

BEFORE THE
OIL CONSERVATION COMMISSION
NOVEMBER 19, 1958

IN THE MATTER OF:

APPLICATION OF PAN AMERICAN PETROLEUM CORPORATION, CASE 1552

TRANSCRIPT OF PROCEEDINGS

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BEFORE THE
OIL CONSERVATION COMMISSION
NOVEMBER 19, 1958

IN THE MATTER OF:

Application of Pan American Petroleum Corporation)
for permission to commingle the production from)
four separate leases. Applicant, in the above-)
styled cause, seeks an order authorizing it to)
commingle the production from the Abo formation)
adjacent to the Empire - Abo Pool from the four)
separate State leases hereinafter described:)

E-5461 NW/4 NW/4 Section 2)

B-7244-30 S/2 NW/4, NW/4 SW/4, and SE/4 SW/4)
Section 2)

Case 1552

B-8814-12 NE/4 SW/4 Section 2)

E-7833 SW/4 SE/4 Section 2)

all in Township 18 South, Range 27 East, Eddy)
County, New Mexico. Applicant proposes to)
separately meter the production from each of)
said leases prior to being commingled.)

BEFORE:

Elvis A. Utz, Examiner.

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: Next case on the Docket will be 1552.

MR. PAYNE: Case 1552, application of Pan American
Petroleum Corporation for permission to commingle the production
from four separate leases.

MR. BUELL: May it please the Examiner, my name is Guy
Buell with Pan American Petroleum Corporation. We will have one
witness for this case, Mr. Currens, who has previously been
sworn.

MR. PAYNE: Let's swear him for this case, too.

(Witness sworn)

DANIEL R. CURRENS

the witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. BUELL:

Q State your full name, by whom you are employed, in what capacity and at what location, please?

A Daniel R. Currens. I'm employed by Pan American Petroleum Corporation as a Petroleum Engineer at Roswell, New Mexico.

Q Mr. Currens, you have testified at prior Commission hearings and your qualifications as a Petroleum Engineer are a matter of public record, are they not?

A Yes.

MR. BUELL: Are the witness' qualifications acceptable?

MR. UTZ: They are acceptable.

Q (By Mr. Buell) I direct your attention to what has been marked as Pan American's Exhibit 1. What does this reflect?

A Exhibit 1 is a plat showing the area covered in this application and the surrounding area, showing the leases involved in the application outlined in various colors and showing wells, Abo wells, in this immediate area encircled in orange.

Q All the acreage that is involved in this application, is that all State land?

A Yes, sir, it is.

Q Only one royalty owned by the State?

A Yes, sir.

Q Would you point out on Exhibit 1 and locate for the record the various tracts involved in this application?

A Yes, sir. Outlined in red here we show a 40-acre tract which is the northwest quarter of the northwest quarter of Section 2. Outlined in green is another lease which is the south half of the northwest quarter of the northwest quarter of the southwest quarter, and the southeast quarter of the southwest quarter of Section 2. Outlined in orange is a 40-acre lease which is the northeast quarter of the southwest quarter of Section 2. Outlined in blue is a fourth lease which is the southwest quarter of the southeast quarter of Section 2. All of these are in Township 18 South, Range 27 East.

Q Mr. Currens, on the acreage in question, how many Abo completed wells do we have?

A One.

Q Actually right at this time commingling is not a problem that we are facing today?

A Not immediately; not right today, no, sir.

Q You feel that is it is practical to request commingling authority at this time even though we only have one completed Abo well?

A Well, we are at an early stage of development in this

area. We have four wells drilling on the Abo now. Two of these are on acreage involved in this application. One of these is on a separate lease.

Q So, actually, the approval by the Commission of this request at this time would obviate the necessity of installing temporary tankage as these wells are completed?

A Yes, sir.

Q Actually, what type battery do you have at the completed well now?

A Just temporary facilities there now. We have a single 400-barrel tank at this time.

Q Mr. Currens, I direct your attention now to what has been marked as Pan American Exhibit Number 2. What does that exhibit reflect?

A Exhibit Two is a schematic drawing of the installation along the line that we would use in building a common battery for these four leases. It is very similar to the installation we now have in use on a Federal lease just south of here in Section 11.

Q All right, sir, would you as briefly as possible describe what the schematic diagram reflects?

