

EXHIBIT

PAN AMERICAN PETROLEUM CORPORATION
PROPOSAL TO COMMINGLE WITHOUT PRIOR
METERING PRODUCTION FROM THE
DENTON (DEVONIAN) AND DENTON (WOLFCAMP)
RESERVOIRS ON PAN AMERICAN'S
W. H. FORT "A" LEASE
SE/4 SEC. 25, T-14-S, R-37-E, LEA COUNTY, NEW MEXICO
NEW MEXICO OIL CONSERVATION COMMISSION
EXAMINER HEARING CASE NO. 2107
OCTOBER 19, 1960

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. _____
CASE NO. _____

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 44
CASE NO. 2107

CONTENTS

A. General

B. Discussion of Flow Diagrams which show manner
in which wells will be produced and tested.

GENERAL

Pan American Petroleum Corporation respectfully requests that the New Mexico Oil Conservation Commission grant an exception to Statewide Rule No. 303(a) to permit commingling without prior metering of production from the Devonian and Wolfcamp Reservoirs underlying its W. H. Fort "A" Lease in the Denton Fields of Lea County, New Mexico. The Fort Lease is located in the SE/4 of Section 25, T-14-S, R-37-E, and is in the northeastern portion of the Denton Fields as shown on Attachment I.

There are two wells on the Fort "A" Lease which are presently completed in the Devonian reservoir. Well No. 1 produces approximately 17 BOPD plus 11 BWPD. Well No. 2 has been shut-in due to an uneconomical producing rate from the Devonian. Upon approval of this application, Pan American will request through regular channels, Commission authorization to recomplete Well No. 2 in the Wolfcamp reservoir.

Granting of this application will permit use of existing hydraulic lift equipment and battery equipment thereby resulting in a savings of approximately \$24,000.

PROVISIONS FOR PRODUCING AND FOR TESTING WELLS SEPARATELY

Attachments II, III, and IV show diagrammatically the existing power oil manifold now on the W. H. Fort "A" Lease and additional facilities which Pan American proposes to install to permit periodic testing of the two wells individually.

