

Case Number.

4154

Application

Transcripts.

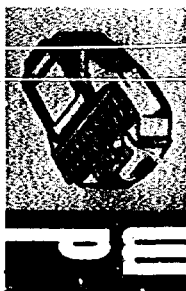
Small Exhibits

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

June 25, 1969

EXAMINER HEARING

IN THE MATTER OF:

Application of Pan American
Petroleum Corporation for a pool
creation and discovery allowable,
Lea County, New Mexico.

Case 4154

BEFORE: ELVIS A. UTZ, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 4154.

MR. HATCH: Case 4154, application of Pan American Petroleum Corporation for a pool creation and discovery allowable, Lea County, New Mexico.

MR. BUELL: For Pan American Petroleum Corporation, Guy Buell. We have one witness, Mr. Wells.

(Thereupon, Applicant's Exhibits 1 through 5 were marked for identification.)

BILL WELLS

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

DIRECT EXAMINATION

BY MR. BUELL:

Q State your name and by whom are you are employed?

MR. UTZ: Excuse me. Is there anybody else who wants to say something in this Case? Are there any other appearances? Proceed.

A My name is Bill Wells. I am employed by Pan American Petroleum Corporation in Fort Worth, Texas, as a Petroleum Engineer.

Q You have testified at previous Hearings before this Commission, and your qualifications as a Petroleum Engineer are a matter of public record, are they not?

A Yes, sir.

Q In connection with your testimony here today, I

wish you would look at what has been identified as Pan American's Exhibit No. 1. What is that exhibit?

A Exhibit 1 is the Commission's form C-109, application for discovery allowable and creation of a new pool. We show on this Exhibit the name of our discovery well, State C Tract 11 Well No. 3, located in Unit R of Section 2, Township 21 South, Range 36 East, Lea County, New Mexico.

Q Most of the data on this exhibit is self-explanatory. Do you have anything that you feel is pertinent enough to call the attention of the Examiner and for the record at this time?

A Yes, sir. There are a few points that I would like to emphasize. Our recommended pool name is the Hardy Blinebry pool. The perforated interval is from 5,702 to 5,985. The well potentialized flowing 218 barrels per day, barrels of oil per day.

Q That was in May of 1969?

A In May of 1969. The nearest comparable production is in the Oil Center Blinebry Pool. The nearest production in this pool is nearly 4,300 feet west of our discovery well.

Q Turning your attention now to our Exhibit No. 2, what is that exhibit?

A Exhibit No. 2 is a Laterolog of the discovery well,

State C Tract 11 Well No. 3. We have shown on this log the top of the Blinebry at approximately 5,712, and the current perforation completion interval.

Q Turning now to Exhibit No. 3, what is that exhibit?

A Exhibit No. 3 is a map showing all wells in an area of about 2 miles radius around our discovery well. We show on this map our discovery well is designated by a large red arrow that is located in the northwest quarter of the southeast quarter of Section 2.

Q Is this a multi-pay area? Do we have production from more than one well?

A Yes, sir, there are four pools producing in this area, the Oil Center Blinebry pool --

Q As you name those, will you state how you have identified the individual wells completed in each of these pools?

A The Oil Center Blinebry is designated by gold coloring around the well. The Eunice-Grayburg San Andres is shown in green. The Eumont-Queen gas pool is shown in brown. And the Eumont-Yates-Seven Rivers is shown in blue.

Q Does this map also reflect the structure of the Blinebry?

A Yes, sir, the map is contoured on top of the Blinebry. All wells which have penetrated the Blinebry in

area are so designated by their respective datum being shown near the wellbore.

Q One engineering or geological method of showing a separate and distinct accumulation of oil and gas from other accumulations of oil and gas is structural separation. Do we have that here as reflected by Exhibit No. 3?

A No, sir, we don't.

Q As a matter of fact, it appears to me that our discovery well is the highest Blinebry well shown on Exhibit 3, is that right?

A Yes, sir, it is. The top of the Blinebry is approximately minus 2,186 in this well.

Q Since we do not have structural separation, what in your opinion is the geological phenomenon that separates our well from the Blinebry well and Oil Center?

A In my opinion, our well is separated from the Oil Center Blinebry pool by a porosity and/or permeability pinch out between the two pools.

Q I notice in the area of our discovery well, between the discovery well and the wells producing and completed in the Oil Center Blinebry, we have other well symbols. Did any of these wells in that area between the two go deep enough to test the Blinebry?

A No, sir, these are Queen and Grayburg wells, which

are above the Blinebry, and they did not penetrate the Blinebry.

Q Is there any ready reference we can make to this map and tell whether or not a well has completely penetrated the Blinebry?

A Yes, sir, the datum of any well penetrating the Blinebry is shown near the well location on the map.

Q I notice a line that connects several wells in the Oil Center Blinebry pool with our discovery well. What is the significance of that line?

A This is a trace of the cross section we have prepared of five logs, four of which are in the Oil Center Blinebry pool, and one of which is our discovery well.

Q Do you have any comments on Exhibit 3?

A No, sir.

Q Let's look at Exhibit No. 4, the cross section. Would you briefly discuss it?

A This Exhibit is a cross section, the trace for which we saw on the previous Exhibit. It contains the log of the four wells in the Oil Center Blinebry pool and our discovery well. It runs from west to east. The four leftmost logs are in the Oil Center Blinebry pool. The log on the right end is the discovery well, our State C Tract 11 Well No. 3.

Q As we see the structure in this area in a cross

sectional view, looking at Exhibit No. 4, do we see generally the same thing that we saw in Exhibit No. 3, that our discovery well is the highest most Blinebry well on this structure?

