

Case Number

4318

Application
Transcripts.

Small Exhibits

ETC.

dearnley-meier

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 4, 1970

EXAMINER HEARING

IN THE MATTER OF:

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

Case No. 4318

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

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

The next case will be Case Number 4318.

MR. HATCH: Case 4318: Application of Pan American Petroleum Corporation for a non-standard gas proration unit, Lea County, New Mexico.

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

MR. HATCH: I believe the record will show he has already been sworn.

MR. BUELL: And qualified in the previous case.

MR. NUTTER: It will show we got a letter of appearance on your behalf, too.

PATRICK E. HOSFORD

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

DIRECT EXAMINATION

BY MR. BUELL:

Q Please state your full name for the record, Mr. Hosford.

A Patrick E. Hosford.

Q All right, sir. At the outset what is Pan American recommending to the Commission here today?

A Pan American is recommending the formation of a non-standard gas unit in the Jalmat pool comprised of the north half of Section 7, Township 24 South, Range 37 East. This is further identified as Pan American Meyers "B" Federal R/A.

Q All right, sir. Directing your attention to what has been identified as our Exhibit Number One how have you delineated this proposed non-standard unit on that exhibit?

A This non-standard unit is delineated with a red border around the 320 acres.

Q What other data are reflected on this exhibit?

A The exhibit further reflects the wells producing in the Jalmat gas pool. These are colored orange.

Q All right, sir. Now, within the confines of the proposed non-standard unit I notice there are two wells. Would you identify those for the record?

A Yes. There is the Meyers "B" Federal Royalty Count A Well Number One completed in Unit D of Section 7 and there is Meyers "B" Federal Royalty Count A Well Number

Ten located in Unit G of Section 7.

Q Are both of these wells capable wells?

A No, sir. The Well Number One is a very capable well; however, Well Number Ten is not capable of making the allowable of a 160-acre gas well.

Q All right, sir. Is Well Number One capable enough to make the entire 320-acre unit anticipated gas allowable?

A Yes, sir; it is.

Q What is your recommendation to the Commission as to if they should approve this application how the 320-acre unit allowable would be produced?

A It is our recommendation to the Commission that the 320-acre allowable be produced in any proportion from either of these two wells on this non-standard gas unit. With the understanding that Pan American will attempt to produce and will produce Well Number Ten until we do reach the economic limit on this well.

Q You think if Well Number Ten is produced to its economic limit that the -- it could recover gas that might not be recovered by the Number One well?

A Yes, sir; it is possible.

Q All right, sir. Do you feel that this recommendation will protect the correlative rights of the

owners of interest under this 320-acre unit?

A Yes, sir. I would say so insofar as the two units that now exist being the northeast of Section 7 being one non-standard 160-acre unit, and the northwest of Section 7 being a non-standard 160-acre unit. The northeast unit is not producing the full allowable of a 160-acre unit at this time due to the well Number Ten being a non-capable well.

By the combining of these two non-standard 160-acre units into a proposed non-standard 320-acre unit, these two wells producing on a unit well basis will be capable of producing the allowable of a 320-acre unit.

Q Is all the acreage in the proposed 320-acre non-standard unit from one basic Federal lease?

A Yes, sir; it is.

Q All right, sir. There appear to be many similar units in the Jalmat pool where more than one well is producing on a unit.

A Yes. In looking at the proration schedule there indicates to be six gas units having more than one well producing on a non-standard unit in these cases. However, there is one standard unit in the Jalmat Gas Pool. I would

like to bring this out. Only one, that being a 640-acre standard gas unit and it does have three gas wells producing on it.

Q Do you feel that approval of this request will serve conservation by preventing waste and will protect the correlative rights not only of the owners of interest of the proposed unit, but also the owners of interest in the Jalmat pool?

A Yes, sir; I do.

MR. BUELL: That's all we have, Mr. Examiner.

We would like to formally offer Pan American's Exhibit Number One.

MR. NUTTER: Pan Am's Exhibit Number One will be admitted in evidence.

(Whereupon, Pan American's Exhibit Number One was admitted in evidence.)

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Hosford, do you happen to know the status of the two proration units as far as under-production, over-production?

