PRESIDENT

1201 (4-00)

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LA070 SSE192

APR

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L RWA027 PD=ROSWELL NMEX 26 1110A MST=1966 APR 26 PM 12 06

NEW MEXICO OIL CONSERVATION COMMISSION=

SANTA FE NMEX=

SUBJECT CASE NUMBER 3002 ATLANTIC AS A WORKING INTREST
OWNER IN THE SOUTH MATTIX UNIT RECOMMENDS CONTINUATION
OF 320 ACRE SPACING FOR FOWLER LOWER PADDOCK GAS POOL
FURTHER PAN AMERICAN AS PRINCIPAL OPERATER HAS OUTLINED
ADDITIONAL RULES WHICH THEY WILL PURPOSE RELATING TO
CLASSIFICATION OF PRODUCERS OF OIL WELLS OR GAS WELLS,
PRORATION UNIT OF 80 ACRES FOR OIL WELL, GOR LIMIT OF
SIX THOUSAND CUBIC FEET PER BARREL FOR OIL WELL AND

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

CLASS OF SERVICE
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WESTERN UNION TELEGRAM

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1201 (4-60)

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MAXIMUM GAS WELL ALLOWABLE. WE CONCUR IN THEIR REQUEST
FOR THESE ADDITIONAL RULES=

W P TOMLINSON ATLANTIC REFINING CO==

3002 320 80 GOR=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

CLASS OF SERVICE

This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION

TELEGRAM

W. P. MARSHALL, PRESIDENT

(36) 1201 (4-60)

SYMBOLS

DL = Day Letter
NL = Night Letter
LT = International Letter Telegram

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination.

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NMEX OIL CONSERVATION COMMISSION=

ATTN A L PORTER SECY, DIRECTOR SANTA FE NMEX=

REFERENCE CASE #3002 CONTINENTAL OIL CO IS A WORKING INTEREST OWNER IN THE SOUTH MATTIX UNIT PANAMERICAN PETROLEUM CORP OPERATOR OF THE UNIT HAS OUTLINED TO US THE PROPOSED FIELD RULES FOR THE FOWLER LOWER PADDOCK POOL. CONTINENTAL CONCURRED WITH THE PROPOSED RULE AND RECOMMENDS THEIR ADOPTION BY THE COMMISSION IN THE INTEREST OF PREVENTING WASTE AND PROTECTING CORRELATIVE RIGHTS=

G J JAMISON CONTINTAL OIL CO HOBBS NMEX=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 25, 1966

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or
Elvis A. Utz, Alternate Examiner:

CASE 3399: (Continued and Readvertised)

Application of Tenneco Oil Company for two non-standard gas pro-
ration units, San Juan County, New Mexico. Applicant, in the
above-styled cause, seeks approval of two non-standard gas pro-
ration units adjacent to the Blanco-Pictured Cliffs Pool and
described as follows:

- (1) A 155.40-acre unit comprising the SE/4 SW/4 and Lot
4 of Section 19, and the E/2 NW/4 and Lots 1 and 2
of Section 30, Township 30 North, Range 9 West;
- (2) A 156.08-acre unit comprising the E/2 SW/4 and lots
3 and 4 of Section 30 and the NE/4 NW/4 and lot 1 of
Section 31, Township 30 North, Range 9 West, all in
San Juan County, New Mexico.

CASE 3404: Application of Tenneco Oil Company for a waterflood project,
Eddy County, New Mexico. Applicant, in the above-styled cause,
seeks authority to institute a waterflood project by the
injection of water into the Grayburg and San Andres formations
through six wells in Sections 22 and 28, Township 17 South,
Range 29 East, Grayburg-Jackson Pool, Eddy County, New Mexico.
Applicant further seeks an administrative procedure for expan-
sion of said project to include additional injection wells and
leases.

CASE 3405: Application of David Fasken for special pool rules, Eddy County,
New Mexico. Applicant, in the above-styled cause, seeks the
promulgation of special pool rules for the North Indian Hills-
Morrow Gas Pool in Section 4, Township 21 South, Range 24 East,
Eddy County, New Mexico, including a provision for 640-acre
spacing units.

CASE 3406: Application of Pan American Petroleum Corporation for special
pool rules, Lea County, New Mexico. Applicant, in the above-
styled cause, seeks the promulgation of special pool rules for
the Bough-Devonian Pool, Lea County, New Mexico, including a
provision for 80-acre proration units.

CASE 3002: (Continued and Readvertised)

In the matter of Case No. 3002 being reopened pursuant to the
provisions of Order No. R-2684-A, which order continued the
original order for an additional year, establishing 320-acre
spacing for the Fowler-Lower Paddock Gas Pool, Lea County,
New Mexico. The original applicant, Pan American Petroleum
Corporation, seeks continuation of the 320-acre spacing for

MAY 25, 1966, EXAMINER HEARING

CASE 3002 - Continued:

said gas pool and the amendment of the special pool rules to include the classification of oil and gas wells in said pool, a provision for 80-acre spacing for oil wells, and the establishment of a limiting gas-oil ratio of 6000 to 1.

CASE 3407: Application of Midwest Oil Corporation for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project by the injection of water into the Upper Pennsylvanian formation through its Harris State Well No. 1, located in Unit N, Section 29, Township 13 South, Range 34 East, Nonombre-Upper Pennsylvanian Pool, Lea County, New Mexico.

CASE 3408: Application of Marathon Oil Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Queen formation through three wells in Sections 10 and 15, Township 18 South, Range 31 East, Shugart Pool, Eddy County, New Mexico.

CASE 3409: Application of Dr. Sam G. Dunn for a secondary recovery project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a secondary recovery project by the injection of air into the Upper San Andres formation through three wells located in Section 26, Township 7 South, Range 26 East, Leslie Spring-San Andres Pool, Chaves County, New Mexico. Applicant further seeks an administrative procedure to place additional wells on air injection if necessary.

dearnley-meier recording service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P. O. BOX 11092 • PHONE 243-6491 • ALBUQUERQUE, NEW MEXICO

PAGE 1

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 25, 1966

EXAMINER

HEARING

IN THE MATTER OF:

In the matter of Case No. 3002 being
reopened pursuant to the provisions of
Order No. R-2684-A, which order continued
the original order for an additional year,
establishing 320-acre spacing for the
Fowler-Lower Paddock Gas Pool, Lea County,
New Mexico.

Case No. 3002

BEFORE:

Daniel S. Nutter, Chief Engineer

TRANSCRIPT OF HEARING

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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1203 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO

PAGE 2

MR. NUTTER: Call Case 3002, which is in the matter of Case No. 3002 being reopened pursuant to the provisions of Order No. R-2684-A. This case was also heard April 27, continued and readvertised. Are ther any appearances in Case 3002? If there are no appearances the Commission will take the case under advisement and call Case 3404.

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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1213 FIRST NATIONAL BANK EAST • PHONE 236-1294 • ALBUQUERQUE, NEW MEXICO

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, BOBBY J. DAVIS, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Witness my Hand and Seal this 9th day of June, 1966.

Bobby J. Davis
NOTARY PUBLIC

My Commission Expires:

March 13, 1966.

I do hereby certify that the foregoing is a true and correct copy of the proceedings in the hearing of Case No. 3002, held on 5/25, 1966.

[Signature], Examiner
New Mexico Oil Conservation Commission

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. 3002
Order No. R-2684

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR THE CREATION OF A NEW
GAS POOL AND FOR SPECIAL POOL RULES,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
March 11, 1964, at Santa Fe, New Mexico, before Examiner
Daniel S. Nutter.

NOW, on this 31st day of March, 1964, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, 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,
seeks the creation of a new gas pool for Lower Paddock production
in Lea County, New Mexico, and the promulgation of temporary
special rules and regulations governing said pool, including a
provision for 320-acre spacing.
- (3) That the Pan American SMU Well No. 16, located in Unit
O of Section 15, Township 24 South, Range 37 East, NMPM, Lea
County, New Mexico, has discovered a separate common source of
supply which should be designated the Fowler-Lower Paddock Gas
Pool; that the vertical limits of said pool should be the zone
encountered in said well between the top of the Lower Paddock
formation at 5088 feet and the top of the Blinbry formation at
5230 feet; and that the horizontal limits of said pool should be
all of Section 15, Township 24 South, Range 37 East, NMPM, Lea
County, New Mexico.
- (4) That in order to prevent the economic loss caused by
the drilling of unnecessary wells, to avoid the augmentation of

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CASE No. 3002
Order No. R-2684

risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 320-acre spacing units should be promulgated for the Fowler-Lower Paddock Gas Pool.

(5) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(6) That this case should be reopened at an examiner hearing in April, 1965, at which time the operators in the subject pool should be prepared to appear and show cause why the Fowler-Lower Paddock Gas Pool should not be developed on 160-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as a gas pool for Lower Paddock production is hereby created and designated the Fowler-Lower Paddock Gas Pool, with vertical limits comprising the zone encountered in the Pan American SMU Well No. 16, located in Unit O of Section 15, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico, between the top of the Lower Paddock formation at 5088 feet and the top of the Blinbry formation at 5230 feet, and horizontal limits comprising all of Section 15, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) That temporary Special Rules and Regulations for the Fowler-Lower Paddock Gas Pool are hereby promulgated as follows, effective April 1, 1964.

SPECIAL RULES AND REGULATIONS
FOR THE
FOWLER-LOWER PADDOCK GAS POOL

RULE 1. Each well completed or recompleted in the Fowler-Lower Paddock Gas Pool or in the Lower Paddock formation within one mile of said pool, and not nearer to or within the limits of another designated Lower Paddock pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the Fowler-Paddock Gas Pool shall be located on a standard unit containing 320 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a single governmental section.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a single governmental section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of Paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well completed or recompleted in the Fowler-Lower Paddock Gas Pool shall be located no nearer than 660 feet to the outer boundary of the quarter section and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed unorthodox location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

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CASE No. 3002

Order No. R-2684

IT IS FURTHER ORDERED:

(1) That any operator desiring to dedicate 320 acres to a well presently drilling to or completed in the Fowler-Lower Paddock Gas Pool shall file a new Form C-128 with the Commission on or before May 1, 1964.