A Yes, sir, that is true.

Q Are there any other data on this exhibit that are significant from the standpoint of our request for discovery on our well?

A Yes, sir, I would like to make specific points on this. We have shown the completion interval on each well color coated in red. We have also shown the initial potential of each well, and the most recent -- well, actually this is March, 1969 -- producing rate of each well.

Moving from left to right, or west to east, starting with Continental Meyer Federal B-4, Well No. 21, which is in the Oil Center Blinebry pool, we show this well potentialized flowing at 259 barrels per day in 1963, the current producing rate of 57 barrels per day.

Moving to east, we go to the Sun Akens No. 7, with potential flowing 131 barrels per day in 1963. March production was 72 barrels per day.

A little northeast of that well, we come to the Gulf Evans State No. 4, which potentialized flowing only 60 barrels per day, and has a current rate of 5 barrels per day.

The Sun Akens No. 9, the next log on the cross section, potentialled for 68 barrels per day, and now produces about 9 barrels per day.

And, of course, our discovery on the end, potentialled for 218 barrels per day.

Q When we start at the center of the Oil Center Blinebry and go to the east, we encounter diminishing potentials, diminishing a bit to produce, and then all of a sudden we jump in our discovery well, and it has a high potential and a tremendous ability to produce. What significance is that to you as a Reservoir Engineer?

A I feel that this is a good indication of separation between the two reservoirs of some sort of porosity or permeability pinch out between the two.

Q Have you examined the core data available to you, and obtained from wells completed in the Oil Center Blinebry?

A Yes, I have.

Q Was any core data available on our discovery well?

A No, sir.

Q What do these core data that you have examined indicate to you, Mr. Wells?

A From an examination of the cores and looking at the logs on these wells, we feel that the majority of the porosity in the Oil Center Blinebry pool wells is a fractured

type porosity. There is very little distinction between pay quantity as determined from logs. It is hard to tell what kind of well you have from a log, but you can see it on a core.

Q It is difficult to correlate core data with the log?

A Yes, sir, as far as your porosity.

Q Do you have any other comment on Exhibit 4?

A No, sir, I don't.

Q Let's turn now to Exhibit No. 5. What is that exhibit?

A Exhibit 5 is another map of the area of our discovery well. Again our discovery well is designated by a red arrow. We show on this map only Blinebry completions none of the shallower formations are shown here.

Q What do you have posted by each of the Blinebry wells that are in the Oil Center Blinebry pool?

A We have got the March, 1969 daily producing rates shown. We have the cumulative production of each well as of April 1, 1969. And where available, we have the most recent bottomhole pressure as determined for each of the wells.

Q Is the discovery well for the Oil Center Blinebry pool shown on this exhibit?

A Yes, sir, the discovery well for this pool was

the Continental Meyer Federal B-4 Well No. 19, which is located in the southwest quarter of the northeast quarter of Section 4, and is on the extreme lefthand side of our map. We show that the average bottomhole pressure for the Oil Center Blinebry pool taken in this well was 2,296 pounds.

Q That is the original virgin pressure in the Oil Center Blinebry?

A Yes, sir.

Q Did we take an original pressure on our discovery well?

A Yes, sir, we did.

Q What was it?

A 2,290 pounds.

Q Almost identical with the virgin pressure in the Oil Center?

A Yes, sir.

Q Have you averaged all the pressure data available to you, current pressure from wells in the Oil Center Blinebry?

A Yes, sir. As of May, 1969, the average bottomhole pressure on the Oil Center Blinebry was 1,058 pounds.

Q Considerably below the original virgin pressure in the Oil Center, and, of course, below the virgin pressure in our discovery well?

A Yes, some 1,200 pounds below our discovery pressure.

Q Do you have any comment you wish to make on the original pressure in the wells in the Oil Center or their producing status?

A I would like to make a few points on the production rates and cumulatives. Moving from west to east again, Continental Meyer B-4 Federal Well No. 21, located in the northeast quarter of the southeast quarter of Section 4, currently producing about 58 barrels per day, with a cumulative of almost 197,000 barrels of oil production. Moving eastward we move to the Sun Akens No. 7, which is located in the northeast quarter of the southeast quarter of Section 3. This well also produces about 72 barrels per day, with a cumulative of 191,000 barrels of oil.

Moving northeastward a little bit toward our discovery well, we find that the Gulf Evans No. 4 is currently producing about five barrels per day, with a cumulative of only 23,000 barrels of oil.

Southeast of that in the northeast quarter of the southeast quarter of Section 3, the Sun Akens Well No. 9 is now only producing nine barrels per day, after producing a total of only 33,000 barrels of oil. You can see the gradual decline in productivity and cumulative production as you move west to east in this.

Q Mr. Wells, when you encounter, as we did in our discovery well, a virgin pressure, when you analyze producing characteristics of the offset wells such as you have done here, and see the results which you testified to, as a reservoir engineer, what does that indicate to you?

A To me, this is a definite indication of a decrease in pay quantity moving from the center of the Oil Center pool to the east toward our discovery well. And I feel it is an indication of a porosity or permeability pinch out between our discovery well and the Oil Center pool, itself.

Q Actually, it would appear to me the only way you could have more conclusive evidence of porosity and permeability pinch out would be to drill a dryhole that would fit right in the center of the permeability and porosity pinch out?

A Yes. However, we didn't do that.

Q Based on your study in the offsetting Oil Center Blinbry situation, what is your recommendation to the Commissioner today?

