

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
May 24, 1961

EXAMINER HEARING

IN THE MATTER OF:

CASE 2291

TRANSCRIPT OF HEARING

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
May 24, 1961

EXAMINER HEARING

IN THE MATTER OF: :

CASE 2291 Application of Pan American Petroleum Corpora- :
tion for an exception to Rule 303 (a), Lea :
County, New Mexico. Applicant, in the above- :
styled cause, seeks permission to commingle, :
prior to measurement, the Paddock, Brunson :
and Wantz-Abo pool production from all wells :
on its Hugh Corrigan Lease, comprising the :
NE/4 SE/4 of Section 33, Township 21 South, :
Range 37 East, Lea County, New Mexico, and to :
allocate production to each well in each pool :
on the basis of periodic well tests. :
: :

BEFORE:

Elvis A. Utz, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

MR. UTZ: The Hearing will come to order, please.

We will call Case No. 2291.

MR. MORRIS: Application of Pan American Petroleum Corpora-
tion for an exception to Rule 303 (a), Lea County, New Mexico.

MR. NEWMAN: Kirk Newman, Atwood and Malone, Roswell, New
Mexico, representing the Applicant. We have one witness.

MR. UTZ: Are there any other appearances in this case?

You may proceed.

(Witness sworn.)

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



CHARLES C. BIRNIE,

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

DIRECT EXAMINATION

BY MR. NEWMAN:

Q Would you state your name and employment, please, sir?

A Charles C. Birnie, Pan American Petroleum Corporation.

Q Have you previously testified before this Commission?

A No.

Q Would you state briefly your educational and professional background?

A I received a B.S. degree in petroleum engineering from the New Mexico Institute of Mining and Technology. I have been employed since June of 1957 with Pan American Petroleum Corporation as an engineer, a petroleum engineer.

Q You worked the southeastern New Mexico area during your term of employment?

A Yes.

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

MR. UTZ: Yes, they are.

Q (By Mr. Newman) Would you explain to the Commission the nature of this exhibit which we will offer?

A On the right side we have Attachment No. 1, which is an ownership map showing in red, outlined in red, the Hugh Corrigan Lease.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



Q What is on the right side of this?

A Also on the right side is Attachment 2, a schematic drawing of the proposal for commingling the production on this lease.

Q What is on the left side?

A On the left side is general information which will be presented in testimony before the Commission.

Q Briefly, what do you propose by this application?

A We propose to commingle without metering the production from the three horizons on the Hugh Corrigan Lease. These are marginal wells.

Q What pools are they from?

A The Brunson, Paddock, and Wantz-Abo.

Q Would you state to the Commission in detail what is shown on Attachment No. 1 of the Exhibit?

A Attachment No. 1, outlined in red, is the Hugh Corrigan Lease. The green blocks indicate the Hugh Corrigan Well No. 1 which is from the Paddock. The Brunson in blue dots is a dual completion from the Wantz-Abo on the Hugh Corrigan No. 2. The rectangle southwest of the two subject wells shows the location of the present tank battery which will be used in the proposed commingling.

Q What is the legal description of the Hugh Corrigan Lease?

A The northeast quarter of the southeast quarter of Section 33, Township 21 South, Range 37 East.

Q What is the present nature of production from the various pools that comprise this area?



A As shown on the attachment, the Abo on 4-12-61 flowed 44 barrels oil per day for a gas-oil ratio of 6,747. It has a present allowable of 24 penalized, and top allowable for this pay is 82 barrels oil per day. A Ellenburger on the 5-17-61 flowed 28 barrels oil per day with a GOR of 18,300. The requested allowable was 9 penalized, top allowable, 82. The Paddock on 3-27-61 flowed 22.2 barrels oil per day, GOR, 2,400; allowable is 23, top allowable 47.

Q Your test figures for a twenty-four hour test: 44, 28, 22.2 barrels, does that reasonable accurately reflect the present producing capacity of these wells?

A It does.

Q Is it possible that any of these wells have a greater capacity now than at the time of these tests?

A It is very doubtful.

Q How about in connection with the Ellenburger?

A The Ellenburger prior to the time it was worked had a 3 penalized allowable. Now we have requested a 9 penalized allowable for it.

Q Are all of these wells in declining stages of production?

A They are.

Q What is the ownership of the Hugh Corrigan Lease relative to working interest and to royalty?

A The working interest is in Pan Am. And the royalty in the three horizons is identical.

Q Is it fee land?



A Yes.

Q Would you refer to Attachment No. 2, the schematic drawing of the proposed installation and explain that attachment to the Commission?

