

*Case 2291*

# PAN AMERICAN PETROLEUM CORPORATION

P. O. Box 268  
Lubbock, Texas  
April 27, 1961

File: JET-4142-986.510.1 x 400

Subject: Exception to State-wide  
Rule 303, Hugh Corrigan Lease,  
Lea County, New Mexico

*- no description*

AIRMAIL

Mr. A. L. Porter, Jr.  
Secretary-Director  
New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Dear Sir:

Pan American Petroleum Corporation respectfully requests that you schedule for an early docket a hearing to consider its application for exception to State-wide Rule No. 303 to permit commingling of production from separate reservoirs under the Hugh Corrigan Lease.

The Hugh Corrigan No. 1 produces from the Paddock formation and the Hugh Corrigan No. 2 is a dual completion producing from the Brunson and the Wantz Abo. All zones are producing at marginal rates. The Brunson Field and the Wantz Abo Field have penalized allowables due to excessive gas-oil ratios. It is proposed that this production be commingled in a common tankage and that production be allocated to the respective reservoirs on the basis of periodic well tests.

*NEW  
SELD  
23-21-67*

Yours very truly,

*A. J. Inderrieden*  
A. J. Inderrieden  
District Engineer

CCB:ak

*W. G. ...  
M. ...*

EXHIBIT

PAN AMERICAN PETROLEUM CORPORATION  
PROPOSAL TO COMMINGLE OIL PRODUCTION  
FROM THE ABO, ELLENBURGER, & PADDOCK POOLS  
FROM ALL WELLS PRESENTLY COMPLETED ON THE  
HUGH-CORRIGAN LEASE

NE/4 SE/4 SEC. 33, T-21-S, R-37-E

LEA COUNTY, NEW MEXICO

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING CASE NO. 2291

MAY 24, 1961

EXHIBIT

PAN AMERICAN PETROLEUM CORPORATION  
PROPOSAL TO COMMINGLE OIL PRODUCTION  
FROM THE ABO, ELLENBURGER, & PADDOCK POOLS  
FROM ALL WELLS PRESENTLY COMPLETED ON THE  
HUGH-CORRIGAN LEASE

NE/4 SE/4 SEC. 33, T-21-S, R-37-E  
LEA COUNTY, NEW MEXICO

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING CASE NO. 2291

MAY 24, 1961

GENERAL

Pan American Petroleum Corporation respectfully requests that the New Mexico Oil Conservation Commission grant an exception to Statewide Rule 303 to permit commingling in common tankage without prior metering of Abo, Ellenburger and Paddock crudes produced on the Hugh-Corrigan Lease located in the NE/4 SE/4 of Section 33, T-21-S, R-37-E.

Well No. 1 produces from the Paddock formation and Well No. 2, a dual completion, produces from the Abo and Ellenburger formations.

The purchaser, Shell Pipeline Company, has verbally agreed to this proposal.

Production will be allocated to the respective reservoirs on the basis of periodic well tests. The attached schematic diagram shows how wells may be individually tested.

Granting of this proposal will: (1) permit salvaging of two storage tanks which are not required on this low capacity lease; (2) permit salvaging of two separators; (3) eliminate a need for oil meters which would cost approximately \$2,100 installed; and (4) eliminate intangible maintenance and depreciation expense on the tanks and separators made surplus.

CCB: ak

DATA REGARDING PROPOSAL  
TO COMMINGLE PADDOCK PRODUCTION  
ON THE PAN AMERICAN HUGH-CORRIGAN LEASE  
BRUNSON, WANTZ ABO AND PADDOCK FIELDS  
LEA COUNTY, NEW MEXICO

Pan American's records indicate no diversity of ownership in the Abo, Ellenburger and Paddock reservoirs under this lease.

Based on the present allowables, this lease will produce 24 barrels of 42° API gravity oil from the Abo reservoir, 9 barrels of 40° API gravity oil from the Ellenburger reservoir and 23 barrels of 36° API gravity oil from the Paddock reservoir per day.

The value of this oil is calculated as follows:

Value of Abo Oil =  $24 \times \$2.95 = \$70.80$  per day

Value of Ellenburger Oil =  $9 \times \$2.95 = \$26.55$  per day

Value of Paddock Oil =  $23 \times \$2.83 = \$65.09$  per day

Value of Uncommingled Production = \$162.44 per day

The Calculated Value of Commingled Production =  
 $56 \times \$2.92 = \$163.52$

The Value of Commingled Production will be \$1.03 per day more than the value of the uncommingled production.

CCB: ak