A I recommend that the Commission grant us a discovery allowable of, I believe it is 28,510 barrels of oil, and create a new pool, the Hardy Blinbry pool, to include our State C Tract 11 Well No. 3, and the offset wells which we will undoubtedly drill in this area.

Q The amount of discovery, did you calculate that

under the operation of the general rule relating to discovery?

A Yes, Rule 509.

MR. BUELL: We would like to offer our exhibits.

MR. UTZ: Without objection, Exhibits 1 through 5 will be entered into the record of this Case.

(Thereupon, Exhibits 1 through 5 were received in evidence.)

CROSS EXAMINATION

BY MR. UTZ:

Q Referring to your cross section, Exhibit No. 4, I note that the four wells to the west of your well has substantially smaller vertical limits of perforations than your well. Could this have anything to do with the producing capability of these other four wells?

A We consider this, and we don't feel that it does, for several reasons, one of which, as I mentioned from core analysis we feel that majority of our porosity in this Oil Center Blinbry pool is from fractures. We didn't see any evidence of vertical separation over the core interval that we are completed in over in the Oil Center Blinbry pool. So we feel there would be communication up and down the hole between these zones.

Also, we feel that the other operators who are producing these wells at the low rates now and the low

cumulatives have looked at this, and have evaluated the possibility of opening some of these additional zones.

MR. BUELL: Also, Mr. Wells, as the Examiner pointed out, all four of the wells in the Oil Center on this cross section are completed almost identically in the same manner. In other words, all four of them have a smaller vertical interval exposed through perforations?

THE WITNESS: Yes, sir.

MR. BUELL: Yet you see the same tremendous difference in potential on these wells and the ability to produce, as you see in our well and the wells in the Oil Center?

THE WITNESS: We have only shown two of the better wells in the Oil Center on this cross section, but as you mentioned on the two westmost wells, you see a low potential and a relatively high producing rate after a high cumulative production. We don't feel the particular interval has much to do with it.

BY MR. UTZ:

Q Do you have any pressures at all, pressures even two, or three, or four years ago on the Gulf Evans No. 5 and the Sun Akens No. 9?

A No, sir, I don't. I don't have those. Our nearest pressure would be probably to the south and southwest in Section 10, and they seem to be relatively comparable to some

of the pressures in the rest of the pool. I would assume that the low producing rates in the cumulatives -- well, we just don't have any information on the pressure in those two wells.

Q Are there any Blinebry wells to the north, and south, and east of this?

A No, Blinebry completion. There had been some Blinebry tests, or some wells that did penetrate the Blinebry. There is a Blinebry dryhole or well which penetrated the Blinebry located in the northeast quarter of the northeast quarter of Section 2. I think it is the Continental. It is on the Cities Service lease now. It is located in Lot 8. As shown, we have a datum for the top of the Blinebry. I believe by log analysis it was found non-productive. I don't know whether it was drill stem tested or not. I don't believe there was a production test made on it.

Q Northeast of northeast of Section 2?

A Yes, sir, it is about 1,980 from the north, and 650 from the east, something like that. That would be on our Exhibit 2.

Q This is Exhibit 3. It is marked No. 3, anyway. That well didn't go to the Blinebry, then?

A Yes, sir, it did penetrate the Blinebry.

Q That is the only well you know of?

A Well, there are a few more in the area of the map which have Blinebry datum on them. Down in Section 13 to the southeast in the northeast quarter of the Section, there is one well that did penetrate the Blinebry. I don't believe it was tested at all. It is a Queen gas well.

Q That is the well just below your minus 2,310?

A Yes, sir. As far as to the east and north, other than that one dryhole, there are no penetrations of the Blinebry.

Q Is it possible that this could be just a local low permeability area between your well and the Oil Center Blinebry, whereas the pool might go out around it and come back into your pool?

A I don't feel that it is. Referring to our Exhibit 5, which is the pressure cumulative and current producing rate map, we show that down in Section 10 and Section 11, which are south and southwest of our discovery well, we find the same situation through there. For example, in the northeast quarter of the northeast quarter.

Q Well, mine is marked No. 4. Do we have a mix-up here?

MR. BUELL: Exhibit 1 is the Form C-109. Exhibit 2 is the log. Exhibit 3 is the structure map. Exhibit 4 is the cross section. And Exhibit 5, Mr. Examiner, the Exhibit you are looking at I marked it improperly.

MR. UTZ: All right.

A On Exhibit 5 as clarified, in the northeast quarter of the northeast quarter of Section 10, the Humble-Knox Well No. 9 now produces 43 barrels per day, with a cumulative of about 130,000 barrels of oil, which is a decrease from the better part of the Oil Center Blinebry pool.

Moving out of that, Well No. 11, we have a well producing 11 barrels per day, with a cumulative of 68,000 barrels of oil.

To the east of that in Section 11, the Atlantic Catron No. 6 located in the southwest of the northwest, producing 6 barrels per day, with a cumulative of only 19,000 barrels of oil. And this is pretty much the same situation to the south on the Continental State lease, their well No. 13. So we feel that that porosity or permeability pinch out does follow a trend down between our discovery and the Oil Center pool. We can't see any connection of the pools at all.

Q It is your contention then that if there was any connection, your pressure would be lower?

A Yes, sir. And that there probably would be some different producing characteristics at the wells, too.

Q Do you happen to know what the original pressures were in the Oil Center?

A Yes, sir, the original -- I have it for the discovery

well, now. The discovery well in the Continental Meyer B-4 Federal No. 19, the discovery pressure was 2,296 pounds.

Q That is pretty close to 2,290?

A Yes, sir. We had, I believe, a 102 hour buildup to about 2,280, I think it was 2,280, and extrapolated out, it works up to 2,290.