A Well, possibly we could do that by tracing a flow line into the battery. Let's take this one here (indicating) coming in from the top of the exhibit on the left, trace it down, and let's just take our present well there, the AR -- call it "AR"

for simplicity -- we'd have a line coming in here to the separator for that particular lease through the meter where production, after being metered, could either be routed through normal fill lines or special test facilities into the storage tanks; or, as an alternative, the production could come down the normal lease facilities down the meter into a prover tank and go into a calibration, a testing of the meter, from that prover tank into the storage tank, regular storage tanks, or, as a separate route, it could come down, not go into the normal metering facilities, but go through special test facilities to the test separator, the test meter, and, after going through that test meter, could either be routed directly into the storage tanks or through the prover tank into the storage tanks. I believe that covers it.

Q Will oil separation and treatment, if any, take place ahead of the meter?

A Yes, sir.

Q And production from each individual lease will be separately metered?

A Yes, sir, prior to the time of commingling.

Q What type of meter is contemplated to be used?

A Proof volume type meter.

Q Is that the same type meter currently being used in common batteries to the south that you mentioned a moment ago?

A Yes, sir, that is correct.

Q Have those meters proven themselves accurate and reliable?

A We've been well satisfied with them, yes, sir.

Q Mr. Currens, I believe you stated that only one royalty owner was involved?

A Yes, sir, that's correct.

Q Have they been advised of our proposed plans which have been submitted here today to the Commission?

A Yes, sir.

Q Have they signified agreement?

A Yes, sir, I have a copy of a letter from the Commissioner of Public Lands who says it is satisfactory with this office for your company to commingle production from any State oil and gas leases including any portion of Section 2.

MR. BUELL: May we have that exhibit marked as Exhibit 3, Mr. Examiner?

MR. UTZ: Yes.

(Marked Pan American Exhibit 3 for identification.)

Q (By Mr. Buell) Mr. Currens, in your opinion, if the Commission approves our application here today, will the correlative rights of all the parties of interest be protected?

A I believe so. We are metering the production separately from the individual leases before we commingle with any other, or we will do it.

Q All right, sir, with reference to prevention of waste, would approval of this application be a conservation measure?

A I believe we should have a longer economic life in instituting centralized facilities of this sort; therefore, we should have a lower economic limit to individual wells and thereby possibly produce more oil because we can produce longer.

MR. BUELL: Mr. Examiner, that's all the direct testimony we have. I would like to formally offer at this time Exhibits 1, 2 and 3.

MR. UTZ: Without objection they will be received. Are there questions of the witness?

MR. FISCHER: Yes.

MR. UTZ: Mr. Fischer.

CROSS-EXAMINATION

BY MR. FISCHER:

Q Now, Mr. Currens, did you site the two drilling wells in the subject acreage?

A Yes, sir, shown by circles, one in the tract outlined in blue designated "AS". You see a circle in the center there, which is a 660 from the south and 1980 from the east of Section 2. Those may not be quite the exact footages; they are very close. The other one is designated "AT" and is in the northwest quarter of the southwest quarter of Section 2.

Q The one outlined in blue in that acreage, it is Number One, is that right?

A Yes, sir, that would be the State "AS" Number One.

Q And the one in the northeast quarter of the southwest

quarter of Section 2.

Q What is that number?

A The northeast quarter, that "AT" --

Q Northwest quarter.

A The northwest quarter of the southwest quarter marked "AT", that would be State "AT" Number One.

Q And to the northwest of that circle is a temporarily abandoned well?

A Yes, sir. That is 416 feet. I'm not certain whether it is temporary or permanently abandoned.

Q Could you tell me, or tell the Commission, the location of the present battery in the subject acreage?

A Well, it's on the southeast quarter of the southwest quarter of Section 2 by the State "AR" Number One. It's on that 40-acre tract.

Q Malco will be piping this oil?

A Right now we are trucking, but that's our future plans, yes, sir.

MR. FISCHER: Thank you.

MR. UTZ: Any other questions?

EXAMINATION BY MR. PAYNE:

Q Are any of these leases within the defined limits of the Empire-Abo Pool?

A I don't believe they are now within those limits. We have one Abo well. I feel pretty good about the two we are

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

November 28, 1958

C
O
P
Y

Mr. Guy Buell
Pan American Petroleum Corporation
P.O. Box 1410
Fort Worth, Texas

Dear Mr. Buell:

We enclose a copy of Order R-1292 and R-1295 issued November 26, 1958, by the Oil Conservation Commission in Cases 1552 and 1551, respectively.

Please note that these orders require that each meter installed in the subject systems shall be tested for accuracy at intervals and in a manner satisfactory to the Commission. It will be necessary for you to run a series of tests of sufficient duration to determine that the meters are functioning properly immediately following installation. Thereafter, tests should be made at intervals not to exceed one month and a report of said calibration filed with the Commission. The meters shall be calibrated against a master meter or against a test tank of measured volume.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bp
Encls.

CC-C. L. Kelley (encls.)