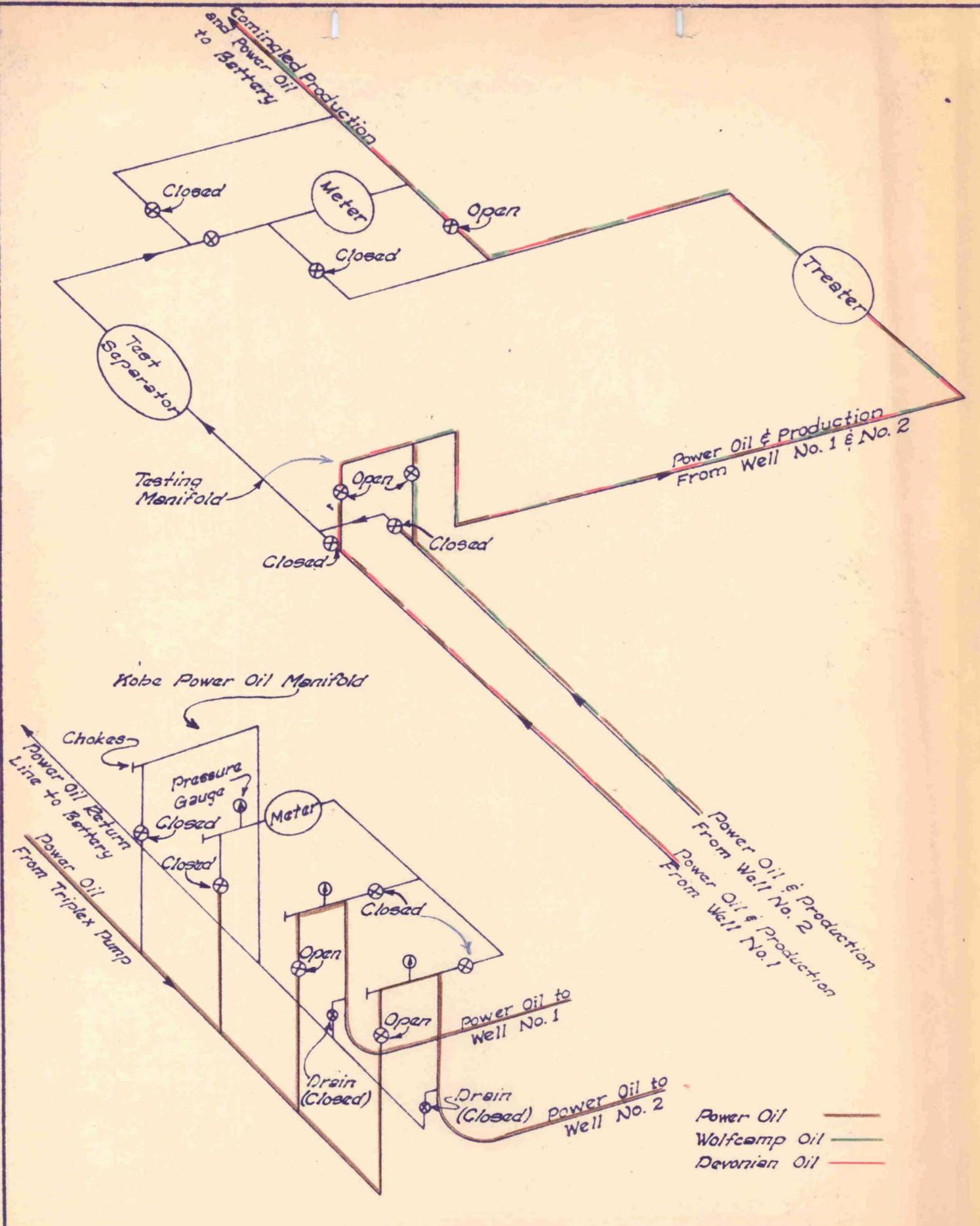
Attachment II indicates the flow of power oil and production oil through these manifolds under normal producing operations. No meters will be in operation under these conditions and the volume of commingled production will be determined by tank gauging.

Attachment III shows the flow of power oil and production oil through these manifolds when Well No. 1 is being tested to determine Devonian production. Test production will be determined by subtracting the metered volume of input power oil from the volume of power oil - production oil indicated by the test meter. No correction for BS&W will be required since the returning power oil and production oil will pass through the treater prior to being metered.

Attachment IV shows the flow of power oil and production oil through these manifolds when Well No. 2 is being tested to determine Wolfcamp production. To determine test production, input power oil will be metered and subtracted from the volume of power oil - production oil indicated by the test meter. A correction for BS&W will be made if necessary.