Q And that is the mid-point of your Blinebry pay?

A Yes, sir.

MR. PORTER: That well is currently still producing top allowable for the pool, the original well here with the 2,206 pressure?

THE WITNESS: Yes, sir. 85 barrels per day, I believe, is the top allowable for this pool, and it has a capacity of 110 barrels per day. I am sorry this Oil Center Blinebry is 80-acre spacing, and the top allowable is 149 barrels a day, so it is under top allowable.

MR. BUELL: 85 a day would be top allowable for 40-acre spacing.

MR. UTZ: Any other questions of the witness?

MR. PORTER: I was going to ask in connection with that line of questioning, Mr. Utz, has this generated any activity by Gulf in that section?

THE WITNESS: Gulf is aware of what happened here. We have approached them. Our Well No. 3 is currently, or has been approved as a non-standard 40-acre unit location,

and Gulf was approached for a waiver, so they are aware of this. Whether they have any active development plans, I don't know. I don't know what Gulf's plans are.

MR. PORTER: As far as you know, there is nothing drilling between your well and the Oil Center Blinebry pool?

THE WITNESS: No, sir, I feel quite sure there is nothing drilling now. I know that.

MR. PORTER: How long does it take you to drill one of those wells? About a month?

A No, sir, it wouldn't be that long. Just from the depth, I would estimate two weeks, something on this order. We have had problems on this No. 4.

MR. PORTER: That is all I have.

MR. UTZ: Any other questions? The witness may be excused.

MR. BUELL: That is all we have.

MR. UTZ: Any statements? The Case will be taken under advisement.

I N D E XWITNESSPAGE

BILL WELLS

Direct Examintion by Mr. Buell

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Cross Examination by Mr. Utz

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EXHIBITSMARKEDADMITTED IN
EVIDENCEApplicant's Exhibits 1
through 5

2

13

STATE OF NEW MEXICO)
) SS.
COUNTY OF BERNALILLO)

I, SAMUEL MORTELETTE, Court Reporter in and for
the County of Bernalillo, State of New Mexico, do hereby
certify that the foregoing and attached Transcript of
Hearing before the New Mexico Oil Conservation Commission
was reported by me, and that the same is a true and
correct record of the said proceedings, to the best of
my knowledge, skill and ability.

Samuel R. Mortelette

I do hereby certify that the foregoing is
a complete record of the proceedings of
the hearing of Case No. 4154
heard by me on June 28, 1969.

Samuel R. Mortelette
New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

GOVERNOR
DAVID F. CARGO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

July 8, 1969

Mr. Guy Buell
Pan American Petroleum Corporation
Post Office Box 1410
Fort Worth, Texas 76101

Re: Case No. 4154
Order No. 4155
Applicant: R-3783 and R-3788
Pan American

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x - R-3788
Aztec OCC

Other State Engineer Office (R-3788)

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. 4154
Order No. R-3783

NOMENCLATURE

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR A POOL CREATION AND
DISCOVERY ALLOWABLE, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 25, 1969,
at Santa Fe, New Mexico, before Examiner ELVIS A. Utz.

NOW, on this 7th day of July, 1969, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, 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,
seeks the creation of a new oil pool for Blinbry production in
Lea County, New Mexico, comprising the NW/4 SE/4 of Section 2,
Township 21 South, Range 36 East, NMPM, and the assignment of an
oil discovery allowable in the amount of approximately 28,510
barrels to the discovery well.

(3) That the Pan American Petroleum Corporation State "C"
Tract 11 Well No. 3, located 1980 feet from the South line and
1980 feet from the East line of said Section 2, has discovered
a separate common source of supply which should be designated

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CASE No. 4154

Order No. R-3783

the Hardy-Blinebry Pool; that the vertical limits of said pool should be the Blinebry formation and that the horizontal limits of said pool should be the NW/4 SE/4 of said Section 2.

(4) That the discovery well for the aforesaid pool, Pan American Petroleum Corporation's State "C" Tract 11 Well No. 3, is entitled to and should receive a bonus discovery oil allowable in the amount of 28,510 barrels, based upon the top perforations in said well at 5702 feet, to be assigned over a two-year period.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as an oil pool for Blinebry production, is hereby created and designated the Hardy-Blinebry Pool, with vertical limits comprising the Blinebry formation and horizontal limits comprising the following-described area:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 2: NW/4 SE/4

(2) That the discovery well, Pan American Petroleum Corporation's State "C" Tract 11 Well No. 3, located 1980 feet from the South line and 1980 feet from the East line of Section 2, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby authorized an oil discovery allowable of 28,510 barrels to be assigned to said well at the rate of 40 barrels per day in accordance with Rule 509 of the Commission Rules and Regulations.


(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


ALEX J. ARMILLO, Member


A. L. PORTER, Jr., Member & Secretary


esr/

Case 4154

Heard 6-25-69

Rec. 6-27-69

Grant Pan Am. - the new
Hardy - Blinbury pool consisting
of the NW/4 SE/4 sec. 2 - 20 st
36 E (unit. R) The Popper
are. 5702 or 1.33 Allow factor.
Grant row 28510 Bbl. less
allowable for the well also.

Thurston

Docket No. 18-69

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 25, 1969

9 A. M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 4151: Application of Northern Natural Gas Company for the suspension of certain provisions of Rules 14 (A) and 15 (A) of Order No. R-1670, as amended, of the General Rules and Regulations for the prorated gas pools of Southeastern New Mexico. Applicant, in the above-styled cause, seeks suspension for a period of one year from July 1, 1969, of those provisions of Rules 14 (A) and 15 (A) of the General Rules and Regulations for the prorated gas pools of Southeastern New Mexico promulgated by Order No. R-1670, as amended, that provide, respectively, for the cancellation of unproduced allowable and the shutting-in of over-produced wells. Applicant seeks said suspension for the Blinebry, Eumont, Jalmat, Monument-McKee, and Tubb Gas Pools.