(2) That this case shall be reopened at an examiner hearing in April, 1965, at which time the operators in the subject pool should be prepared to appear and show cause why the Fowler-Lower Paddock Gas Pool should not be developed on 160-acre spacing units.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jack M. Campbell
JACK M. CAMPBELL, Chairman

E. S. Walker
E. S. WALKER, Member

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

esi/

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. 3002
Order No. R-2684-A

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR THE CREATION OF A NEW
GAS POOL AND FOR SPECIAL POOL RULES,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 7, 1965, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 4th day of May, 1965, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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 by Order No. R-2684, dated March 31, 1964, temporary Special Rules and Regulations were promulgated for the Fowler-Lower Paddock Gas Pool, Lea County, New Mexico.

(3) That pursuant to the provisions of Order No. R-2684, this case was reopened to allow the operators in the subject pool to appear and show cause why the Fowler-Lower Paddock Gas Pool should not be developed on 160-acre spacing units.

(4) That no additional evidence was presented at this hearing.

(5) That Pan American Petroleum Corporation requested that the special rules and regulations be continued for an additional

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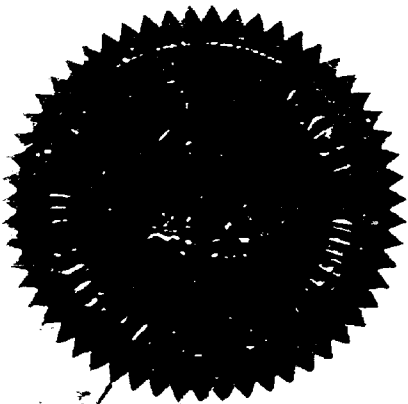
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Jack M. Campbell

August B. Hay

...

OFFICE OF THE COMMISSIONER OF LAND AND MINES
STATE OF NEW MEXICO

IN THE MATTER OF THE ESTATE
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

Case No. 1007
Order No. R-2684

APPLICATION OF THE AMERICAN OVERSEAS
CORPORATION FOR EXTENSION AND AMENDMENT
OF THE SPECIAL RULES AND REGULATIONS
FOR THE FOWLER-LOWER PADDOCK POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 26, 1966,
at Santa Fe, New Mexico, before Examiner Daniel S. Warren.

Now, on this 23rd day of June, 1966, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given or received by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That by Order No. R-2684, dated March 31, 1964, the
Fowler-Lower Paddock Gas Pool was created and temporary special
Rules and Regulations were promulgated for the Fowler-Lower
Paddock Gas Pool, Lea County, New Mexico.

(3) That by Order No. R-2684-A, dated May 4, 1965, said
temporary Special Rules and Regulations were continued in full
force and effect for an additional one-year period.

(4) That pursuant to the provisions of Order No. R-2684-A,
this case was reopened April 27, 1966, to allow the operators in
the subject pool to appear and raise cause why the Fowler-Lower
Paddock Gas Pool should not be developed on 160-acre units.

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CASE No. 3002

Order No. R-2684-B

(5) That at the request of the applicant, Pan American Petroleum Corporation, Case No. 3002 was continued to May 25, 1966, and readvertised to consider the amendment of Order No. R-2684 and Order No. R-2684-A to establish special rules and regulations governing the Fowler-Lower Paddock Pool.

(6) That the applicant seeks the promulgation of rules classifying wells as gas wells or oil wells, establishing spacing for gas wells and oil wells, and fixing a limiting gas-oil ratio of 6000 to one.

(7) That the reservoir characteristics of the subject pool indicate that the gas area can be efficiently and economically drained and developed on 320-acre spacing, and that the oil area can be efficiently and economically drained and developed on 80-acre spacing.

(8) That the reservoir characteristics of the subject pool presently available justify the definition of a gas well as a well producing with a gas-liquid ratio of 50,000 or more cubic feet of gas per barrel of liquid hydrocarbons.

(9) That the reservoir characteristics of the subject pool presently available justify the establishment of a gas-liquid ratio limitation of 4000 cubic feet of gas per barrel of liquid hydrocarbons.

(10) That temporary special rules and regulations providing for 320-acre gas well spacing and 80-acre oil well spacing should be promulgated for the subject pool in order to prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, prevent reduced recovery which might result from the drilling of too few wells, and otherwise prevent waste and protect correlative rights.

(11) That the temporary special rules and regulations should provide for the classification of a gas well as a well producing with a gas-liquid ratio of 50,000 or more cubic feet of gas per barrel of liquid hydrocarbons and should provide for the establishment of a gas-liquid ratio of 4000 cubic feet of gas per barrel of liquid hydrocarbons in order to afford the owner of each property in the pool the opportunity to produce his just and equitable share of the oil or gas, or both, and for this

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CASE No. 3002

Order No. R-2684

purpose to use his just and equitable share of the gas and oil energy.

(12) That the Special Rules and Regulations promulgated by Order No. R-2684 and Order No. R-2684-A are inadequate to afford the owner of each property in the pool the opportunity to produce his just and equitable share of the gas and oil in the pool.

(13) That the Special Rules and Regulations promulgated by Order No. R-2684 and Order No. R-2684-A of the Commission Rules and Regulations should be amended to allow the owner of each property in the pool the opportunity to produce his just and equitable share of the gas and oil in the pool.

(14) That this case should be reopened at an examiner hearing in May, 1968, at which time the operators in the subject pool should be prepared to appear and show cause whether these special pool rules, as they relate to well spacing, well classification, and limiting gas oil-ratios, should remain in effect.

IT IS THEREFORE ORDERED:

That, effective July 1, 1968, the Special Rules and Regulations promulgated by Order No. R-2684 and Order No. R-2684-A are hereby amended to read in their entirety as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE
FOWLER-LOWER PADDOCK POOL**

RULE 1. Each well completed or recompleted in the Fowler-Lower Paddock Pool or in the Lower Paddock formation within one mile thereof, and not nearer to or within the limits of another designated Lower Paddock pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. A gas well shall mean a well producing from within the vertical and horizontal limits of the Fowler-Lower Paddock Pool which produces with a producing gas-liquid ratio of 50,000 cubic feet of gas or more per barrel of liquid hydrocarbons.

RULE 3. A well producing from within the horizontal and vertical limits of the Fowler-Lower Paddock Pool and not classified

-4-

CASE No. 3002

Order No. R-2684-B

as a gas well shall be classified as an oil well in the Fowler-Lower Paddock Pool.

RULE 4. Each gas well shall be located on a standard unit containing 320 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental section.

RULE 5. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 6. Each oil well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section.

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CASE No. 3002

Order No. R-2684-B

RULE 7. The Secretary-Director may grant an exception to the requirements of Rule 6 without notice and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 8. A standard oil proration unit (79 through 81 acres) shall be assigned an 80-acre proportional factor of 2.33 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard oil proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

RULE 9. Each well shall be located no nearer than 660 feet to the outer boundary of the quarter section and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 10. The Secretary-Director may grant an exception to the requirements of Rule 9 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 11. Acreage dedicated to a gas well shall not be simultaneously dedicated to an oil well and the dual completion of a well so as to produce gas and oil from two different zones in said pool is hereby prohibited.

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CASE No. 3002

Order No. R-2684-B

RULE 12. Gas-liquid ratio tests shall be conducted annually during the month of May on all wells located in and producing from the Fowler-Lower Paddock Pool.

RULE 13. The limiting gas-oil ratio for an oil well shall be 4000 cubic feet of gas for each barrel of oil produced.

RULE 14. The maximum allowable for a gas well shall be equal to four times the top allowable gas limit for an oil well.

IT IS FURTHER ORDERED:

(1) That the vertical limits of the Fowler-Lower Paddock Pool shall be the zone encountered in the Pan American SMU Well No. 16, located in Unit O of Section 15, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico, between the top of the Lower Paddock formation at 5088 feet and the top of the Blinbry formation at 5230 feet, and horizontal limits comprising all of Section 15, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) That the locations of all wells presently drilling to or completed in the Fowler-Lower Paddock Pool or within one mile thereof are hereby approved provided the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before July 15, 1966.

(3) That each oil well presently drilling to or completed in the Fowler-Lower Paddock Pool or within one mile thereof shall receive a 40-acre allowable until a Form C-102 dedicating 80 acres to the well has been filed with the Commission.

(4) That this case shall be reopened at an examiner hearing in May, 1968, at which time the operators in the subject pool may appear and show cause whether these temporary special rules, as they relate to well spacing, well classification and gas-oil ratio limitation, should remain in effect.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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CASE No. 3002

Order No. 3002

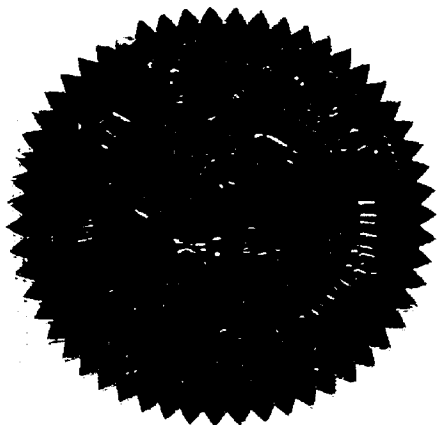
DONE at Santa Fe, New Mexico, on the day and year hereinafter designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jack M. Campbell
JACK M. CAMPBELL, Chairman

Guyton B. Hays
GUYTON B. HAYS, Member

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



261/

State of New Mexico
Oil Conservation Commission



STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

June 23, 1966

Re: Case No. 3002
Order No. R-2684-B
Applicant:

DOCK 100

Date 7-18-68

PAN AMERICAN PETROLEUM CORPORATION

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

A. L. PORTER, Jr.
Secretary-Director

Carbon copy of order also sent to:

Hobbs OCC _____ x
Artesia OCC _____
Aztec OCC _____

Other _____

Docket No. 13-68

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 1, 1968

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner,
or Daniel S. Nutter, Alternate Examiner:

CASE 3756: Application of Gulf Oil Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen-Grayburg formation in the interval 1773 feet to 2142 feet in its Eddy State "AN" Well No. 5 located 2310 feet from the South and East lines of Section 13, Township 19 South, Range 28 East, East Millman Queen-Grayburg Pool, Eddy County, New Mexico.