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NEW MEXICO OIL CONSERVATION COMMISSION
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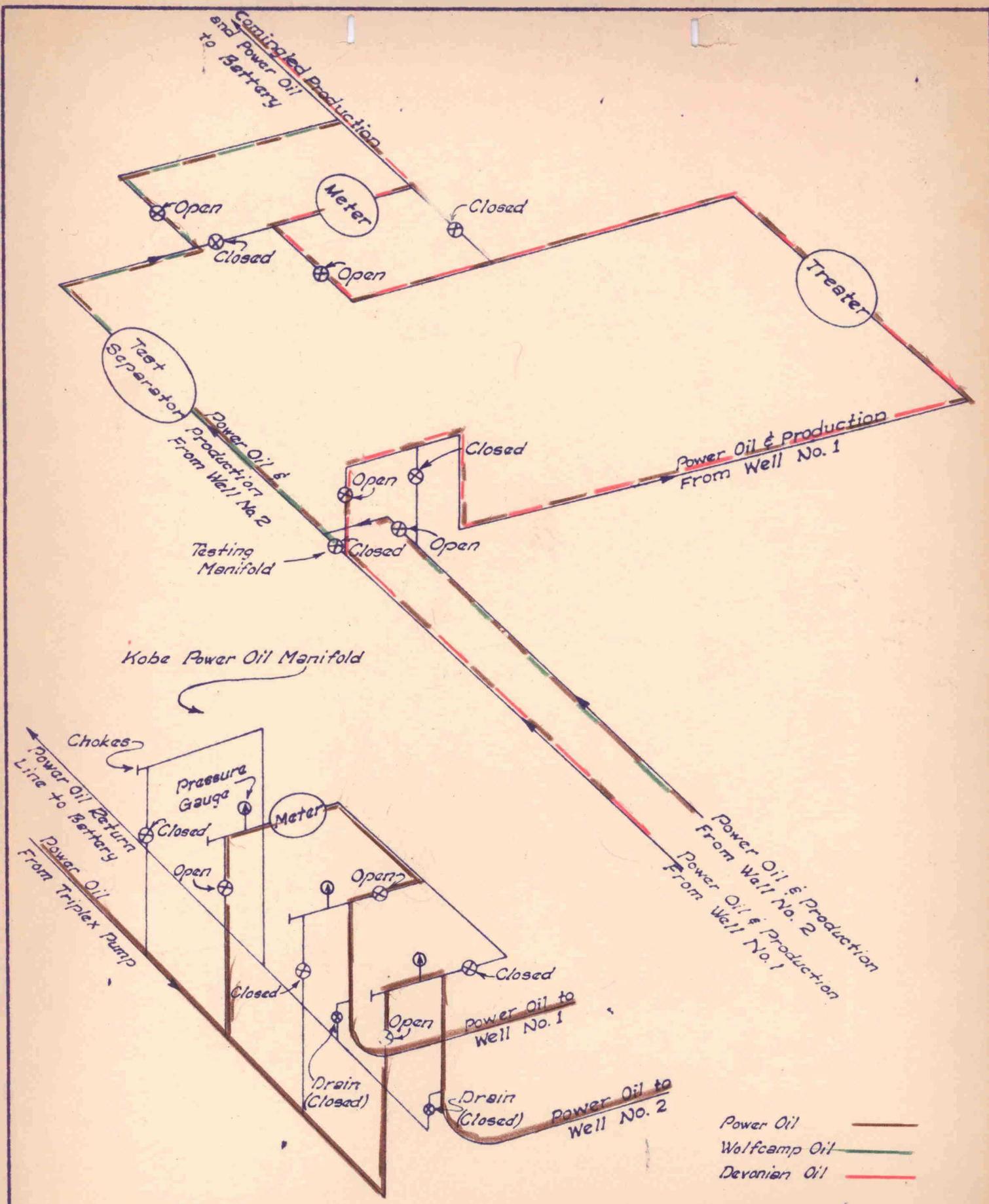


PAN AMERICAN PETROLEUM CORPORATION

SCALE:

SCHEMATIC FLOW PATTERN WHILE PRODUCING NORMALLY WITHOUT TESTING

DRG. ATTACHMENT
No. II

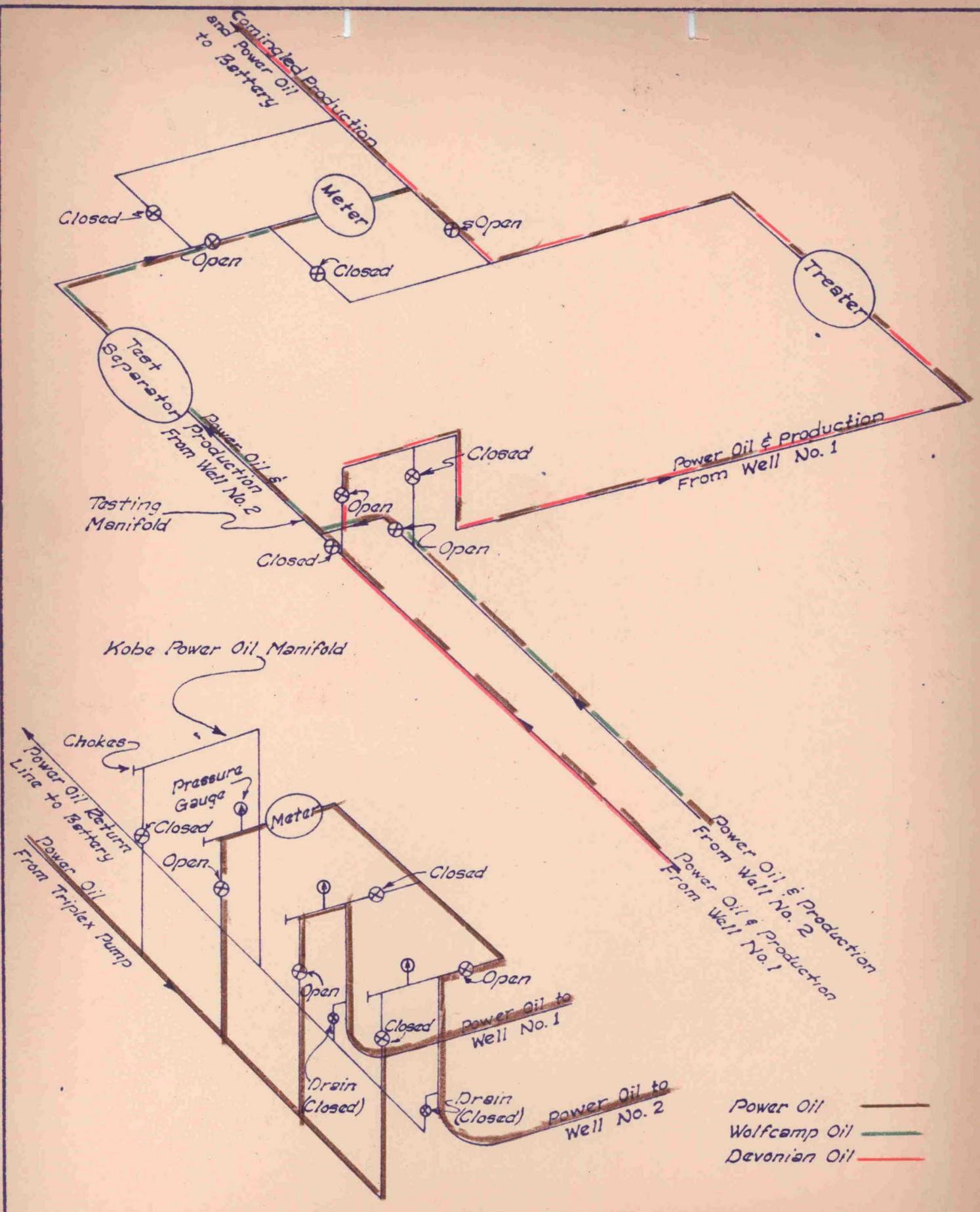


PAN AMERICAN PETROLEUM CORPORATION

SCALE:

SCHMATIC FLOW PATTERN WHILE TESTING WELL No. 1 (DEVONIAN)

DRG. ATTACHMENT
No. III



PAN AMERICAN PETROLEUM CORPORATION

SCALE:

SCHEMATIC FLOW PATTERN WHILE TESTING WELL NO. 2 (WOLFCAMP)

DRG. ATTACHMENT
NO. IV



SHELL OIL COMPANY

P. O. Box 845
Roswell, New Mexico

October 4, 1960

Subject: Pan American Petroleum
Corporation's Request for
Exception to Statewide Rule
No. 303-A

RECEIVED	
Lubbock State Office	
OCT 6 1960	
1	OS
2	CS
	DC
CDF	
WSS	

wgs has file

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

Gentlemen:

In reply to your letter of September 27, 1960, this is to advise that Shell Oil Company has no objection to your request for exception to Statewide Rule No. 303-A permitting you to commingle production from the Devonian and Wolfcamp formations without prior metering on your W. H. Fort "A" Lease located in the SE/4, Section 25, T-14-S, R-37-E, Lea County, New Mexico.