CASE 4152: Application of Anadarko Production Company for an amendment of Order No. R-3628, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3628, which authorized the institution of a waterflood project in the Loco Hills Sand Unit Area, Loco Hills Pool, by the injection of water through certain wells located in Township 18 South, Range 29 East, Eddy County, New Mexico. Applicant seeks to delete 3 injection wells located or to be located in Section 4 of said Township and Range and to substitute in lieu thereof the following 3 wells in said Section 4:

A well to be drilled 2460 feet from the North line and 180 feet from the East line;

A well to be drilled 1980 feet from the South and West lines;

A well to be drilled 10 feet from the South line and 1650 feet from the West line.

Applicant further seeks a procedure whereby other injection wells may be substituted administratively for those previously authorized in order to have an efficient injection pattern.

CASE 4141: (Readvertised)
Application of McCasland Disposal System for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the

Seven Rivers formation in the intervals from approximately 3756 feet to 3851 feet and from approximately 3918 feet to 3939 feet, respectively, in the Getty Oil Company J. H. Day Wells Nos. 1 and 2, both located in the NW/4 of Section 6, Township 22 South, Range 36 East, Jalmat Field, Lea County, New Mexico.

CASE 4153: Application of Amerada Petroleum Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Wolfcamp and Pennsylvanian formations in the interval from approximately 9508 feet to 10,000 feet in its L. W. Ward Well No. 5 located in Unit J of Section 11, Township 13 South, Range 38 East, Bronco-Wolfcamp Pool, Lea County, New Mexico.

CASE 4107: (Continued from the April 23, 1969 Examiner Hearing)
Application of Coastal States Gas Producing Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the West Sawyer-San Andres Pool, Lea County, New Mexico, including a provision for 80-acre spacing and proration units.

CASE 4144: (Continued from the June 4, 1969, Examiner Hearing)
Application of Sam G. Dunn Oil Operations for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from approximately 1910 feet to 1950 feet in its E. Faircloth "C" Well No. 1 located in Unit N of Section 32, Township 7 South, Range 27 East, Acme-San Andres Pool, Chaves County, New Mexico.

CASE 4154: Application of Pan American Petroleum Corporation for a pool creation and discovery allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Blinebry oil pool for its State "C" Tract 11 Well No. 3 located in the NW/4 SE/4 of Section 2, Township 21 South, Range 36 East, Lea County, New Mexico, and for the assignment of an oil discovery allowable in the amount of approximately 28,510 barrels to said well.

CASE 4155: Application of Pan American Petroleum Corporation for an exception to Order No. R-3221, as amended, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico, after January 1, 1969. Said

(Case 4155 continued)

exception would be for the applicant's wells located in Sections 28 and 33, Township 19 South, Range 32 East, Lusk Field, Lea County, New Mexico. Applicant seeks authority to dispose of salt water produced by said wells in unlined surface pits in said sections.

CASE 4156: Application of Jack L. McClellan for an exception to Order No. R-3221, as amended, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil or gas or both, on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, after January 1, 1969. Said exception would be for applicant's wells located in the SE/4 and NE/4, respectively, of Section 13 and 24, Township 15 South, Range 29 East, Sulimar-Queen Pool, Chaves County, New Mexico. Applicant, seeks authority to dispose of salt water produced by said wells in unlined surface pits located in said quarter sections.

CASE 4157: Application of Texaco Inc. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Eunice-Monument Unit Area comprising 1516 acres, more or less, of State and fee lands in Township 20 South, Ranges 36 and 37 East, Lea County, New Mexico.

CASE 4158: Application of Texaco Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Eunice-Monument Unit Area by the injection of water into the Grayburg and San Andres formations through 18 wells located in Section 24, Township 20 South, Range 36 East, and in Sections 19, 20, 21, 29 and 30, Township 20 South, Range 37 East, Eunice-Monument (Grayburg-San Andres) Pools, Lea County, New Mexico.

CASE 4159: Application of Southwestern Natural Gas Company, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill at an unorthodox oil well location 2310 feet from the North line and 1980 feet from the West line of Section 27, Township 15 South, Range 32 East, North Anderson Ranch-Wolfcamp Pool, Lea County, New Mexico.

ATWOOD, MALONE, MANN & COOTER
LAWYERS

505 622-8821
P. O. DRAWER 700
SECURITY NATIONAL BANK BUILDING
ROSWELL, NEW MEXICO
88201

JEFF D. ATWOOD (1883-1960)

CHARLES F. MALONE
RUSSELL D. MANN
PAUL A. COOTER
BOB F. TURNER
ROBERT A. JOHNSON
JOHN W. BASSETT
ROBERT E. SABIN
RUFUS E. THOMPSON

JUN 23 AM 9 15

June 20, 1969

Mr. A. L. Porter, Jr.
Oil Conservation Commission
State Land Office
Santa Fe, New Mexico 87501

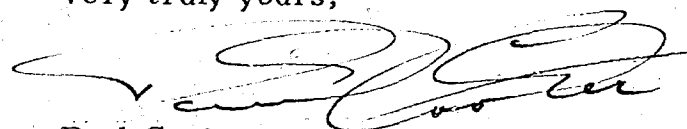
Re: Cases Nos. 4154 and 4155 on the June 25, 1969
Examiner Hearing Docket

Dear Mr. Porter:

Would you please file the enclosed Entry of Appearance in the two captioned cases. The presentation of both cases will be handled by Guy Buell, of Pan American Petroleum Corporation's Fort Worth office.