CASE 3002 (Reopened):

In the matter of Case No. 3002 being reopened pursuant to the provisions of Order No. R-2684-B, which order provided special rules and regulations for the Fowler-Lower Paddock Pool, Lea County, New Mexico. All interested parties may appear and show cause whether the special pool rules, as they relate to well spacing, well classification, and limiting gas-oil ratios, should remain in effect.

CASE 3559 (Reopened):

In the matter of Case No. 3559 being reopened pursuant to the provisions of Order No. R-3228, which order established 80-acre spacing units for the South Flying "M"-Pennsylvanian Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

ir/

Case 3002

Heard. 5-1-68

Rec. 5-1-68

1. Grant Pan American ~~agreement~~
order for the Towles - Lower
Paddock - Associated Gas pool.
The order is P-2684-B.

Thos. G. W.

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. 3002
Order No. R-2684-C

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR EXTENSION AND AMENDMENT
OF THE SPECIAL RULES AND REGULATIONS
FOR THE FOWLER-LOWER PADDOCK POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 1, 1968,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 6th day of May, 1968, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, 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 pursuant to the provisions of Order No. R-2684-B,
dated June 23, 1966, Case No. 3002 has been reopened to allow all
interested parties in the Fowler-Lower Paddock Pool, Lea County,
New Mexico, to appear and show cause whether the special pool
rules governing said pool, as they relate to well spacing, well
classification, and limiting gas-oil ratios, should remain in
effect.

(3) That the reservoir characteristics of the Fowler-Lower
Paddock Pool presently available justify the definition of a gas
well as a well producing with a gas-liquid ratio of 50,000 or
more cubic feet of gas per barrel of liquid hydrocarbons.

(4) That the reservoir characteristics of the subject pool
presently available justify the establishment of a gas-liquid
ratio limitation of 4000 cubic feet of gas per barrel of liquid
hydrocarbons.

-2-

CASE No. 3002

Order No. R-2684-C

(5) That the evidence establishes that the Fowler-Lower Paddock Pool has been and will be efficiently and economically drained and developed under the Special Rules and Regulations promulgated by Order No. R-2684-B.

(6) That the Special Rules and Regulations promulgated by Order No. R-2684-B have afforded and will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil and gas in the pool.

(7) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Special Rules and Regulations promulgated by Order No. R-2684-B should be continued in full force and effect until further order of the Commission.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Fowler-Lower Paddock Pool, promulgated by Order No. R-2684-B, are hereby continued in full force and effect until further order of the Commission.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

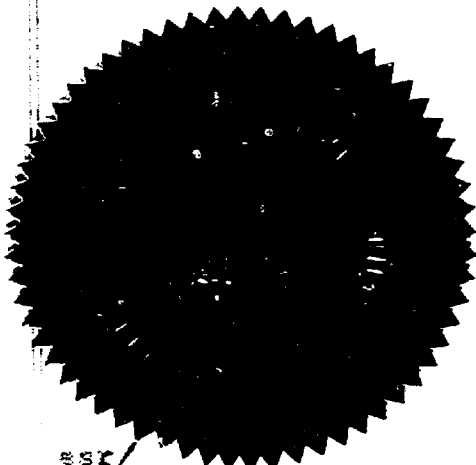
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

CLYTON B. HAYS, Member

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



ESR/

GOVERNOR
DAVID F. CARGO
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

P. O. BOX 2086
SANTA FE

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

May 6, 1968

Mr. Guy Buell
Pan American Petroleum Corporation
Post Office Box 1410
Fort Worth, Texas

Re: Case No. 3002
Order No. R-2684-C
Applicant:
Pan 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

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

Other _____

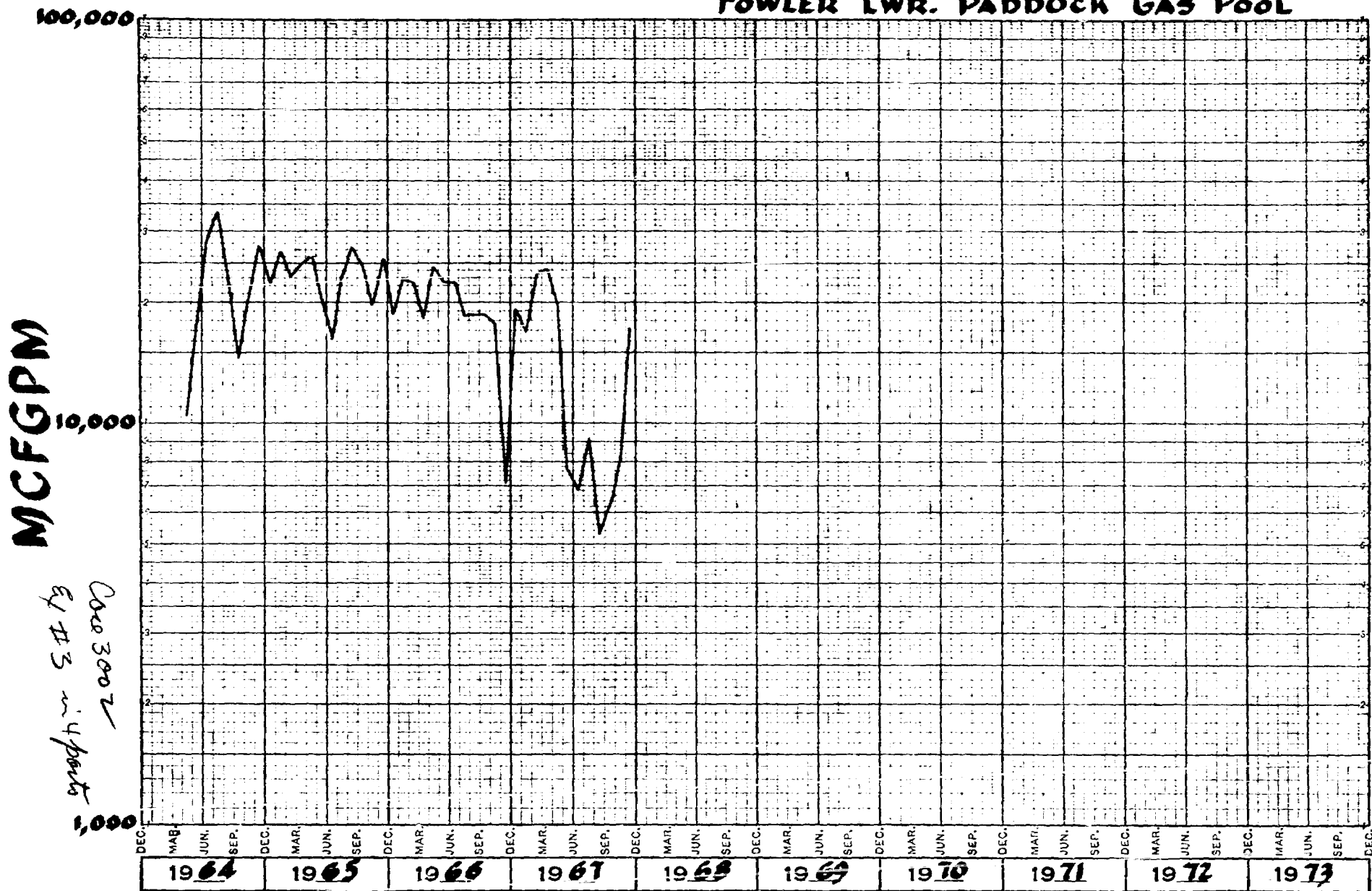
PRODUCTION DATA
FOWLER LOWER PADDOCK POOLS
LEA COUNTY, NEW MEXICO

<u>Year</u>	<u>Month</u>	<u>Oil</u> <u>Bbls.</u>	<u>Water</u> <u>Bbls.</u>	<u>Gas</u> <u>MCF</u>	<u>GOR</u>
<u>SMU No. 9</u>					
1965	April	172			
	May	929		767	826
	June	854		715	837
	July	826		450	545
	August	731		435	595
	September	679		504	742
	October	723		990	1369
	November	720		1086	1508
	December	1053		1182	1123
1966	January	730		1124	1540
	February	515		588	1142
	March	795		1804	2269
<u>SMU No. 18</u>					
1965	August	689			
	September	690		4868	7055
	October	461	69	9562	20742
	November	461	69	10493	22761
	December	341	5	11425	33504
1966	January	236	23	9523	40552
	February	167	17	4984	29844
	March	257	258	15293	59506
<u>SMU No. 19</u>					
1966	January	537	200	1342	2499
	February	379	150	703	1855
	March	584	216	2157	3693
<u>SMU No. 16</u>					
1964	May	112		10546	
	June	107		17667	
	July	136		28446	
	August	70		33436	
	September	153		22885	
	October	51		14571	
	November	18		20293	
	December	57		27665	
1965	January	14		22074	
	February	52		26592	

<u>Year</u>	<u>Month</u>	<u>Oil Bbls.</u>	<u>Water Bbls.</u>	<u>Gas MCF</u>	<u>GOR</u>
1965	March	36		23040	
	April	4		24934	
	May	21		25943	
	June	7		20230	
	July			16179	
	August			23134	
	September			27237	
	October	15		24757	
	November	12		19370	
	December	3		25436	
1966	January			18847	
	February	30		22963	
	March	33		22378	