A Yes, sir. I do have a fairly up-to-date record of this. I can find it here in my records.

The Well Number One which is the northwest 160-acre non-standard unit, is over-produced, or was over-produced going into January of 1970 to the tune of fifty-two thousand MCF.

Well Number Ten, on the other hand, was under-produced to the tune of seventy-five thousand five hundred MCF into January, 1970.

Q It did have a status then; it wasn't a marginal well?

A That's right. It did have a status. In December it carried an allowable of -- a top allowable of ninety-nine sixteen MCF and only produced twenty-nine oh seven.

Q Is it agreeable with Pan American that the Commission in any order that it may enter approving consolidation of these two units would take the net combined status of the two units and form a composite status for the 320-acre unit?

A Yes, sir. I would say so.

MR. NUTTER: Is there any further questions of this witness?

MR. HATCH: Do you have the orders or the administrative orders that authorize this handy?

THE WITNESS: No, sir. I don't think I happen to have them handy; probably in a suitcase.

MR. NUTTER: They are old wells.

MR. BUELL: They are old wells. That would be my guess.

MR. NUTTER: If there are not any further questions, the witness may be excused.

Do you have anything further, Mr. Buell?

MR. BUELL: No, sir; I do not.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 4318?

We will take the case under advisement.

I N D E X

WITNESS	PAGE
PATRICK E. HOSFORD	
Direct Examination by Mr. Buell	2
Cross Examination by Mr. Nutter	6

E X H I B I T S

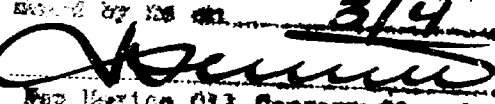
Pan American's Exhibit Number One	6
-----------------------------------	---

STATE OF NEW MEXICO)
)
 COUNTY OF BERNALILLO) SS

I, CA FENLEY, 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.



CA FENLEY - COURT REPORTER

I do hereby certify that the foregoing is
 a correct record of the proceedings in
 the Discretionary Hearing of Case No. 4218
 heard by me on 3/14 1970.

 New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87801

GOVERNOR
DAVID F. CARGO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

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

March 10, 1970

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

Re: Case No. 4318
Order No. R-3930
Applicant:
Pan American Petroleum Corporation

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.
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. 4318
Order No. R-3930

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 4, 1970,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 11th day of March, 1970, 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,
is the owner and operator of two 160-acre non-standard gas prora-
tion units comprising the NW/4 and the NE/4 of Section 7, Town-
ship 24 South, Range 37 East, NMPM, Jalmat Gas Pool, Lea County,
New Mexico.

(3) That the NW/4 of said Section 7 is presently dedicated
to applicant's Myers "B" Federal R/A A Well No. 1, located in
Unit D of said Section 7, and that the NE/4 of said Section 7
is presently dedicated to applicant's Myers "B" Federal R/A A
Well No. 10, located in Unit G of said Section 7.

(4) That the applicant now seeks the consolidation of the
two existing non-standard gas proration units to form one 320-acre

-2-

CASE No. 4318

Order No. R-3930

non-standard gas proration unit comprising the N/2 of said Section 7, said unit to be simultaneously dedicated to its aforesaid Myers "B" Federal R/A A Wells Nos. 1 and 10.

(5) That the applicant further seeks authority to produce the allowable assigned to the unit from either of the aforesaid wells in any proportion.

(6) That the proposed non-standard gas proration unit can be efficiently and economically drained and developed by the Myers "B" Federal R/A A Wells Nos. 1 and 10.

(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 Jalmat Gas Pool, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That, effective April 1, 1970, a 320-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the N/2 of Section 7, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico, is hereby established and simultaneously dedicated to the Pan American Petroleum Corporation Myers "B" Federal R/A A Well No. 1, located in Unit D of said Section 7, and to the Pan American Petroleum Corporation Myers "B" Federal R/A A Well No. 10, located in Unit G of said Section 7.

(2) That the allowable assigned to the above-described non-standard gas proration unit shall be based upon the unit size of 320 acres; that the operator may produce the allowable assigned to the unit from the subject wells in any proportion; and that the status of the consolidated unit shall be the combined status, as of April 1, 1970, of the two units being consolidated.