Appreciating your courtesy, and with our kind regards, we are,

Very truly yours,


Paul Cooter

PC:bc

Encls.

cc: Harry O. Hickman, Jr., Esq. (w/enc.)
Guy Buell, Esq. (w/enc.)

MAIN OFFICE
JUN 23 AM 9 15

BEFORE THE OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

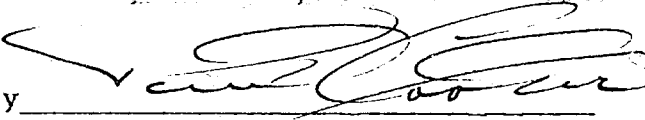
IN THE MATTER OF THE APPLICATION)
OF PAN AMERICAN PETROLEUM COR-)
PORATION FOR AN EXCEPTION TO ORDER) No. 4155
NO. R-3221, AS AMENDED, LEA COUNTY,)
NEW MEXICO.)

ENTRY OF APPEARANCE

The undersigned, Atwood, Malone, Mann & Cooter of Roswell,
New Mexico, hereby enters its appearance in this case as New Mexico
counsel for Pan American Petroleum Corporation.

DATED this 20th day of June, 1969.

ATWOOD, MALONE, MANN & COOTER

By 

P. O. Drawer 700
Roswell, New Mexico 88201

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF PAN AMERICAN PETROLEUM CORPORA-)
TION FOR A POOL CREATION AND DISCOVERY)
ALLOWABLE, LEA COUNTY, NEW MEXICO.)

No. 4154

ENTRY OF APPEARANCE

The undersigned, Atwood, Malone, Mann & Cooter of Roswell,
New Mexico, hereby enters its appearance in this case as New Mexico
counsel for Pan American Petroleum Corporation.

DATED this 20th day of June, 1969.

ATWOOD, MALONE, MANN & COOTER

By 

P. O. Drawer 700
Roswell, New Mexico 88201

UNION

R. W. McFALL
PRESIDENT

TELEGRAM

SYMBOLS

DL=Day Letter

NL=Night Letter

LT=International
Letter Telegram

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOC

(1131).

LA058 NSB216

NS FWA215 EV PDB=FAX FORT WORTH TEX 3 1117A CDT

=NEW MEXICO OIL CONSERVATION COMMISSION=
SANTA F NMEX=

1969 JUN 3 AM 10 41

21 REFERENCE TO OUR STATE "C" TRACT 11 WELL NO 3 LEA
COUNTY NEW MEXICO LETTER FOLLOWS REQUESTING THAT A
HEARING BE DOCKETED ON JUNE 25 TO CONSIDER OUR
APPLICATION FOR DISCOVERY ALLOWABLE FOR THIS WELL. DUE
TO PROXIMITY OF DEADLINE FOR INCLUSION ON JUNE 25TH
DOCKET WE ARE NOTIFYING YOU BY WIRE IN ADVANCE=
D L RAY DIVN ENGINEER= PAN AMERICAN PETROLEUM CORP=

Case 4157

WU1201 (R2-65)

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

APPLICATION FOR DISCOVERY ALLOWABLE AND CREATION OF A NEW POOL

Adopted 3-1-55
FORM C-109NOTE: This form is to be filed and attachments made in accordance with the provisions of Rule 509.
If discovery is claimed for more than one zone, separate forms must be filed for each.

Operator Pan American Petroleum Corporation		Address P. O. Box 1410, Fort Worth, Texas	
Lease Name State C Tract 11		Well No. 3	County Lea
Well Location Unit Letter R ; 1980' Feet from The South Line and 1980' Feet From the East Line of Section 2 , Township - 21-S , Range - 36-E , NMPM			
Suggested Pool Names (List in order of preference) 1. Hardy-Blinebry 2. Turland-Blinebry 3.			
Name of Producing Formation Blinebry		Perforations 5702, 23, 28, 36, 42, 49, 72, 78, 84, 5802', 14, 63, 86, 98, 5949, 64, 85, w/1 SPF	Date of Filing Form C-104 5-22-69
Was "Affidavit of Discovery" Previously Filed For This Well in this Pool? No		If Yes, Give Date of Filing --	Date Well was Spudded 4-12-69
Total Depth 7054'		Plugged Back Depth 6340'	Depth Casing Shoe 7054'
Tubing Depth 5988'		Elevation (Gr., DF, RXB, RT, etc.) 3526' RDB	
Oil Well Potential (Test to be taken only after all load oil has been recovered) 218 Bbls. Oil Per Day Based On 218 Bbl's In 24 Hours; 0 Bbls Water Per Day Based On 0 Bbls In 24 Hours; Gas Production During Test: 405 MCF; Gas-Oil Ratio: 1860 Method Of Producing: Flow Chk. Size: 24/64"			

NEAREST PRODUCTION TO THIS DISCOVERY (Includes past and present oil or gas producing areas and zones whether this discovery is based on horizontal or vertical separation):

Pool Name Eumont Gas	Name of Producing Formation Yates - 7 Rivers	Top of Pay 2650'	Bottom of Pay 3598'	Currently Producing? Yes
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Pool Approx. 2000'		Vertical Distance from Subject Discovery Zone to Producing Interval this Pool 2100'		

NEAREST COMPARABLE PRODUCTION (Includes past and present oil or gas production from this pay or formation only):