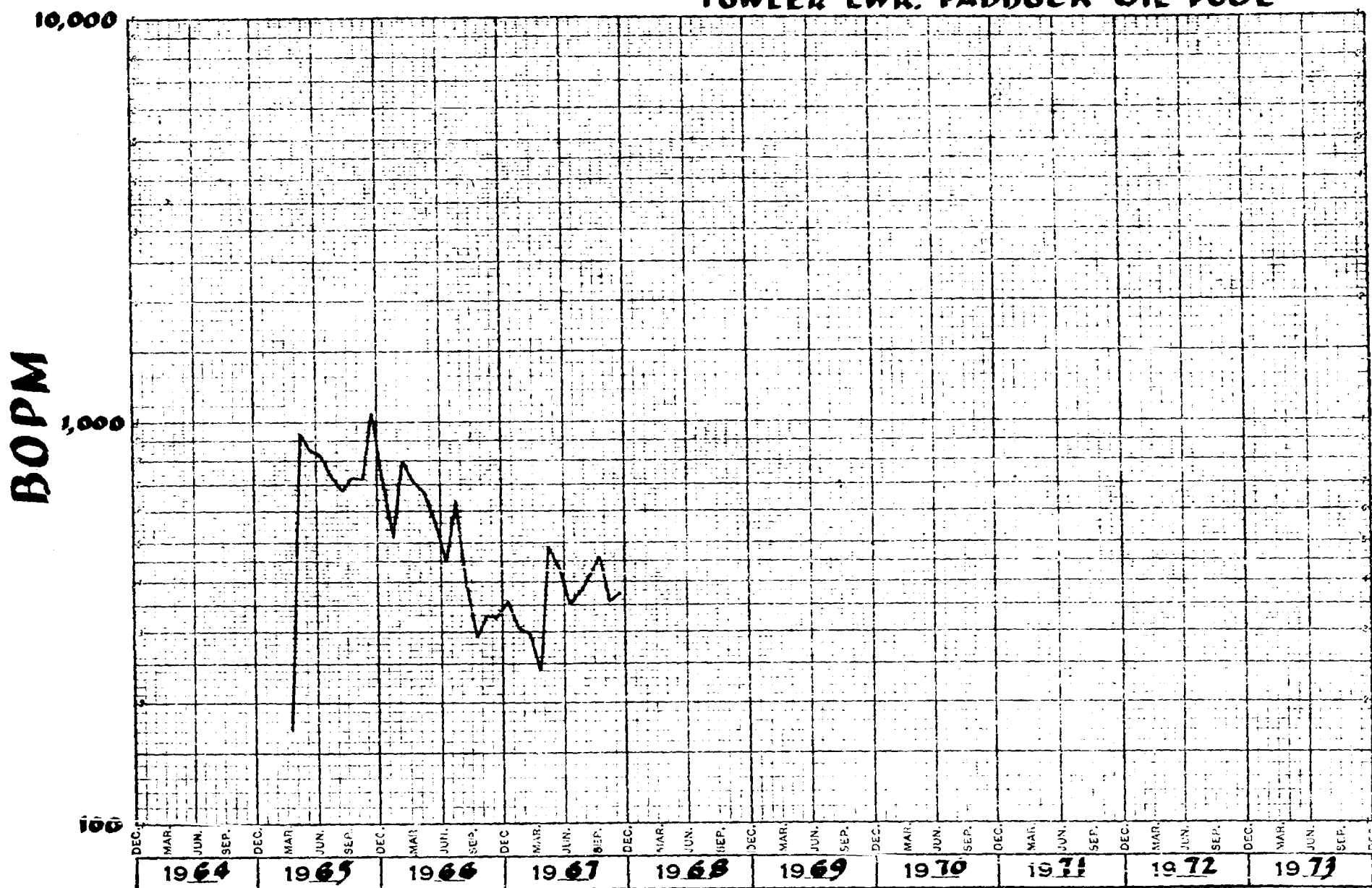
SMU No. 16

FOWLER LWR. PADDOCK GAS POOL



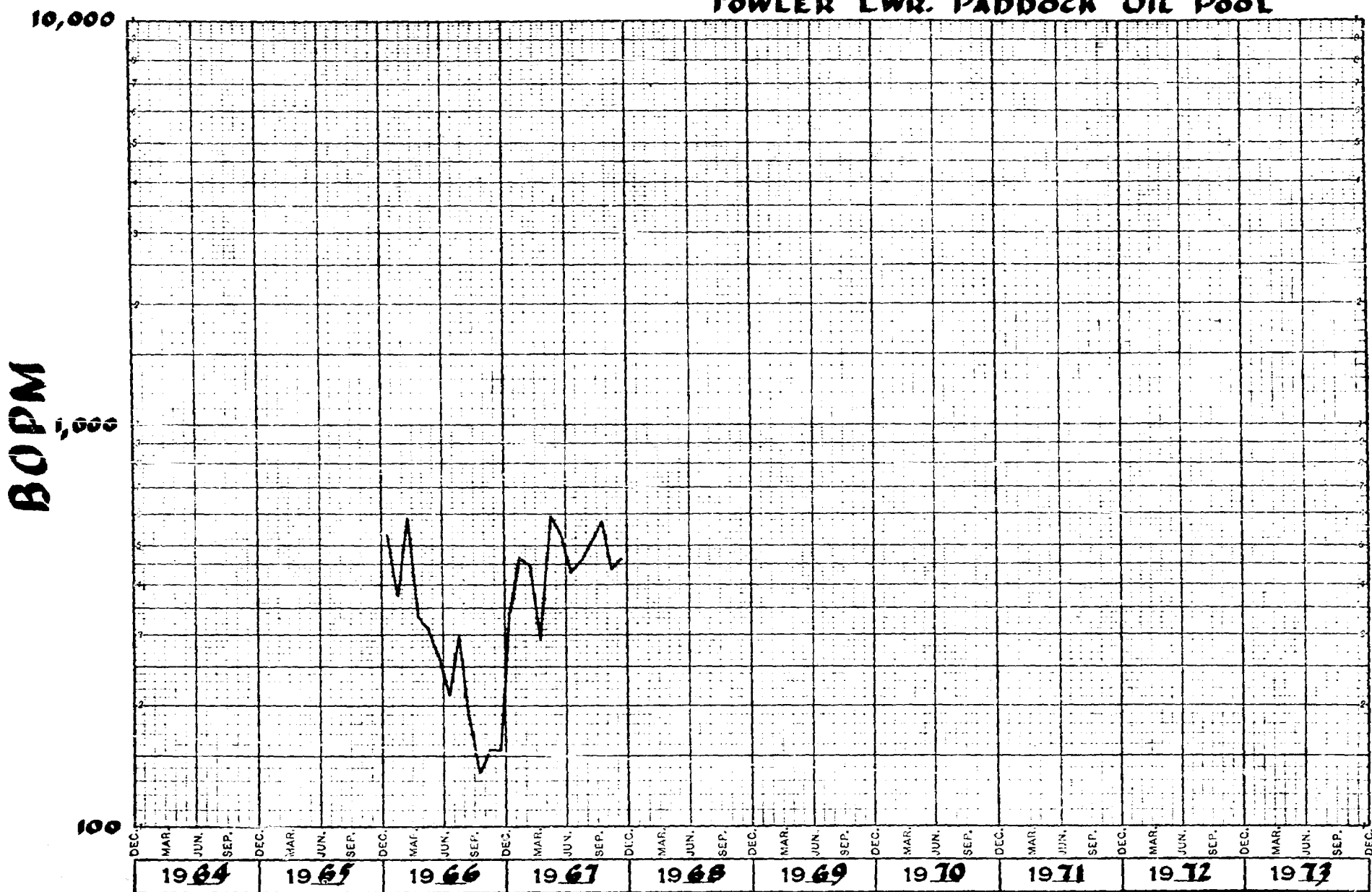
SMU No. 9

FOWLER LWR. PADDOCK OIL POOL



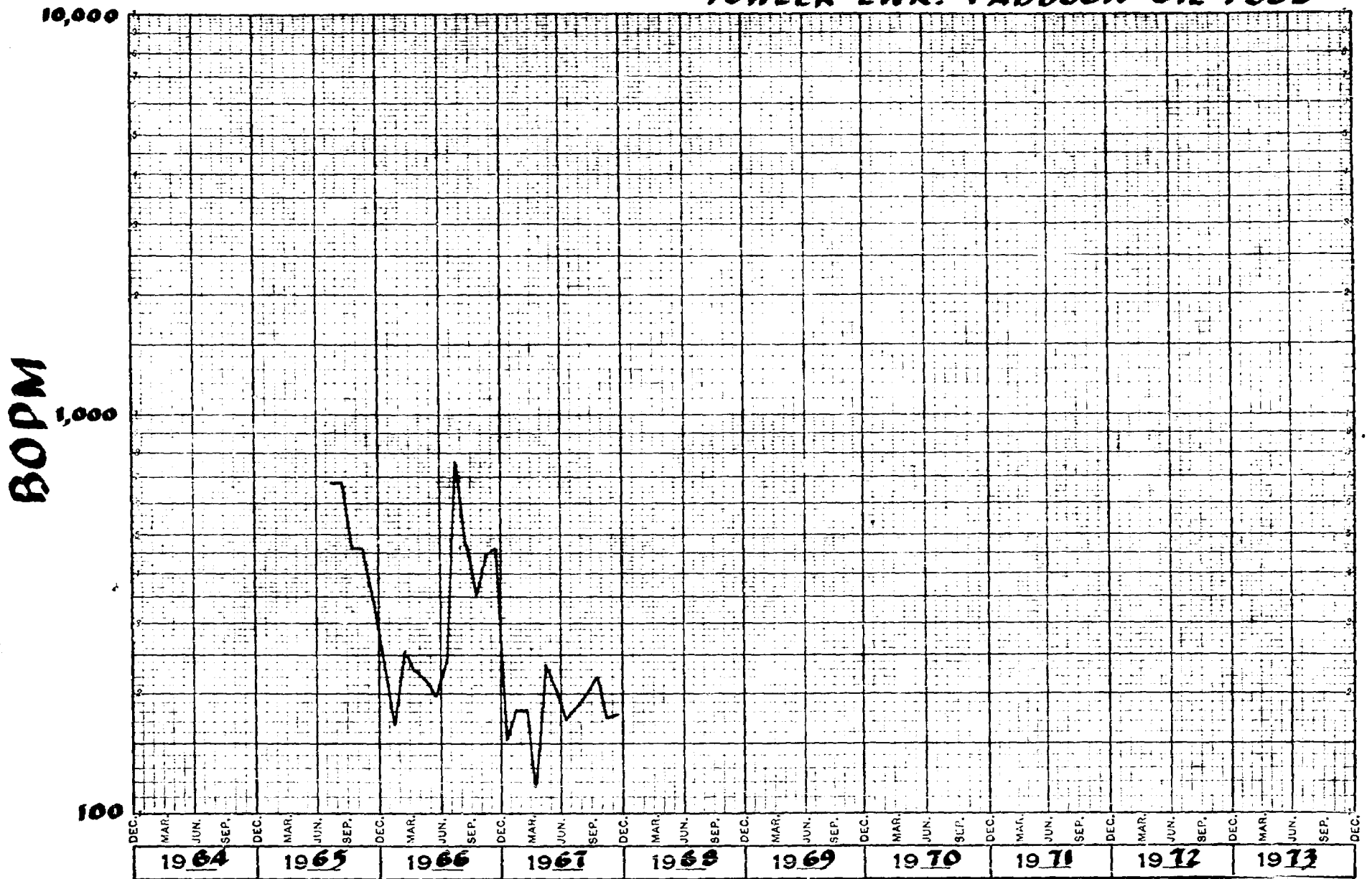
SMU No. 19

FOWLER LWR. PADDOCK OIL POOL



SMU No. 18

FOWLER LWR. PADDOCK OIL POOL



PRODUCTION DATA
FOWLER LOWER PADDOCK POOLS
LEA COUNTY, NEW MEXICO

<u>Year</u>	<u>Month</u>	<u>Oil</u> <u>Barrels</u>	<u>Water</u>	<u>Gas</u> <u>MCF</u>
<u>SMU No. 16</u>				
1964	May	112		10546
	June	107		17667
	July	136		28446
	August	70		33436
	September	153		22885
	October	51		14571
	November	18		20293
	December	57		27665
1965	January	14		22074
	February	52		26592
	March	36		23040
	April	4		24934
	May	21		25948
	June	7		20230
	July			16179
	August			23134
	September			27237
	October	15		24757
	November	12		19870
	December	3		25436
1966	January			18847
	February	30		22963
	March	33		22378
	April	13		18182
	May			24319
	June	6		22415
	July			22425
	August			18663
	September			18761
	October	25		18704
	November	45		17770
	December	10		7181
1967	January	62		19174
	February	17		16964
	March	71		23618
	April	68		24121
	May	14		19870
	June			7743
	July			6858
	August			9104
	September			5338
	October			6314
	November			8199
	December			17080

Core 3002
Ex. in 4 ports
#4

PRODUCTION DATA
FOWLER LOWER PADDOCK POOLS
LFA COUNTY, NEW MEXICO

<u>Year</u>	<u>Month</u>	<u>Oil</u> <u>Bbls.</u>	<u>Water</u> <u>Bbls.</u>	<u>Gas</u> <u>MCF</u>	<u>GOR</u>
<u>SMU No. 9</u>					
1965	April	172			
	May	929		767	826
	June	854		715	837
	July	826		450	545
	August	731		435	595
	September	679		504	742
	October	723		990	1369
	November	720		1086	1508
	December	1053		1182	1123
1966	January	730		1124	1540
	February	515		588	1142
	March	795		1804	2269
	April	707		1593	2253
	May	665		1554	2337
	June	564		1399	2480
	July	450		1297	2882
	August	633	95	1116	1763
	September	392	58	1110	2832
	October	291	45	1058	3636
	November	330	33	970	2939
	December	328	33	950	2896
1967	January	357	54	1819	5095
	February	306	37	0	-
	March	295	37	0	-
	April	241	34	1662	6896
	May	487	68	1904	3910
	June	432	60	975	2257
	July	352	49	1146	3256
	August	379	53	1824	4813
	September	415	58	1643	3959
	October	462	65	1484	3212
	November	357	49	1348	3776
	December	374	52	1233	3297

PRODUCTION DATA
FOWLER LOWER PADDOCK POOLS
LEA COUNTY, NEW MEXICO

<u>Year</u>	<u>Month</u>	<u>Oil</u> <u>Bbls.</u>	<u>Water</u> <u>Bbls.</u>	<u>Gas</u> <u>MCF</u>	<u>GOR</u>
<u>SMU No. 19</u>					
1966	January	537	200	1342	2499
	February	379	150	703	1855
	March	584	216	2157	3693
	April	333	203	1905	5721
	May	313	193	1858	5936
	June	265	98	1672	6309
	July	212	78	1009	4759
	August	298	110	868	2913
	September	184	68	868	4717
	October	136	50	822	6044
	November	155	38	755	4870
	December	154	57	739	4799
1967	January	342	127	2296	6713
	February	467	93	2347	5026
	March	445	93	2352	5285
	April	292	58	1857	6360
	May	591	118	2128	3601
	June	535	107	1090	2037
	July	427	85	1281	3000
	August	460	92	2038	4430
	September	514	103	1837	3574
	October	571	114	1658	2904
	November	434	86	1506	3470
	December	463	93	1378	2976

PRODUCTION DATA
FOWLER LOWER Paddock POOLS
LEA COUNTY, NEW MEXICO

<u>Year</u>	<u>Month</u>	<u>Oil</u> <u>Bbls.</u>	<u>Water</u> <u>Bbls.</u>	<u>Gas</u> <u>MCF</u>	<u>GOR</u>
<u>SMU No. 18</u>					
1965	August	689			
	September	690		4868	7055
	October	461	69	9562	20742
	November	461	69	10493	22761
	December	341	5	11425	33504
1966	January	236	23	9523	40552
	February	167	17	4984	29844
	March	257	258	15293	59506
	April	229	23	13505	58974
	May	215	20	13175	61279
	June	199	20	11857	59583
