

CASE 4163: Application of PAN AM.
FOR A NON-STANDARD GAS PRORATION
UNIT, LEA COUNTY, NEW MEXICO.

Case Number.

24/63

Application

Transcripts.

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 9, 1969

EXAMINER HEARING

IN THE MATTER OF:

Application of Pan American Petro-
leum Corporation for a non-standard
gas proration unit, Lea County, New
Mexico.

Case No. 4163

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: The hearing will come to order, please.

The next case will be Case Number 4163.

MR. HATCH: Case 4163, application of Pan American Petroleum Corporation for a non-standard gas proration unit, Lea County, New Mexico.

MR. RYAN: Gordon D. Ryan, Fort Worth, Texas, appearing on behalf of the applicant, Pan American Petroleum Corporation.

I am appearing in association with Charles Malone of Roswell, New Mexico, and the file should reflect a letter from Mr. Malone.

I have one witness, and ask that he be sworn at this time.

(Witness sworn.)

BILL WELLS

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

DIRECT EXAMINATION

BY MR. RYAN:

Q Would you please state your name, by whom you are employed and in what capacity?

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

Q And have you previously testified before this Commission and had your qualifications as an expert witness admitted?

A Yes sir, I have.

Q Are you familiar with the case that's now pending before this Commission?

A Yes, sir.

Q Would you briefly state what Pan American seeks in this application?

A Pan American is requesting the approval of a non-standard one hundred eighty-one acre gas unit comprising the north half of the north half of Section 6, Township 23 South, Range 38 East, to be dedicated to its HV Pike Federal Well Number One in the Tubb Gas Pool.

Q Now, is that area indicated in what has been marked as Applicant's Exhibit Number One?

A Yes sir, it is.

Q Would you please refer to that exhibit?

A Exhibit Number One is a structure map

contoured on the top of the correlative marker within the Tubb Interval.

We have shown all wells in the portion of the Tubb Gas Pool. We have shown all wells within the immediate area in color code and the completion interval. There's seven separate reservoirs producing in this area.

The legend for the color code is shown on the lower left hand portion of the map. The zone of concern here today is the Tubb Gas Pool, which is indicated by a green triangle.

We have also shown on this exhibit outlined in red tape the area of our requested non-standard a hundred eighty-one acre gas unit, which as mentioned earlier is the HV Pike Well Number One, which is located in Unit "A" of Section 6, Township 23 South, Range 38 East.

Q Now, this seems to be a long, narrow unit. Are you aware of any other long, narrow units in that area?

A Yes sir, located immediately to the north of our proposed unit in Section 31 of Township 22 South, 38 East, Range 38 East, Texaco

has a hundred sixty acre non-standard unit dedicated to their Blinbry NCT 4 Well Number One which is located in Unit "P" of Section 31. This well has a full one hundred sixty acre allowable for the hundred and sixty acres and has the capacity to produce this allowable.

Also immediately to the east adjoining the eastern edge of our proposed unit, Union Texas has a non-standard one hundred eighty-one acre unit which comprises the north half of the north half of Section 5. Also, this well carries a full one hundred eighty-one acre allowable and has the capacity to produce this allowable.

The Texaco -- the Texaco non-standard unit, incidentally, is comprised of the south half of the south half of Section 31.

Q Now, would you give us a little information on that well, on your well that we are asking to -- the subject of this application?

A Yes sir, this well was completed in 1962 and has produced since that time as a non-standard forty-five acre Tubb gas unit. I believe the administrative order which approved this non-standard

unit was NSP-613.

To protect the correlative rights of our royalty owners and of those on the north half of the north half of Section 6, we recently approached Gulf, and a farmout agreement was reached with Gulf wherein they would dedicate their three quarter quarter sections, which are the north half of the northwest quarter of Section 6 and the northwest quarter of the northeast quarter of Section 6, to this non-standard one hundred eighty-one acre unit.

There is a -- presently a Tubb oil well located in the northwest quarter of the northeast quarter of Section 6, and under the terms of the farmout, this well would be plugged so there will be no dually assigned acreage.

Q That's an oil well?