A Our proposal is to commingle the three horizons. These three wells will be brought into a header and there they will be commingled and passed through the treater as shown by the red lines and then into the storage facilities. There is a manifold where each or any of the individual wells may be diverted to the test line where it will go through a test separator into the first tank which will be used for testing the well.

Q So that each well can be tested separately?

A They can.

Q How do you propose to allocate production from these three separate pools since there is no metering prior to commingling?

A By periodic well tests.

Q You'll make such tests as are required by the Commission?

A Yes.

Q What happens to the gas? You mentioned the high GOR penalized allowable. What will happen to the gas?

A It will also be allocated on the basis of the tests.

Q If commingling is permitted, what impact will that have on the value of the value of the commingled product as opposed to the uncommingled product?

A As shown on Attachment, on the third sheet at the left



side, the production based on current allowable will be 24 barrels, 24 gravity oil from the Abo, 9 barrels of 40 gravity from the Ellenburger. The value of the uncommingled production will be approximately \$162.44 today; the value of the commingled production will be \$163.52 a day. This will represent an increase of income of \$1.08 per day by commingling. Also, as a result of commingling, we will eliminate one existing 500 barrel tank. We will also eliminate the installation of an additional 500 barrel tank which will be required. Also, two separators will be salvaged as a result of this.

Q Would correlative rights in any way be adversely affected by the granting of this application?

A No, since they are all one ownership, one royalty owner.

Q Was this exhibit prepared by you or under your direction?

A It was.

MR. NEWMAN: We would like to offer Pan American Exhibit 1 with attachments in evidence.

MR. UTZ: Without objection, Pan American Exhibit 1 with attachments will be entered into the record.

Q (By Mr. Newman) Do you have any further remarks in connection with this application?

A No, I don't believe I do.

MR. NEWMAN: That's all the direct.

MR. UTZ:

Q Mr. Birnie, the last progress schedule shows the ability of



the Abo formation to flow 86 barrels per hour with a GOR of 8450.

Is this information from the most recent tests?

A The well has declined considerably. This is a recent completion, a dual completion in the Abo. In March, it produced 2199 barrels of oil. The allowable was 2542 which is about 70 barrels a day and it has further decreased to 44.

Q Did you check this well on this test?

A I believe that it is a capacity test.

Q That capacity is, however, about 20 barrels per day larger than the allowable?

A That's correct.

Q Likewise, on your Ellenburger, is that a capacity test also?

A Yes, sir, that is a capacity test.

Q That is also about 19 barrels higher than your restricted allowable?

A That's correct, but the wells are not capable of producing top allowable.

Q Well, they are not capable of top allowable, but they are capable of producing more than penalized allowable?

A That's correct.

Q So the only formation in this application that would look as though it were true marginal is the Paddock zone which is not capable of producing its restricted allowable?

A That's right.

Q Do you plan to charge back the production on each well



according to periodic well tests?

A On its allowable.

MR. UTZ: That's all. Are there any other questions of the witness?

MR. MORRIS: Yes.

MR. MORRIS:

Q What do you mean by periodic testing?

A We had in mind quarterly tests.

MR. MORRIS: That's all.

MR. UTZ:

Q Under this setup, it would be quite easy to inadvertently flow the Ellenburger and Abo zones to make up production for the Paddock zone, would it not?

A I guess that is correct, yes.

MR. UTZ: Are there any other questions?

MR. MORRIS: I have no further questions.

MR. NEWMAN: I have one more question.

REDIRECT EXAMINATION

BY MR. NEWMAN:

Q If you did inadvertently flow the Ellenburger Abo, would that be reflected in the total gas production as it comes out with higher GOR's?

A That is correct; it would be reflected.

Q If you make increased production from those formations that were not reflected as having been produced from that, would you



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

have to falsify gas production?

A Well, the gas production would be metered to be commingled, so it would be an accurate measurement.

Q If it was accurately measured, it would reflect actual production from high GOR wells?

A That is correct.

Q If you were going to falsify that meter, you could do it whether it was commingled or not?

A That is right.

Q Whether it is commingled doesn't affect that situation?

A That is true.

MR. NEWMAN: That's all we have.

MR. UTZ:

Q Would Pan Am object to setting meters on the Ellenburger and Abo?

A It would be an investment of approximately \$1400.

Q Would that be cheaper than the way you are doing it now?

A No, sir. It would be more expensive.

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

The witness may be excused.

(Witness excused.)

Are there any other statements in this case?

The case will be taken under advisement.