	July	245	25	12107	49416
	August	764	76	10412	13628
	September	472	47	10411	22057
	October	351	35	9871	28123
	November	447	112	9054	20255
	December	462	46	8867	19193
1967	January	153	15	5454	35647
	February	182	36	8038	44165
	March	182	36	8054	44253
	April	117	23	6256	53470
	May	237	47	7168	30245
	June	206	41	3671	17820
	July	171	34	4315	25234
	August	184	37	6867	37321
	September	198	40	6187	31247
	October	220	44	5587	25395
	November	173	14	5074	29329
	December	178	36	4643	26084

Bottom Hole Pressure Data
Fowler - Lwr. Paddock - Pool
Lea County, New Mexico
BHP @ DATUM - 1912



-1912

BHP @ DATUM

500

LEGEND

SMU WELL NO.16
SMU WELL NO.9
SMU WELL NO.18

0

19 63

19. **64**

19 65

12 **66**

19 67

Case 3002
5

PRODUCTION DATA
FOWLER LOWER PADDOCK POOLS
LEA COUNTY, NEW MEXICO

<u>Year</u>	<u>Month</u>	<u>Oil</u> <u>Barrels</u>	<u>Water</u>	<u>Gas</u> <u>MCF</u>
<u>SMU No. 16</u>				
1964	May	112		10546
	June	107		17667
	July	136		28446
	August	70		33436
	September	153		22885
	October	51		14571
	November	18		20293
	December	57		27665
1965	January	14		22074
	February	52		26592
	March	36		23040
	April	4		24934
	May	21		25948
	June	7		20230
	July			16179
	August			23134
	September			27237
	October	15		24757
	November	12		19870
	December	3		25436
1966	January			18847
	February	30		22963
	March	33		22378
	April	13		18182
	May			24319
	June	6		22415
	July			22425
	August			18663
	September			18761
	October	25		18704
	November	45		17770
	December	10		7181
1967	January	62		19174
	February	17		16964
	March	71		23618
	April	68		24121
	May	14		19870
	June			7743
	July			6858
	August			9104
	September			5338
	October			6314
	November			8199
	December			17080

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
Produced Pursuant to Order of the
CASE NO. 300-2 (5-1-68)

PRODUCTION DATA
FOWLER LOWER PADDOCK POOLS
LEA COUNTY, NEW MEXICO

<u>Year</u>	<u>Month</u>	<u>Oil</u> <u>Bbls.</u>	<u>Water</u> <u>Bbls.</u>	<u>Gas</u> <u>MCF</u>	<u>GOR</u>
		<u>SMU No. 9</u>			
1965	April	172		767	826
	May	929		715	837
	June	854		450	545
	July	826		435	595
	August	731		504	742
	September	679		990	1369
	October	723		1086	1508
	November	720		1182	1123
	December	1053			
1966	January	730		1124	1540
	February	515		588	1142
	March	795		1804	2269
	April	707		1593	2253
	May	665		1554	2337
	June	564		1399	2480
	July	450		1297	2882
	August	633	95	1116	1763
	September	392	58	1110	2832
	October	291	45	1058	3636
	November	330	33	970	2939
	December	328	33	950	2896
1967	January	357	54	1819	5095
	February	306	37	0	-
	March	295	37	0	-
	April	241	34	1662	6896
	May	487	68	1904	3910
	June	432	60	975	2257
	July	352	49	1146	3256
	August	379	53	1824	4813
	September	415	58	1643	3959
	October	462	65	1484	3212
	November	357	49	1348	3776
	December	374	52	1233	3297

PRODUCTION DATA
FOWLER LOWER PADDGCK POOLS
LEA COUNTY, NEW MEXICO

<u>Year</u>	<u>Month</u>	<u>Oil</u> <u>Bbls.</u>	<u>Water</u> <u>Bbls.</u>	<u>Gas</u> <u>MCF</u>	<u>GOR</u>
		<u>SMU No. 19</u>			
1966	January	537	200	1342	2499
	February	379	150	703	1855
	March	584	216	2157	3693
	April	333	203	1905	5721
	May	313	193	1858	5936
	June	265	98	1672	6309
	July	212	78	1009	4759
	August	298	110	868	2913
	September	184	68	868	4717
	October	136	50	822	6044
	November	155	38	755	4870
	December	154	57	739	4799
1967	January	342	127	2296	6713
	February	467	93	2347	5026
	March	445	93	2352	5285
	April	292	58	1857	6360
	May	591	118	2128	3601
	June	535	107	1090	2037
	July	427	85	1281	3000
	August	460	92	2038	4430
	September	514	103	1837	3574
	October	571	114	1658	2904
	November	434	86	1506	3470
	December	463	93	1378	2976