A Yes sir, it is.

Q Is that -- you indicated that's going to be plugged and non-producing?

A Yes sir, and the GOR on this oil well, the well currently produces about two barrels of oil with a GOR ranging from twenty-two thousand to

thirty-three thousand cubic feet per barrel.

Q You indicated that on your well there in the -- the subject of this application, that has been producing since 1962, is that right?

A Yes, sir.

Q What about the well immediately to the east and the well immediately to the north of our well, what -- do you have any information on that?

A The Texaco well immediately to the north has been producing since the middle of 1959, the well to the east has been producing since 1961.

Q Both of those wells were a hundred and sixty acre, approximately a hundred and sixty acres on --

A The Union Texas well has at least a hundred eighty-one acre allowable.

Q Do you have any other comments on Exhibit One at this time?

A No sir, other than the statement that our well, our HV Pike Federal Well Number One does have the capacity to make a hull a hundred eighty-one

acre allowable. During March of this year, we were making up under production, and our rate produced at an average -- I'm sorry, our well produced at an average rate of 1.1 million cubic feet per day. In June, 1969, the allowable for this well, if it was approved as a hundred and eighty-one acre unit, would be some 348 MCF per day.

We have also checked production on our allowables for these units for the past year and a half, and at no time did the allowable exceed the capacity of our well.

Q Would you now identify -- would you now refer to Exhibit Number Two, and identify that exhibit and tell us what it purports to show?

A Exhibit Number Two shows a comparison of production between the Pan American HV Pike Federal Well Number One, the subject of this hearing, the Texaco Blinbry NCT-4 Well Number One located immediately north of our well, and the Union Texas Western Federal Well Number One which is located immediately east of our well.

We show that our Pike well has produced some

two hundred twenty-three million cubic feet of gas. The Texaco well, however, to the north has produced almost a billion cubic feet of gas, nine hundred eighty-five million cubic feet, and the Union Texas well to the east has produced 1.2 million -- I'm sorry, 1.2 billion cubic feet of gas.

I think this shows that we have been drained and that there would be migration from our lease to these wells throughout the history and that we need to increase our allowable in order to protect our royalty owners.

Q Anything else on this exhibit?

A Well, we also show, just as a comparison and to show that unless this application is approved that drainage will continue to occur, that our June, '69, allowable for the forty-five acre non-standard unit in our Pike well was 86 MCF per day as compared to the 307 MCF per day for Texaco and 348 MCF per day for the Union Texas well.

Should our application be granted, of course, our well would then have for the June, '69, allowable 348 MCF per day, to make it equal with the other

wells.

Q Now, in your opinion, is all of this one hundred eighty-one acres to the -- in the north half of the north half of Section 6 interlined with a common source of supply?

A Yes sir, this is my opinion. This entire one hundred eighty-one acres is productive. We have studied tests and logs of dry holes and in wells which are located in other formations to the south, southeast, southwest and northwest of our one hundred eighty-one acre unit, and drill stem tests on each of these wells which were tested did recover some amount of gas from the comparable interval.

Q In your opinion, would the granting of this application protect correlative rights?

A Yes, sir. In fact, if the application is not granted, I believe that we will suffer drainage and the royalty owners under these -- under this one hundred eighty-one acre unit, the correlative rights of the royalty owners will be violated.

Q In your opinion, will this application granting be in the prevention of waste and best

interests of conservation?

A Yes, sir.

Q Do you have anything further to offer on direct on this docket?

A No sir, I don't.

MR. RYAN: That's all the questions on direct examination. You may inquire, please.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Wells, would you give us some specific information as to the productivity of this acreage in the Tubb Gas Pool?

A Yes, sir. In Section 6 where our proposed unit is located, the exhibit shows the Campbell and Hendrick Elliott Number One, which is located in the southwest quarter of the northwest -- I'm sorry, the northeast quarter of the section, on drill stem tests of the Tubb recovered twenty-four hundred feet of slightly oil and gas cut mud.

In an interval slightly lower than that, they recovered an additional one thousand feet of gas cuts and mud. To me, this is indicative that there are hydrocarbons underlying this acreage

within the comparable interval.