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

-3-


CASE No. 4318
Order No. R-3930

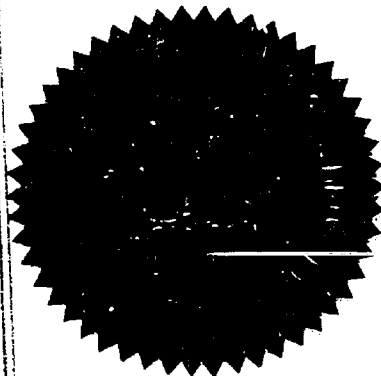
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


ALEX J. ARRIJO, Member


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



esr/

ATWOOD, MALONE, MANN & COOTER
LAWYERS

P. O. DRAWER 700
SECURITY NATIONAL BANK BUILDING
ROSWELL, NEW MEXICO 88201
[505] 622-6221

MARCH
2nd
1970

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

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

Re: Examiner Hearing March 4, 1970
Cases Nos. 4318, 4315 and 4316

Dear Mr. Porter:

We would appreciate your filing the enclosed Entries of Appearances in the three cases mentioned above.

Thank you and with regards,

Very truly yours,


Charles F. Malone

C
F
M

*

v

Encls.

Cc: Guy Buell, Esquire

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF PAN AMERICAN PETROLEUM COR-)
PORATION FOR A NON-STANDARD GAS) No. 4318
PRORATION UNIT, LEA COUNTY, NEW)
MEXICO, JALMAT GAS POOL.)

ENTRY OF APPEARANCE

The undersigned Atwood, Malone, Mann & Cooter of Ros-
well, New Mexico, hereby enter their appearance herein for Pan
American Petroleum Corporation with Guy Buell, Esquire, of Fort
Worth, Texas.

ATWOOD, MALONE, MANN & COOTER

By Charles D. Malone

Attorneys for Pan American
Petroleum Corporation
Post Office Drawer 700
Roswell, New Mexico 88201

- CASE 4317: (Continued from the February 25, 1970, Examiner Hearing)
Application of Union Oil Company of California for the creation of a new gas pool and special pool rules, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new San Andres gas pool for its Federal "18" Well No. 2 located 660 feet from the South and East lines of Section 18 Township 8 South, Range 38 East, Roosevelt County, New Mexico, and for the promulgation of special rules therefor, including provisions for 160-acre spacing units and a casing program.
- CASE 4319: Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the North Vacuum-Abo Pool and the Vacuum-Wolfcamp Pool in the wellbores of its New Mexico "Q" State Well No. 4 and its New Mexico "N" State Well No. 6, triple completions located respectively in Unit P of Section 25, Township 17 South, Range 34 East and Unit L of Section 30, Township 17 South, Range 35 East, Lea County, New Mexico.
- CASE 4315: (Continued from February 25, 1970, Examiner Hearing)
Application of Pan American Petroleum Corporation for pool consolidation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the consolidation of the Fowler-Lower Paddock and Fowler-Blaine Pools, Lea County, New Mexico, into one pool. Applicant further requests that the consolidated pool be governed by rules presently applicable to the Fowler-Blaine Pool.
- CASE 4316: (Continued from February 25, 1970, Examiner Hearing)
Application of Pan American Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 104 C 11 to permit the drilling of a well at an unorthodox gas well location 330 feet from the North and East lines of Section 11, Township 23 South, Range 26 East, South Carlsbad-Strawn, Atoka, and Morrow Gas Pools, Eddy County, New Mexico. The N/2 of said Section 11 to be dedicated to the well.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 4, 1970

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 4318: Application of Pen American Petroleum Corporation for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the consolidation of two existing non-standard gas proration units into one 320-acre non-standard unit comprising the N/2 of Section 7, Township 24 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to its Meyers "B" Federal R/A Wells Nos. 1 and 10, located in Units D and G, respectively, of said Section 7. Applicant further seeks authority to produce the allowable assigned to said unit from either of said wells in any proportion.

CASE 4065: (Reopened):

In the matter of Case No. 4065 being reopened pursuant to the provisions of Order No. R-3706, which order established 80-acre spacing units for the South Eunice-San Andres Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre units.