PRODUCTION DATA
FOWLER LOWER Paddock POOLS
LEA COUNTY, NEW MEXICO

<u>Year</u>	<u>Month</u>	<u>Oil</u> <u>Bbls.</u>	<u>Water</u> <u>Bbls.</u>	<u>Gas</u> <u>MCF</u>	<u>GOR</u>
<u>SMU No. 18</u>					
1965	August	689		4868	7055
	September	690		9562	20742
	October	461	69	10493	22761
	November	461	69	11425	33504
	December	341	5		
1966	January	236	23	9523	40552
	February	167	17	4984	29844
	March	257	258	15293	59506
	April	229	23	13505	58974
	May	215	20	13175	61279
	June	199	20	11857	59583
	July	245	25	12107	49416
	August	764	76	10412	13628
	September	472	47	10411	22057
	October	351	35	9871	28123
	November	447	112	9054	20255
	December	462	46	8867	19193
1967	January	153	15	5454	35647
	February	182	36	8038	44165
	March	182	36	8054	44253
	April	117	23	6256	53470
	May	237	47	7168	30245
	June	206	41	3671	17820
	July	171	34	4315	25234
	August	184	37	6867	37321
	September	198	40	6187	31247
	October	220	44	5587	25395
	November	173	14	5074	29329
	December	178	36	4643	26084

SMU No. 16

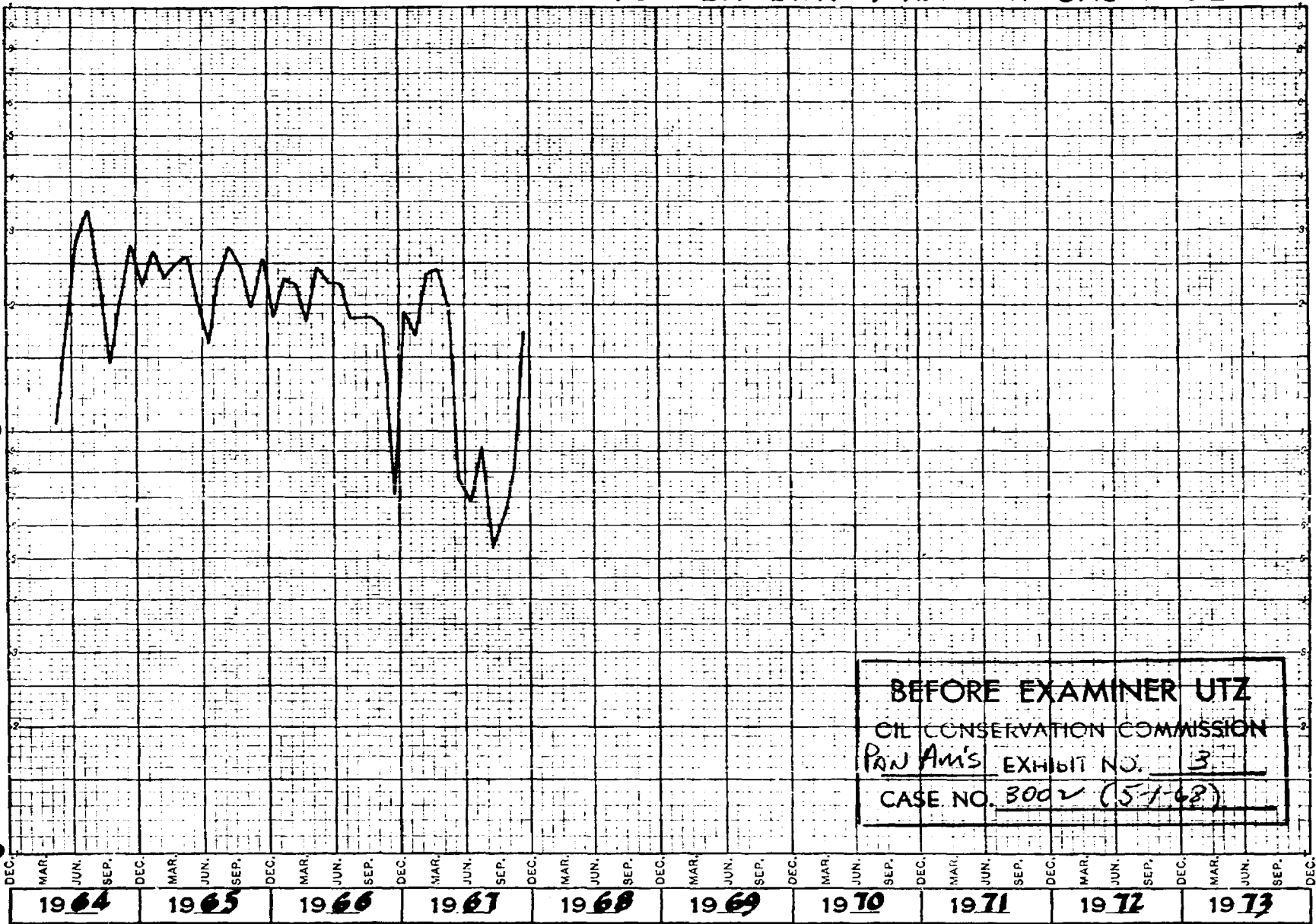
FOWLER LWR. PADDOCK GAS POOL

MCFGPM

100,000

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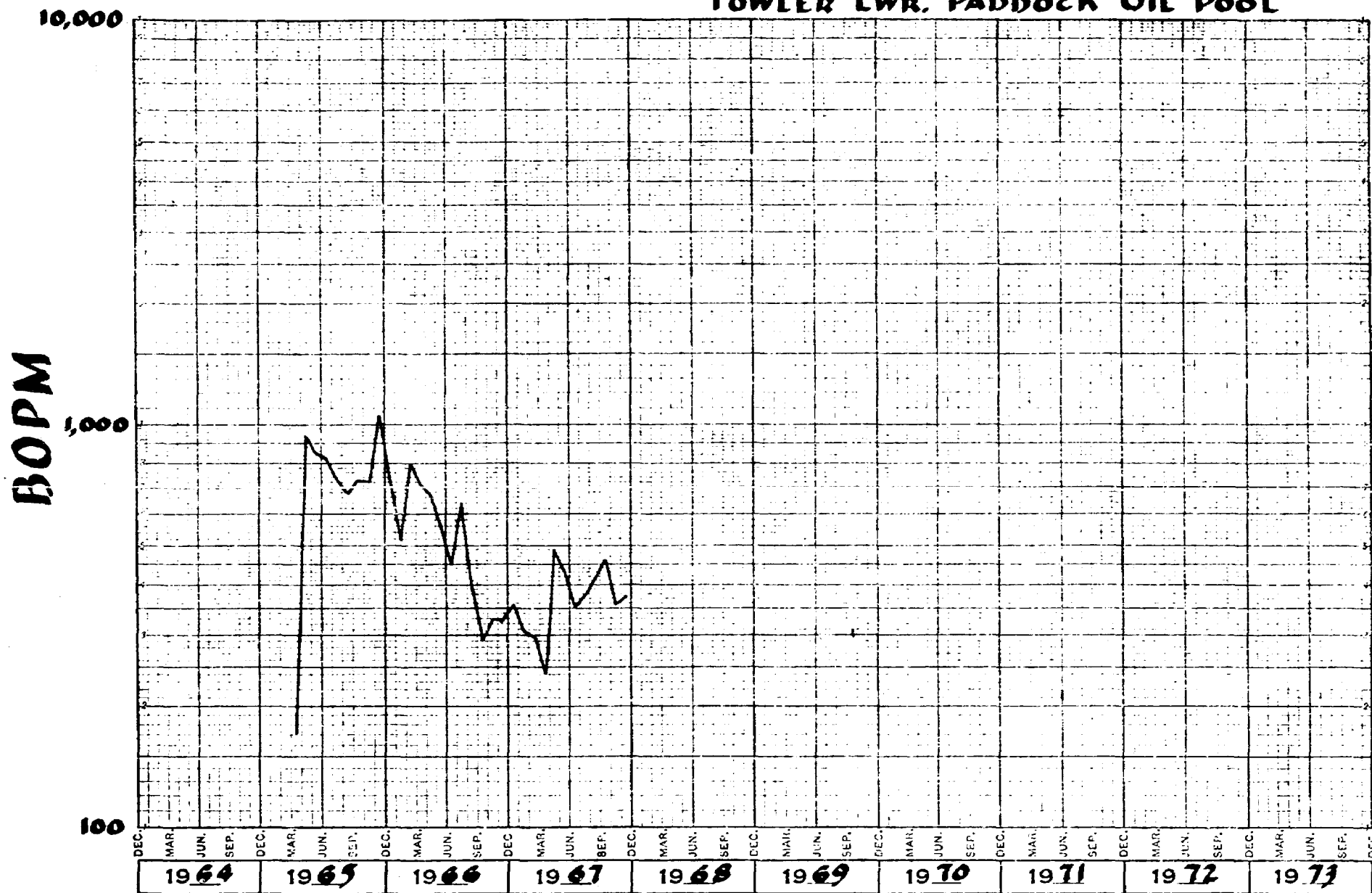
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BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
Pan Am's EXHIBIT NO. 3
CASE NO. 3002 (5-1-68)