Now, you will notice that our structure reflects that our entire one hundred eighty-one acres is higher than this particular well which showed this test.

Also located in Section 1 of Township 23 South, Range 37 East, which is immediately west of our proposed unit in the southwest quarter of the southwest quarter of this section, the drill stem test in the upper portion of the Tubb, which is a comparable interval, recovered actually 2180 feet of gas. They also got some oil and gas cuts out of the same drill stem test.

We feel that these two drill stem tests in particular, due to the distance from our particular -- to our particular acreage, that the structural relationship of these tests do indicate that this is productive.

Q What about the comparable intervals in your well and this Gulf Pike well immediately to the west that's going to be abandoned?

A There was no drill stem test -- now, the Gulf Pike well is completed -- pardon me, our well

and the Gulf Pike well are completed -- several of the completion intervals are similar or correlative and several of them are not, and from investigation of this whole area out here, we feel that there are individual little oil stringers and gas stringers contained within the Tubb.

We feel that probably the Gulf well has only recovered about one thousand barrels of oil, and we feel that probably Gulf perforated a small little oil stringer in there and they diluted it with gas production and caused this to be classified as an oil well.

Now, there are several intervals in the Gulf well which were correlative to our completion intervals which Gulf did not perforate. We can see no reason at all why these would not be productive at that location. There's not that much difference in the structure, and we feel that we have shown by the down-structure or similar structural locations that it is productive.

Q Well, actually as far as structure is concerned there -- well, over here in Section 33 would be the lowest Tubb well on your exhibit?

A Yes sir, it would. I don't have any idea what the current rate on that well is. It looks like it was completed in 1964 with a good, high gas rate.

Q When was your well completed, the Tubb gas well?

A 1962. I believe the -- the exact date on that I think was July 22, '62. Now, the -- I don't have the date on that administrative approval for the non-standard unit. I believe it was August.

Q And there has been a forty-five acre unit assigned to it all the time?

A Yes, sir.

Q And that's NSP-461?

A No, I believe it was NSP-613.

MR. RYAN: 613. I believe that's dated August 20, 1962.

MR. NUTTER: Are there any further questions? You may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Ryan?

MR. RYAN: That's all, sir.

MR. NUTTER: You want to offer the exhibits, I guess.

MR. RYAN: Were these two exhibits prepared under your supervision?

MR. WELLS: Yes sir, they were.

MR. RYAN: All right, I offer Exhibits One and Two.

MR. NUTTER: Pan American's Exhibits One and Two will be admitted in evidence.

(Whereupon, Applicant's Exhibits 1 and 2 were offered and admitted in evidence.)

MR. NUTTER: Does anyone have anything else they wish to offer?

MR. HATCH: I have a letter from Gulf Oil Company I'd like to read into the record dated July the 9th, 1969, addressed to the Oil Conservation Commission, in reference to Case 4163.

"Gulf Oil Corporation will have an interest in Pan American's proposed one hundred eighty-one acre non-standard Tubb gas proration unit which will

comprise the north half of the north half of Section 6, Township 23 South, Range 38 East, Lea County, New Mexico. This proposed unit is to be dedicated to Pan American's Pike Federal Well Number One located in Unit A of this Section 6.

Gulf has a Tubb oil well, being our Pike Well Number 1, located in Unit B of this Section 6 which will be closed in if Pan American's application in this case is approved.

Please accept this letter as Gulf's concurrence with Pan American in their request for this one hundred eighty-one acre non-standard Tubb gas proration unit."

M. I. Taylor of Gulf Oil Corporation.

MR. NUTTER: Thank you, Mr. Hatch.

If there's nothing further in Case 4163, we'll take the case under advisement.