Pool Name Oil Center Blinebry - Oil	Top of Pay 5826'	Bottom of Pay 5862'	Currently Producing? Yes
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Comparable Pool Approximately 4300' West			

Is "County Deep" Discovery Allowable Requested for Subject Discovery Well? No	If Yes, Give Name, Location, and Depth of Next Deepest Oil Production in this County --
---	---

Is the Subject Well Multiple Completion? No	Is Discovery Allowable Requested for other Zone(s)? --	If Yes, Name all Such Formations --
---	--	---

LIST ALL OPERATORS OWNING LEASES WITHIN ONE MILE OF THIS WELL (Attach additional sheet if necessary)

NAME	ADDRESS
Gulf Oil Corporation	Box 1938, Roswell, New Mexico, 88201
El Paso Natural Gas Co.	600 Bank of Southwest Bldg., Midland, Tex 79701
Sun Oil Company	Box 1861, Sun Oil Bldg., 901 W. Wall, Midland, Texas 79701
Humble Oil & Refining Co.	Hobbs, New Mexico 88240
Atlantic-Richfield Company	Roswell, New Mexico 88201
Cities Service Oil Co.	Midland, Texas 79701
Continental Oil Company	Hobbs, New Mexico 88240
Shell Oil Company	Box 1509, Petroleum Bldg., Midland, Texas 79701
Texaco, Inc.	Box 3109, 7th Floor Midland Savings, Midland, Tex
Sunray DX Oil Company	1101 Wilco Bldg., Midland, Texas 79701
Two States Oil Co.	530 Wilson Bldg., Dallas, Texas
Amerada Petroleum Corp.	Box 312, 6th Floor Pet. Life Bldg., Midland, Texas 79701

Attach evidence that all of the above operators have been furnished a copy of this application. Any of said operators who intends to object to the designation of the subject well as a discovery well, eligible to receive a discovery allowable, must notify the appropriate District Office and the Santa Fe Office of the Commission of such intent in writing within ten days after receiving a copy of this application.

Remarks:	BEFORE EXAMINER UTZ OIL CONSERVATION COMMISSION PAN AM'S EXHIBIT NO. 1 CASE NO. 4154
----------	---

CERTIFICATION

I hereby certify that all rules and regulations of the New Mexico Oil Conservation Commission have been complied with, with respect to the subject well, and that it is my opinion that a bona fide discovery of a hitherto unknown common source of oil supply has been made in said well. I further certify that the discovery allowable for the subject well, if authorized, will be produced from the subject zone in this well only. Further, that the information given herein and attached hereto is true and complete to the best of my knowledge and belief.

PAN AMERICAN PETROLEUM CORPORATION

OIL AND GAS BUILDING

P. O. BOX 1410

FORT WORTH, TEXAS—76101

June 2, 1969

D. L. RAY
DIVISION ENGINEER

File: GHF-257-986.510.1

Subject: Discovery Allowable,
State C Tract 11 Well No. 3,
Proposed Hardy Blinebry Pool,
Lea County, New Mexico

Case 4154

New Mexico Oil Conservation Commission
Post Office Box 871
Santa Fe, New Mexico 87501

Gentlemen:

Pan American Petroleum Corporation respectfully requests that you docket, at your earliest convenience, a hearing to consider our request for Discovery Allowable for our State "C" Tract 11 Well No. 3 in the proposed Hardy Blinebry Pool, Lea County, New Mexico.

This well was completed in the Blinebry and potentialized flowing 218 BOPD on May 22, 1969. The well is located 1980' FSL and 1980' FEL of Section 2, T-21-S, R-36-E, Lea County, New Mexico.

A completed Form C-109 is attached, and other exhibits as required under Rule 509 will be introduced as exhibits at the requested hearing.

Yours very truly,

D. L. Ray

WCW:jn
Attachments

cc: Mr. Guy Buell
Mr. J. E. York

DOCKET MAILED

Date *6/12/69*

**NEW MEXICO OIL CONSERVATION COMMISSION
APPLICATION FOR DISCOVERY ALLOWABLE AND CREATION OF A NEW POOL**

Form C-109
Adopted 9-1-66

NOTE: This form is to be filed and attachments made in accordance with the provisions of Rule 509.
If discovery is claimed for more than one zone, separate forms must be filed for each.

Case 4154

Operator Pan American Petroleum Corporation		Address P. O. Box 1410, Fort Worth, Texas	
Lease Name State C Tract 11		Well No. 3	County Lea
Well Location Unit Letter R ; 1980' Feet from The South Line and 1980' Feet From the East Line of Section 2 , Township - 21-S , Range - 36-E , NMPM			
Suggested Pool Names (List in order of preference) 1. Hardy-Blinebry 2. Turland-Blinebry 3.			
Name of Producing Formation Blinebry	Perforations 5702, 23, 28, 36, 42, 49, 72, 78, 84, 5802', 14, 63, 86, 98, 5949, 64, 85, w/1 SPF	Date of Filing Form C-104 5-22-69	
Was "Affidavit of Discovery" Previously Filed For This Well in this Pool? No	If Yes, Give Date of Filing --	Date Well was Spudded 4-12-69	Date Compl. Ready to Prod. 5-15-69
Total Depth 7054'	Plugged Back Depth 6340'	Depth Casing Shoe 7054'	Tubing Depth 5988'
		Elevation (Gr., DF, RKB, RT, etc.) 3526' RDB	
Oil Well Potential (Test to be taken only after all load oil has been recovered) 218 Bbls. Oil Per Day Based On 218 Bbls In 24 Hours; 0 Bbls Water Per Day Based On 0 Bbls In 24 Hours; Gas Production During Test: 405 MCF; Gas-Oil Ratio: 1860 Method Of Producing: FLOW Chk. Size 24/64"			