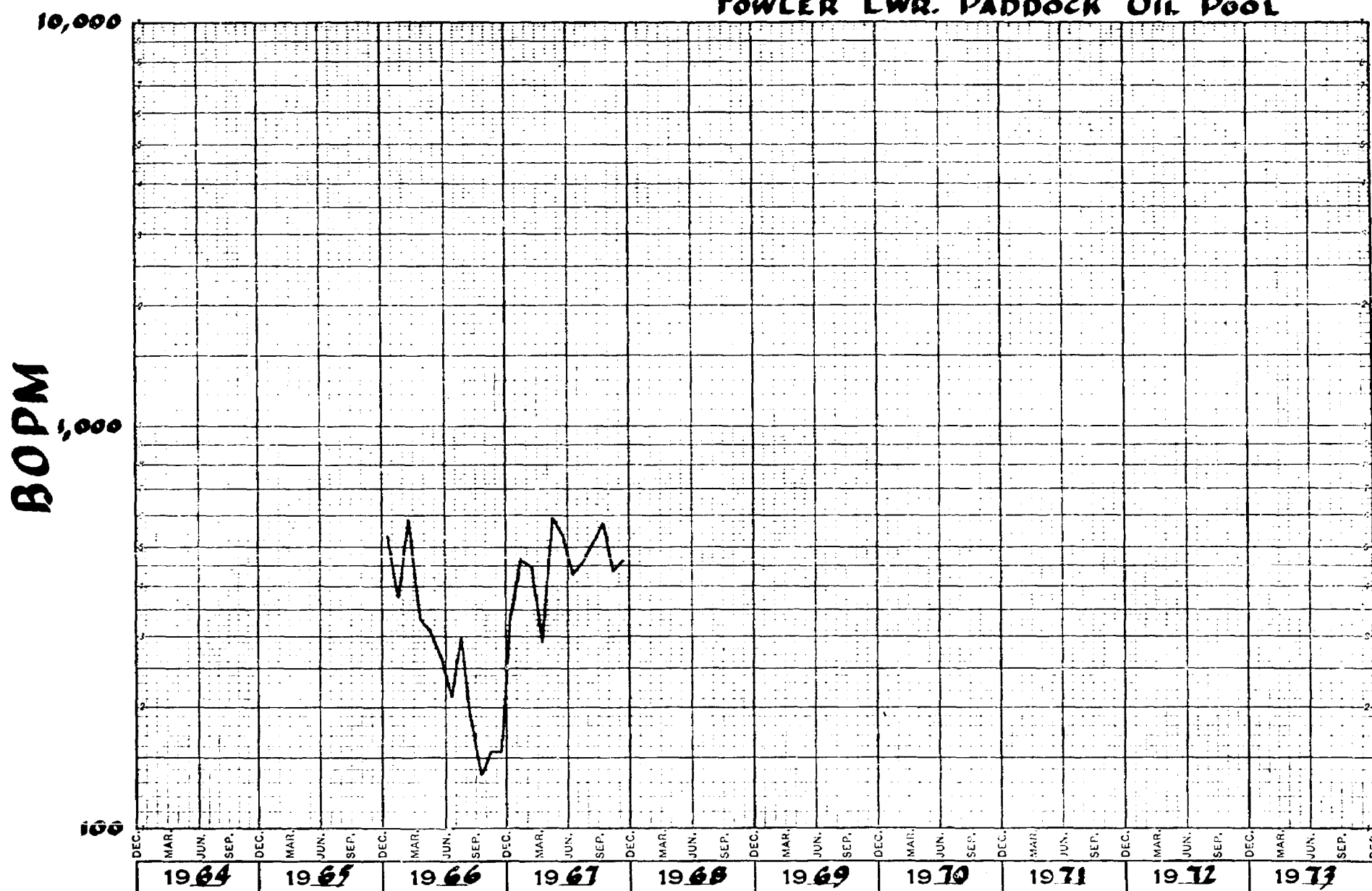
SMU No. 9

FOWLER LWR. PADDOCK OIL POOL



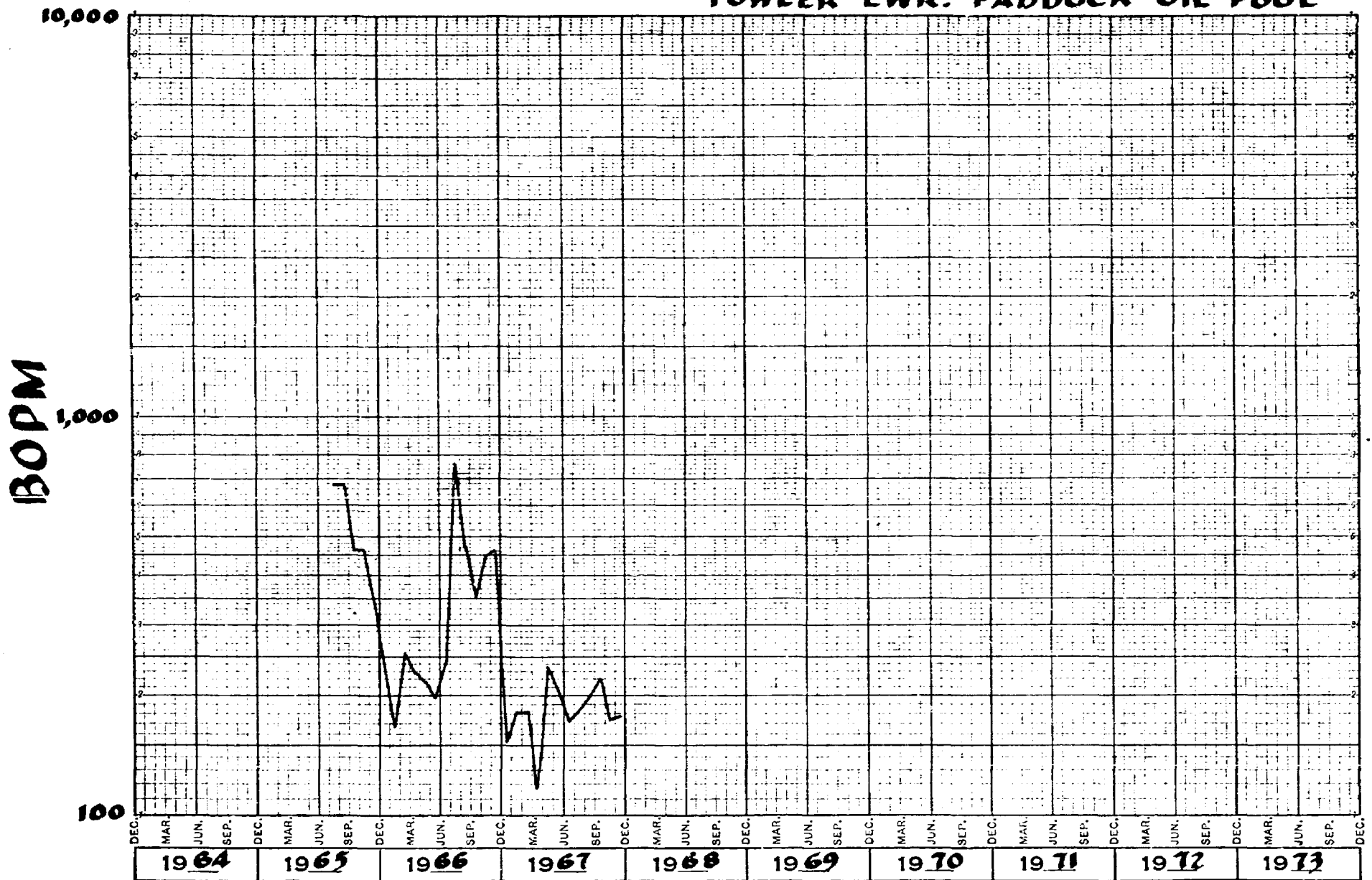
SMU No. 19

FOWLER LWR. PADDOCK OIL POOL



SMU No. 18

FOWLER LWR. PADDOCK OIL POOL



BEFORE EXAMINER UTZ

OIL CONSERVATION COMMISSION

PAN AM EXHIBIT NO. 4

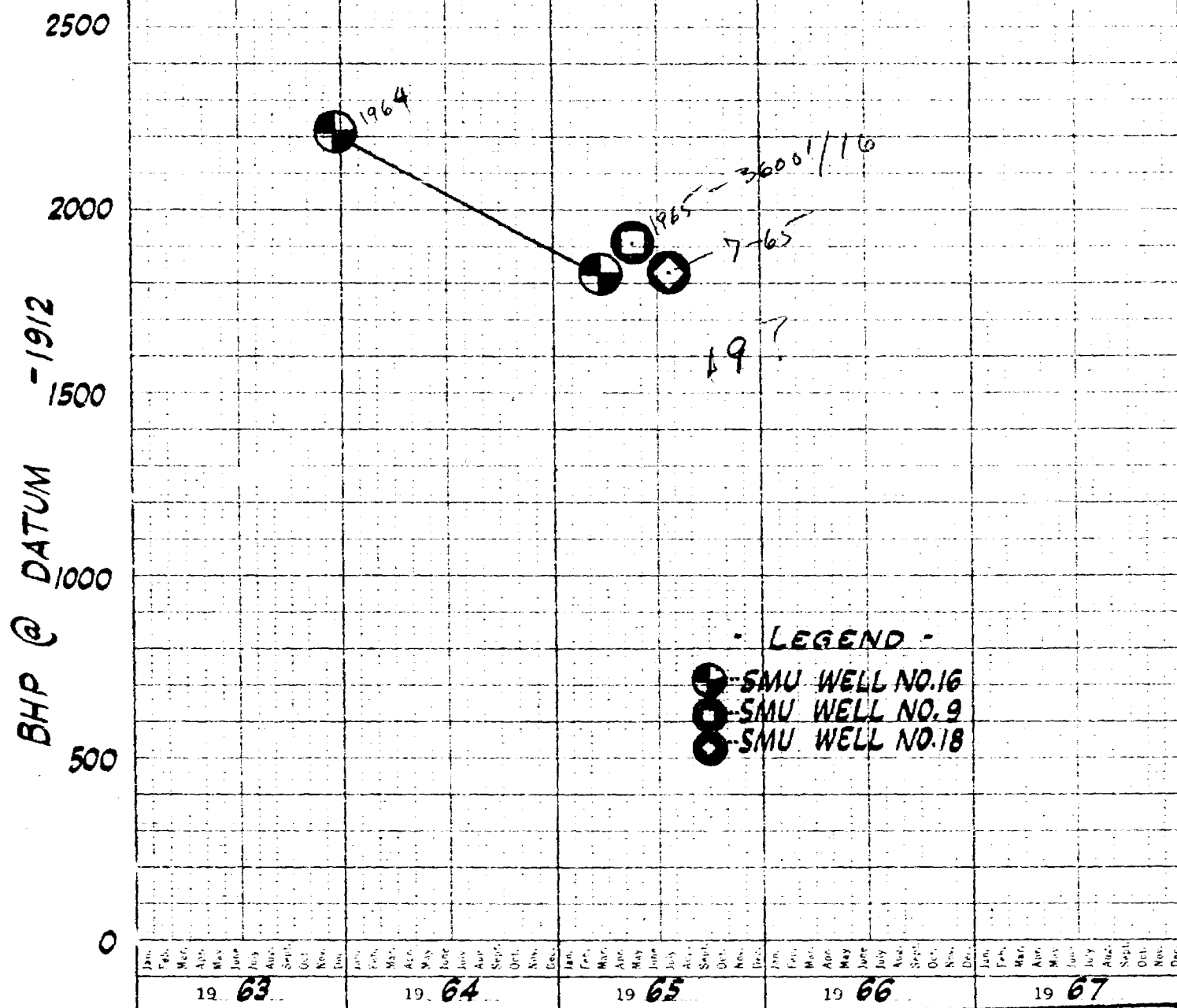
CASE NO. 3002

PRODUCTION DATA
FOWLER LOWER Paddock POOLS
LEA COUNTY, NEW MEXICO

<u>Year</u>	<u>Month</u>	<u>Oil Bbls.</u>	<u>Water Bbls.</u>	<u>Gas MCF</u>	<u>GOR</u>
<u>SMU No. 9</u>					
1965	April	172			
	May	929			
	June	854		767	826
	July	826		715	837
	August	731		450	545
	September	679		435	595
	October	723		504	742
	November	720		990	1369
	December	1053		1086	1508
				1182	1123
1966	January	730		1124	1540
	February	515		588	1142
	March	795		1804	2269
<u>SMU No. 18</u>					
1965	August	689			
	September	690			
	October	461	69	4868	7055
	November	461	69	9562	20742
	December	341	5	10493	22761
				11425	33504
1966	January	236	23	9523	40552
	February	167	17	4984	29844
	March	257	258	15293	59506
<u>SMU No. 19</u>					
1966	January	537	200	1342	2499
	February	379	150	703	1855
	March	584	216	2157	3693
<u>SMU No. 16</u>					
1964	May	112			
	June	107		10546	
	July	136		17667	
	August	70		28446	
	September	153		33436	
	October	51		22885	
	November	18		14571	
	December	57		20293	
				27665	
1965	January	14		22074	
	February	52		26592	

<u>Year</u>	<u>Month</u>	<u>Oil Bbls.</u>	<u>Water Bbls.</u>	<u>Gas MCF</u>	<u>GOR</u>
1965	March	36		23040	
	April	4		24934	
	May	21		25948	
	June	7		20230	
	July			16179	
	August			23134	
	September			27237	
	October	15		24757	
	November	12		19870	
	December	3		25436	
1966	January			18847	
	February	30		22963	
	March	33		22378	

Bottom Hole Pressure Data
Fowler-Lwr. Paddock - Pool
Lea County, New Mexico
BHP @ DATUM - 1912



BEFORE EXAMINER UTZ

OIL CONSERVATION COMMISSION

Pan Am's EXHIBIT NO. 5

CASE NO. 3002 (5-1-68)

SPECIAL RULES AND REGULATIONS
FOWLER LOWER PADDOCK POOL

RULE 1. Each well completed or recompleted in the Fowler-Lower Paddock Pool or in the Lower Paddock formation within one mile of said pool, and not nearer to or within the limits of another designated Lower Paddock pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth. *ok*

RULE 2. A gas well shall mean a well producing from within the vertical and horizontal limits of the Fowler Lower Paddock Pool which produces with a producing gas liquid ratio of 50,000 cubic feet of gas or more per barrel of liquid hydrocarbons.

RULE 3. A well producing from within the horizontal and vertical limits of the Fowler Lower Paddock Pool and not classified as a gas well shall be classified as an oil well in the Fowler Lower Paddock Pool.

RULE 4. Each gas well completed or recompleted in the Fowler-Lower Paddock Pool shall be located on a standard unit containing 320 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a single governmental section.

RULE 5. Each oil well completed or recompleted in the Fowler-Lower Paddock Pool shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a single governmental quarter section.

RULE 6. A standard oil proration unit (79 through 81 acres) in the Fowler-Lower Paddock Pool shall be assigned an 80-acre proportional factor of 2.33 for allowable purposes, and in the event there is more than one well on an 80 acre proration unit the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion. The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable in the Fowler-Lower Paddock Pool as the acreage in such non-standard unit bears to 80 acres.

11
12
RULE 7. Acreage dedicated to a gas well in the Fowler-Lower Paddock Pool shall not be simultaneously dedicated to an oil well in the Fowler-Lower Paddock Pool and the dual completion of a well so as to produce gas ~~from~~ *two different* ~~the Fowler-Lower Paddock Gas Pool~~ and oil from ~~the Fowler-Lower Paddock Oil Pool~~ is hereby prohibited. *zones in said pool*

13
RULE 8. Gas liquid ratio tests shall be conducted annually during the month of May on all wells located in and producing from the Fowler-Lower Paddock Pool.

RULE 9. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey, or the following facts exist and the following provisions are complied with:

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