I N D E XWITNESSPAGE

BILL WELLS

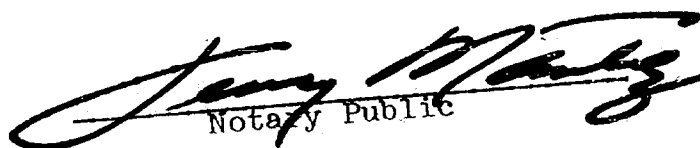
Direct Examination by Mr. Ryan
Cross Examination by Mr. Nutter2
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ADMITTEDApplicant's 1
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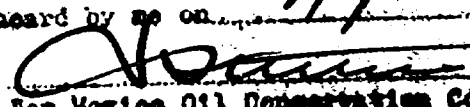
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STATE OF NEW MEXICO }
 COUNTY OF BERNALILLO }

I, JERRY MARTINEZ, Notary Public in and for the
 County of McKinley, 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.


 Notary Public

My Commission Expires:
 January 24, 1970.

I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the Examiner hearing of Case No. 4163
 heard by me on 1/9/69 1969.

 Examiner
 New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87501

July 16, 1969

GOVERNOR
DAVID F. CARGO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

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

Mr. Gordon Ryan
Pan American Petroleum Corporation
Post Office Box 1410
Fort Worth, Texas 76101

Re: Case No. 4163
on Order No. R-3794
Applicant:
Pan American Petroleum Corp.

Dear Sir:

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

Very truly yours,

G. L. Carter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC X

Artesia OCC

Aztec OCC

Other _____

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. 4163
Order No. R-3794

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR A NON-STANDARD GAS PRO-
RATION UNIT, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 9, 1969,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 15th 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 approval of a 181-acre non-standard gas proration unit com-
prising the N/2 N/2 of Section 6, Township 23 South, Range 38
East, NMPM, Tubb Gas Pool, Lea County, New Mexico, to be dedicated
to its Pike Federal Well No. 1, located in Unit A of said Sec-
tion 6.

(3) That the unorthodox size of the proposed non-standard
unit is due to a variation in the legal subdivision of the United
States Public Land Surveys.

(4) That the entire proposed non-standard gas proration unit
may reasonably be presumed to be productive of gas from the Tubb
Gas Pool.

-2-

CASE No. 4163
Order No. R-3794

(5) That the proposed non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid Pike Federal Well No. 1.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Tubb Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, will avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That a 181-acre non-standard gas proration unit in the Tubb Gas Pool comprising the N/2 N/2 of Section 6, Township 23 South, Range 38 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to the Pan American Petroleum Corporation Pike Federal Well No. 1, located in Unit A of said Section 6.

(2) That the allowable assigned to the above-described non-standard gas proration unit shall be based upon the unit size of 181 acres.

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

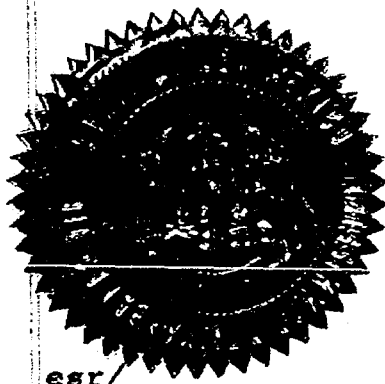
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


ALEX J. ARMILLO, Member


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



DOCKET NO. 19-69

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 9, 1969

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

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

CASE 4160: Application of Roger C. Hanks for pool redelineation, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks the redelineation of certain pool boundaries to include the deletion of the NE/4 of Section 29 from the South Prairie-Cisco Pool and the extension of the Middle Allison-Pennsylvanian Pool to include all of Section 29, the SE/4 of Section 30, and the N/2 of Section 32, all in Township 8 South, Range 36 East, Roosevelt County, New Mexico.

CASE 4161: Application of Roger C. Hanks for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the North Mescalero-Cisco Pool, Lea County, New Mexico, including a provision for 160-acre spacing and proration units and the assignment of 80-acre allowables.

CASE 3786: (Reopened)

In the matter of Case No. 3786 being reopened pursuant to the provisions of Order No. R-3437, which order established special rules and regulations for the North Paduca-Delaware Pool, Lea County, New Mexico, including provisions for the classification of and spacing for oil and gas wells and a special gas-liquid ratio limitation. All interested parties may appear and show cause why the special rules and regulations should not be discontinued.

