

PAN AMERICAN PETROLEUM CORPORATION

P. O. Box 480, Farmington, New Mexico
July 18, 1960

File: E-442-400.1 x 986.510.1

Subject: Request for Exception
to No-Flare Rule
John S. Dashko "B" No. 1
Devils Fork Gallup Field

Mr. A. La Porter (2)
Secretary-Director
New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Dear Sir:

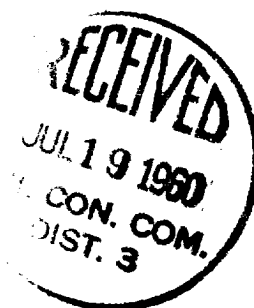
This refers to the completion of Pan American's John S. Dashko "B" No. 1, adjacent to the Devils Fork Gallup Field, on May 28, 1960, as an oil producer. The well location is 990 feet from the south line and 990 feet from the east line of Section 11, T-24-N, R-7-W, Rio Arriba County, New Mexico.

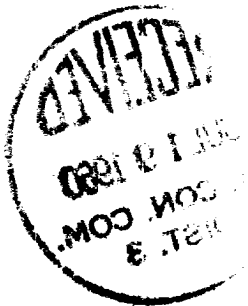
On 24-hour potential test May 29, 1960, the well flowed 319 barrels of 42.7° API gravity oil on 33/64-inch choke with flowing tubing and casing pressures of 125 psi and 720 psi, respectively, and a gas-oil ratio of 583 cubic feet per barrel. Subsequent tests have shown relatively stabilized producing characteristics with the well flowing 113 barrels of oil and 88 MCF of gas in 24 hours through a 12/64-inch choke on the 30 to 60 day after completion test July 10, 1960, with flowing tubing and casing pressures of 275 psi and 890 psi, respectively, and separator pressure of 80 psi, or with a gas-oil ratio of 775 cubic feet per barrel. Allowable assignment for the month of July is 94 barrels of oil per day.

Commission Order No. R-1641-A dated June 10, 1960, establishing temporary special rules and regulations for the Devils Fork Gallup Pool, has a no-flare provision for oil wells completed in this pool which prohibits the venting of casinghead gas at any time after 30 days from the effective date of the order or 60 days after completion of the well, whichever date is later—in the case of the John S. Dashko "B" No. 1, the no-flare date will be July 27, 1960.

In accordance with the other provisions of Order No. R-1641-A regarding administrative application for obtaining exception to the foregoing, it is respectfully requested that Pan American Petroleum Corporation be granted an exception to the no-flare requirement of Rule 7 of the Special Rules and Regulations for the Devils Fork Gallup Pool, for a period not to exceed one year, to permit the venting of gas and continued production of oil from the John S. Dashko "B" No. 1. This request is being made on the basis of the facts and circumstances set out below.

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At the present time there is very little oil development in this area and a low pressure casinghead gas collection system is neither available nor feasible. The only possible gas sales outlet would be connection to a 250 psi gas gathering line 1-1/2 miles to the north serving Ballard Pictured Cliffs wells or to a 480 psi line about the same distance to the east taking gas from Devils Fork Gallup gas wells. A series of tests conducted on the John S. Dashko "B" No. 1 show that the well will not produce satisfactorily against 250 psi separator back pressure; thus, compression facilities would be required for production to a dry gas sales line in the vicinity of the well.

In evaluating compressor requirements, it should be noted that sizing a compressor for low volume delivery is particularly dependent on the volume of gas to be handled. For example, compression facilities adequate for 73 MCF of gas per day, based on present well conditions and the allowable rate of oil production from the John S. Dashko "B" No. 1, would not be suitable for handling gas volumes related to higher gas-oil ratio performance and/or a greater number of wells. Other considerations such as changes in collection or delivery pressures would govern single vs. two-stage compression. Conversely, sizing a compressor for maximum conditions would not permit effective operation at lower volume rates. Therefore, the temporary expedient of utilizing a rental compressor would need to be considered.

Available information indicates that it would be possible to rent a compressor to handle gas from the John S. Dashko "B" No. 1 under present producing conditions for approximately \$375 per month. This is almost twice the value of prospective gas sales and does not consider the additional costs of compressor operation or necessary construction of gathering facilities. It can be seen that the economics of compressor installation are not favorable at the present time. However, in the event economic conditions change, steps can be taken to process and save the casinghead gas from the above and any subsequent wells on Pan American's John S. Dashko "B" lease.

Your early consideration of this request for an exception to the no-flare provision for oil wells completed in the Devils Fork Gallup Pool will certainly be appreciated.

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION

ORIGINAL SIGNED BY

L. O. Speer, Jr.

L. O. Speer, Jr.

Area Superintendent

WJB:en

cc: Mr. E. C. Arnold ✓
NMOCC
Alto, New Mexico