<i>Permit</i> EXHIBIT NO. <u>6</u>
CASE NO. <u>300</u>

(a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.

(b) The non-standard unit lies wholly within a single governmental section and contains less acreage than a standard unit.

(c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

(d) In lieu of Paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 10. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for a non-standard unit comprising a single quarter-quarter section or lot. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 11. Each well completed or recompleted in the Fowler-Lower Paddock Pool shall be located no nearer than 660 feet to the outer boundary of the quarter section and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 12. The Secretary-Director may grant an exception to the requirements of Rule 11 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the re-completion of a well previously drilled to another horizon. All operators offsetting the proposed unorthodox location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

✓ RULE 13. The limiting gas-oil ratio for an oil well shall be 6,000 cubic feet of gas for each barrel of oil produced.

✓ RULE 14. The maximum allowable for a gas well shall be equal to four times the top allowable gas limit for an oil well.

BOTTOM SOIL SAMPLES DATA
FOURTH QUARTER 1965
THE COMMISSION
DATED: -1912- SUGAR

<u>Date</u>	<u>Bottom Soil-In</u>	<u>DRP Q Datum</u>
	SMU No. 16	
12-10-63	75	2214
3-4-65	72	1824
	SMU No. 9	
5-6-65	73	1911
	SMU No. 18	
7-25-65	24	1828

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
Provis EXHIBIT NO. S-A
CASE NO. 3002-

SPECIAL RULES AND REGULATIONS
FOR THE
FOWLER - LOWER PADDOCK GAS POOL

Rules from
Case 2743
R-2425
Dynam p 197

RULE 1. Each well completed or recompleted in the Fowler - Lower Paddock Gas Pool or in the Lower Paddock formation within one mile of the Fowler - Lower Paddock Gas Pool, and not nearer to or within the limits of another designated Lower Paddock pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the Fowler - Lower Paddock Gas Pool shall be located on a standard unit containing 320 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a single governmental section.

RULE 3. The Secretary-Director shall have authority to grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey, or the following facts exist and the following provisions are complied with:

(a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.

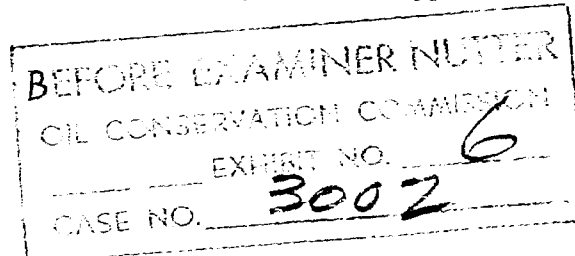
(b) The non-standard unit lies wholly within a single governmental section and contains less acreage than a standard unit.

(c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which any part of the non-standard unit is situated and which acreage is not included in said non-standard unit.

(d) In lieu of Paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if, after a period of 30 days, no such operator has entered an objection to the formation of such non-standard unit.

RULE 4. Each well completed or recompleted in the Fowler - Lower Paddock Gas Pool shall be located no nearer than 660 feet to the outer boundary of the quarter section and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed unorthodox location shall be notified of the application by registered or certified mail, and the application shall state that



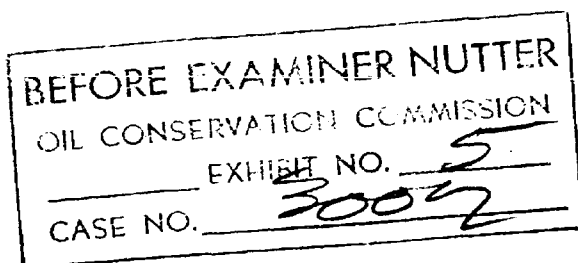
such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

FOWLER LOWER PADDOCK FIELD
ECONOMIC DATA

	<u>160 ACRES</u>	<u>320 ACRES</u>
RESERVES		
Gas, MMCF	1450	2900
Condensate, Bbls.	0	0
PRICE		
Gas, per MCF	\$ 0.15	\$ 0.15
Gross WI Income *	\$190,000	\$380,000
Net WI Income **	\$157,000	\$329,000
Investment	\$ 62,000	\$ 62,000
Profit/Well	\$ 95,000	\$267,000
Payout, Months	32	16
Return on Investment, Ratio	1.53	4.31

* 12.5 Percent Royalty

** Less taxes 6.283% and operating expense of \$100/well - month.



FOWLER LOWER Paddock FIELD
RESERVES

Net Pay, Feet	19
Porosity, %	9
Connate Water Saturation, %	30
Reservoir Temperature, °F	96
Gas Gravity	0.669
Initial Reservoir Pressure, psi	2227
Abandonment Pressure, psi	213
Gas Reserves, MMCF/acre	9.06

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 4
CASE NO. 3007

*Completion test
1784 MCFD*

FTP 850 gpm

*BHP 2214 @ - 1912
12/10/62*