CASE 4162: Application of Western States Producing Company for a dual completion and salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its State 30 Well No. 2 located in Unit M of Section 30, Township 7 South, Range 33 East, Roosevelt County, New Mexico, in such a manner as to permit the production of oil from the Chaveroo-San Andres Pool and the disposal of produced salt water through 8 5/8 X 4 1/2 inch casing-casing annulus into the Yates, Seven Rivers, and Queen formations in the open-hole interval from approximately 1825 feet to 3785 feet.

- CASE 4163: Application of Pan American Petroleum Corporation for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 181-acre non-standard gas proration unit for its Pike Federal Well No. 1 located in Unit A of Section 6, Township 23 South, Range 38 East, Tubb Gas Pool, Lea County, New Mexico, said unit to comprise the N/2 N/2 of said Section 6.
- CASE 4164: Application of Mobil Oil Corporation for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Fristoe Well No. 8 at an unorthodox location 2470 feet from the North line and 430 feet from the East line of Section 3, Township 25 South, Range 37 East, Langlie Mattix Pool, Lea County, New Mexico.
- CASE 4165: Application of Sam Boren for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the East Bagley-Pennsylvanian Pool, Lea County, New Mexico, including a provision for 160-acre spacing and proration units and the assignment of 80-acre allowables.
- CASE 4166: Application of Sam Boren for a dual completion and salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete his Barbera State "A" Well No. 1 located in Unit P of Section 6, Township 12 South, Range 34 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the East Bagley-Pennsylvanian Pool and the disposal of produced salt water through the intermediate casing-production casing annulus into the San Andres and Glorieta formations in the open-hole interval from approximately 4060 feet to 6562 feet.
- CASE 4167: Application of Charles B. Read for a dual completion and salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete his Hobbs "Y" Well No. 1 located in Unit J of Section 29, Township 12 South, Range 34 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the East Hightower-Pennsylvanian Pool and the disposal of produced salt water through the intermediate casing-production casing annulus into the San Andres, Glorieta, Yeso, and Abo formations in the open-hole interval from approximately 4195 feet to 7720 feet.

- CASE 4168: Application of Charles B. Read 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 Reef formation in the open-hole interval between 3783 feet and 3797 feet in his Sinclair State Well No. 1 located 2310 feet from the South and West lines of Section 2, Township 21 South, Range 33 East, Lynch Pool, Lea County, New Mexico.
- CASE 4169: Application of Mask, Jennings, Keohane and Westall for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicants, in the above-styled cause, seek 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 exception would be for applicants' wells in the E/2 NW/4 and the NE/4 of Section 2, Township 19 South, Range 31 East, Shugart Pool, Eddy County, New Mexico. Applicants seek authority to dispose of salt water produced by said wells in an unlined surface pit located in Unit C of said Section 2.
- CASE 4170: Application of H. C. Hood for pool redelineation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the redelineation of the High Plains-Pennsylvanian Pool by the deletion of the SW/4 of Section 14 and the SE/4 of Section 15, Township 14 South, Range 34 East, Lea County, New Mexico.

Gulf Oil Company - U.S.

EXPLORATION AND PRODUCTION DEPARTMENT
ROSWELL DISTRICT

T. W. Kidd
DISTRICT MANAGER
M. I. Taylor
DISTRICT PRODUCTION
MANAGER
P. E. Wyche
DISTRICT EXPLORATION
MANAGER
H. A. Rankin
DISTRICT SERVICES MANAGER

July 3, 1969

MAIN OFFICE
7 JUL 7 1969
SAH 8 34

P. O. Drawer 1938
Roswell, New Mexico 88201

Oil Conservation Commission
State of New Mexico
Post Office Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter, Jr.

Re: Case No. 4163 - Examiner Hearing
July 9, 1969

Gentlemen:

Gulf Oil Corporation will have an interest in Pan American's proposed 181-acre Non-Standard Tubb Gas Proration Unit which will comprise the N/2 N/2 of Section 6, T-23S, R-38E, Lea County, New Mexico. This proposed unit is to be dedicated to Pan American's Pike Federal Well No. 1 located in Unit A of this Section 6.