Yours very truly,

R. L. Rankin
Division Production Manager

cc: New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico



SINCLAIR OIL & GAS COMPANY

PO BOX 1470

MIDLAND, TEXAS

MU 3 276

R. L. ELSTON
VICE PRES. & DIVISION MANAGER

October 13, 1960

C. S. CAMPBELL
ASSISTANT DIVISION MANAGER

F. S. TINKLER
DIVISION EXPLORATION SUPT.

M. E. FORD
DIVISION PRODUCTION SUPT.

F. W. ROGERS
DIVISION GAS & GAS PRODUCTS SUPT.

New Mexico Oil Conservation Commission
Post Office Box 871
Santa Fe, New Mexico

Gentlemen:

We have been advised by Pan American Petroleum Corporation that they are requesting an exception to State-wide Rule 303-A to permit the commingling without prior metering of production from the Denton Devonian and Denton Wolfcamp reservoirs, Lea County, New Mexico, on their W. H. Fort "A" lease, located in the SE/4 of Section 25, T-14-S, R-37-E.

Sinclair Oil & Gas Company has no objection to the granting of the above described application and hereby waives their right to notice and hearing on same.

Yours very truly,

J. Mefford

JM:EMA:lw

Orig. & 3 cc: Pan American Petroleum Corporation
Post Office Box 268
Lubbock, Texas
Attn: Mr. Neil S. Whitmore

Attachment VI

DRAFT
OCTOBER 20

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. 2107
Order No. R-1809

APPLICATION OF PAN AMERICAN
PETROLEUM CORPORATION FOR
PERMISSION TO COMMINGLE THE
PRODUCTION FROM TWO SEPARATE
POOLS, LEA COUNTY, NEW MEXICO.

*Done
10/20
[Signature]*

*ASP
10/21*

[Signature]

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 19, 1960, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this _____ day of October, 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, is the owner and operator of the W. H. Fort "A" Lease comprising the ~~SE/4~~ ^{SE/4} of Section 25, Township 14 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks permission to commingle the Denton (Devonian) Pool production with the Denton (Wolfcamp) Pool production from two wells located on the above-described W. H.

Fort "A" Lease, both of which are presently completed in the Devonian formation and one of which is to be recompleated in the Wolfcamp formation.

(4) That the ~~two~~ wells from which the production is proposed to be commingled ~~are~~ ^{is a} both marginal wells ~~and~~ ^{is a} that ~~the~~ ^{is a} ~~above-described~~ ^{is a} said W. H. Fort "A" Lease

(5) That the ownership of the ~~above-described~~ lease is common at all depths.

(6) That approval of the subject application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

That the applicant, Pan American Petroleum Corporation, be and the same is hereby authorized to commingle the Denton (Devonian) Pool production with the Denton (Wolfcamp) Pool production from two wells on the W. H. Fort "A" Lease, comprising the ^{SE/4} ~~NE/4~~ of Section 25, Township 14 South, Range 37 East, NMPM, Lea County, New Mexico,

PROVIDED HOWEVER, That the applicant shall notify the Commission's Santa Fe Office in the event that either well on the subject lease becomes a top allowable well in either producing zone, at which time this case may be reopened.

PROVIDED FURTHER, That the applicant shall install adequate facilities to permit the testing of all wells on the said W. H. Fort "A" Lease at least once each month to determine the individual production from each well.

~~IT IS FURTHER ORDERED:~~

~~That all meters used in the above-described automatic custody transfer system shall be operated and maintained in such a manner as to ensure an accurate measurement of the liquid hydrocarbon production at all times.~~

~~That meters shall be checked for accuracy at least once each month until further direction by the Secretary-Director.~~

~~That meters shall be calibrated against a master meter or against a test tank of measured volume and the results of such calibration filed with the Commission on the Commission form entitled "Meter Test Report."~~

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

LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE

ATTACHMENTS

- I. Map of Denton Fields showing location of Pan American - W. H. Fort "A" Lease, Well to be recompleted, and Devonian and Wolfcamp wells on offsetting leases.
- II. Schematic Flow Diagram showing flow on lease while producing normally without testing.
- III. Schematic Flow Diagram showing flow on lease while Well No. 1 is being tested.
- IV. Schematic Flow Diagram showing flow on lease while Well No. 2 is being tested.
- V. Photostatic copy of Waiver of Objection from Shell Oil Company.
- VI. Photostatic copy of Waiver of Objection from Sinclair Oil and Gas Company.