NEAREST PRODUCTION TO THIS DISCOVERY (Includes past and present oil or gas producing areas and zones whether this discovery is based on horizontal or vertical separation):

Pool Name Eumont Gas	Name of Producing Formation Yates - 7 Rivers	Top of Pay 2650'	Bottom of Pay 3598'	Currently Producing? Yes
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Pool Approx. 2000'		Vertical Distance from Subject Discovery Zone to Producing Interval this Pool 2100'		

NEAREST COMPARABLE PRODUCTION (Includes past and present oil or gas production from this pay or formation only):

Pool Name Oil Center Blinebry - Oil	Top of Pay 5826'	Bottom of Pay 5862'	Currently Producing? Yes
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Comparable Pool Approximately 4300' West			

Is "County Deep" Discovery Allowable Requested for Subject Discovery Well? No	If Yes, Give Name, Location, and Depth of Next Deepest Oil Production in this County 32.0
---	---

Is the Subject Well Multiple Completion? No	Is Discovery Allowable Requested for other Zone(s)? No	If Yes, Name all Such Formations 730 28, 510, 570 2, 190, 6610, 63400, 265 10
---	--	---

LIST ALL OPERATORS OWNING LEASES WITHIN ONE MILE OF THIS WELL (Attach additional sheet if necessary)

NAME	ADDRESS
Gulf Oil Corporation	Box 1938, Roswell, New Mexico, 88201
El Paso Natural Gas Co.	600 Bank of Southwest Bldg., Midland, Tex 79701
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Humble Oil & Refining Co.	Hobbs, New Mexico 88240
Atlantic-Richfield Company	Roswell, New Mexico 88201
Cities Service Oil Co.	Midland, Texas 79701
Continental Oil Company	Hobbs, New Mexico 88240
Shell Oil Company	Box 1509, Petroleum Bldg., Midland, Texas 79701
Texaco, Inc.	Box 3109, 7th Floor Midland Savings, Midland, Tex.
Sunray DX Oil Company	1101 Wilco Bldg., Midland, Texas 79701
Two States Oil Co.	530 Wilson Bldg., Dallas, Texas
Amerada Petroleum Corp.	Box 312, 6th Floor Pet. Life Bldg., Midland, Texas 79701

Attach evidence that all of the above operators have been furnished a copy of this application. Any of said operators who intends to object to the designation of the subject well as a discovery well, eligible to receive a discovery allowable, must notify the appropriate District Office and the Santa Fe Office of the Commission of such intent in writing within ten days after receiving a copy of this application.

Remarks:

CERTIFICATION

I hereby certify that all rules and regulations of the New Mexico Oil Conservation Commission have been complied with, with respect to the subject well, and that it is my opinion that a bona fide discovery of a hitherto unknown common source of oil supply has been made in said well. I further certify that the discovery allowable for the subject well, if authorized, will be produced from the subject zone in this well only. Further, that the information given herein and attached hereto is true and complete to the best of my knowledge and belief.

J. Morgan

Division Engineering Coordination

June 2, 1969

DRAFT

GMH/esr

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:

RECORDS CENTER

CASE No. 4154

Order No. R-3783
NOMENCLATURE

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR A POOL CREATION AND
DISCOVERY ALLOWABLE, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 25, 1969,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 18th day of July, 1969, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, 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,
seeks the creation of a new oil pool for Blinebry production in
Lea County, New Mexico, comprising the NW/4 SE/4 of Section 2,
Township 21 South, Range 36 East, NMPM, and the assignment of an
oil discovery allowable in the amount of approximately 28,510
barrels to the discovery well.

(3) That the Pan American Petroleum Corporation State "C"
Tract 11 Well No. 3, located 1980 feet from the South line and
1980 feet from the East line of said Section 2, has discovered
a separate common source of supply which should be designated
the Hardy-Blinebry Pool; that the vertical limits

of said pool should be the Blinebry formation ~~as found in the~~
interval from _____ feet to _____ feet on the log of
the aforesaid Pan American Petroleum Corporation State "C" Tract 11
~~Well No. 3,~~ and that the horizontal limits of said pool should be
the NW/4 SE/4 of said Section 2.

(4) That the discovery well for the aforesaid pool, Pan
Petroleum
American ~~Oil~~ Corporation's State "C" Tract 11 Well No. 3, is
entitled to and should receive a bonus discovery oil allowable
in the amount of 28,510 barrels, based upon the top perforations
in said well at 5702 feet, to be assigned over a two-year
period.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified
as an oil pool for Blinebry production, is hereby created and
designated the Hardy -Blinebry Pool, with vertical
limits comprising the Blinebry formation ~~as found in the interval~~
~~from _____ feet to _____ feet on the log of the dis-~~
covery well, Pan American Petroleum Corporation's State "C" Tract
11 Well No. 3, located 1980 feet from the South line and 1980
feet from the East line of Section 2, Township 21 South, Range
36 East, NMPM, Lea County, New Mexico, and horizontal limits
comprising the following-described area:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 2: NW/4 SE/4

(2) That the ~~aforesaid discovery well~~ is hereby authorized
an oil discovery allowable of 28,510 barrels to be assigned to
said well at the rate of 40 ~~39~~ barrels per day in accordance
with Rule 509 of the Commission Rules and Regulations.

(3) That jurisdiction of this cause is retained for the
entry of such further orders as the Commission may deem necessary.

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

130
40
2900