Gulf has a Tubb oil well, being our Pike Well No. 1, located in Unit B of this Section 6 which will be closed in if Pan American's application in this case is approved.

Please accept this letter as Gulf's concurrence with Pan American in their request for this 181-acre Non-Standard Tubb Gas Proration Unit.

Respectfully submitted,

GULF OIL CORPORATION

M. I. Taylor
M. I. Taylor

JHH:ers

cc: Pan American Petroleum Corporation
Post Office Box 1410
Fort Worth, Texas 76101



A DIVISION OF GULF OIL CORPORATION

COMPARISON OF PRODUCTION
PAN AMERICAN PIKE FED. #1-TUBB GAS POOL

Cumulative to 5-1-69

	Pan American Pike Fed. #1	Gulf Pike #1	Texaco Blinberry NCT-4 #1	Union Texas Western Fed #1
Gas	223,189 MCF		985,450 MCF	1,189,276 MCF
Condensate	3,591 BC		15,518 BC	13,509 BC
Oil		10,712 BO		

June 1969 Allowable

86 MCFPD

307 MCFPD

348 MCFPD

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Pan Am EXHIBIT NO. 2
CASE NO. 4163

PAN AMERICAN PETROLEUM CORPORATION

OIL AND GAS BUILDING

P. O. BOX 1410

FORT WORTH, TEXAS—76101

June 13, 1969

File: GHF-273-986.510.1

Subject: Non-Standard Gas Unit,
Pan American Pike Federal Well No. 1;
Tubb Gas Pool, Lea County, New Mexico

D. L. RAY
DIVISION ENGINEER

MAIN OFFICE
JUN 16 4 42 PM '69

Case 4163

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

Gentlemen:

Pan American Petroleum Corporation respectfully requests that a hearing be docketed to consider our request for approval of a Non-Standard 181-acre Gas Unit to be attributed to our Pike Federal Well No. 1, Tubb Gas Pool, Lea County, New Mexico.

The Non-Standard Unit will consist of the following described acreage: N/2 of N/2 of Section 6, T-23-S, R-38-E.

Yours very truly,

D. L. Ray

WCW:jn

DOCKET MAILED

Date *6-25-69*

IN THE OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

MAILED
JUL 8 AM 9 36

IN THE MATTER OF THE APPLICATION OF PAN
AMERICAN PETROLEUM CORPORATION FOR A NON*
STANDARD GAS PRORATION UNIT, TUBB GAS POOL,
LEA COUNTY, NEW MEXICO

NO. 4163

ENTRY OF APPEARANCE

The undersigned Atwood, Malone, Mann & Cooter hereby enter their
appearance herein for the Applicant Pan American Petroleum Corp-
oration, with Gordon Ryan of Ft. Worth, Texas.

ATWOOD, MALONE, MANN & COOTER

By:

Charles Malone

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:

CASE No. 4163

Order No. R- ~~4163~~

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR A NON-STANDARD GAS PRO-
RATION UNIT, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 9, 1969,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 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 approval of a 181-acre non-standard gas proration unit com-
prising the N/2 N/2 of Section 6, Township 23 South, Range 38
East, NMPM, Tubb Gas Pool, Lea County, New Mexico, to be dedicated
to its Pike Federal Well No. 1, located in Unit A of said Sec-
tion 6.

(3) *That the unwarranted size of the proposed non-
standard unit is due to a variation in the legal
subdivision of the United States Public Land Survey.*

(4)

(4) ~~(5)~~ That the entire proposed non-standard gas proration unit may reasonably be presumed to be productive of gas from the Tubb Gas Pool.

(5) ~~(6)~~ That the proposed non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid Pike Federal Well No. 1.

(6) ~~(7)~~ That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Tubb Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, will avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That a 181-acre non-standard gas proration unit in the Tubb Gas Pool comprising the N/2 N/2 of Section 6, Township 23 South, Range 38 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to the Pan American Petroleum Corporation Pike Federal Well No. 1, located in Unit A of said Section 6.

(2) That the allowable assigned to the above-described non-standard gas proration unit shall be based upon the unit size of 181 acres.

(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.