CASE 4314: (Continued and readvertised from February 25, 1970, Examiner Hearing).
Application of Coastal States Gas Producing Company for pool redelineation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the redelineation of certain pool boundaries to include the deletion of the W/2 and SE/4 of Section 21, Township 13 South, Range 33 East, Lea County, New Mexico, from the Lazy J-Pennsylvanian Pool and the extension of the North Baum Upper Pennsylvanian Pool to include said deleted acreage.

CASE 4069: In the matter of Case No. 4069 being reopened pursuant to the provisions of Order No. R-3701, which order established 80-acre spacing units for the Lovington-Devonian Pool, Lea County, New Mexico, for a one-year period. All interested parties may appear and show cause why said pool should not be developed on 40-acre units.
(Reopened)

PAN AMERICAN PETROLEUM CORPORATION

Post Office Box 68
Hobbs, New Mexico 88240

February 5, 1970

MAILED
FEB 8 1970
4318

File: VES-68-400 x 986.510.1

Subject: Application for a Non-Standard
Proration Unit, Myers "B" Federal
Lease, Wells No. 1 & 10
Lea County, New Mexico

DMK
set for hearing

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Pan American Petroleum Corporation respectfully submits this application for the consolidation of two 160 acre non-standard proration units and the formation of one 320 acre non-standard proration unit, consisting of the N/2 of Section 7, T-24-S, R-37-E, NMPM, Jalmat Gas Pool, Lea County, New Mexico.

The present 160 acre units are located and assigned to wells as follows:

<u>PRORATION UNIT</u>	<u>WELL NAME & NO.</u>	<u>LOCATION</u>
NW/4 Sec. 7-24-37	Myers "B" Federal R/A A No. 1	D-7-24-37
NE/4 Sec. 7-24-37	Myers "B" Federal R/A A No. 10	G-7-24-37

It is further requested that authority be given to produce the allowable from either or both of the wells located on and within the proration unit.

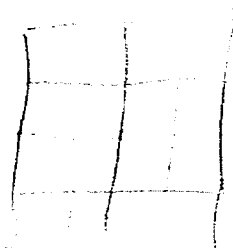
Copies of this application letter are being sent by Certified Mail to all offset operators as indicated on the list attached.

Yours very truly,

V. E. Staley
Area Superintendent

RRY/jt

Attachments



DUCKET MAILED

Date 2-19-70

Page 4318

MAILING LIST

Atlantic Richfield Company
P. O. Box 1978
Roswell, New Mexico 88201

Continental Oil Company
P. O. Box 460
Hobbs, New Mexico 88240

Skelly Oil Company
P. O. Box 1727
Midland, Texas 79701

Gulf Oil Corporation
P. O. Box 670
Hobbs, New Mexico 88240

Texas Pacific Oil Company
P. O. Box 1069
Hobbs, New Mexico 88240

New Mexico Oil Conservation Commission
P. O. Box 1980
Hobbs, New Mexico 88240

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. 4318

Order No. R- 3930

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 4, 19670,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of March, 19670, 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,
is the owner and operator of two 160-acre non-standard gas prora-
tion units comprising the NW/4 and the NE/4 of Section 7, Town-
ship 24 South, Range 37 East, NMPM, Jalmat Gas Pool, Lea County,
New Mexico, ~~on its Myers "B" Federal Lease.~~

(3) That the NW/4 of said Section 7 is presently dedicated
to applicant's Myers "B" Federal R/A A Well No. 1, located in
Unit D of said Section 7, and that the NE/4 of said Section 7
is presently dedicated to applicant's Myers "B" Federal R/A A
Well No. 10, located in Unit G of said Section 7.

(4) That the applicant now seeks the consolidation of the two existing non-standard gas proration units to form one 320-acre non-standard gas proration unit comprising the N/2 of said Section 7, said unit to be simultaneously dedicated to its aforesaid Myers "B" Federal R/A A Wells Nos. 1 and 10.

(5) That the applicant further seeks authority to produce the allowable assigned to the unit from either of the aforesaid wells in any proportion.

(6) That the proposed non-standard gas proration unit can be efficiently and economically drained and developed by the Myers "B" Federal R/A A Wells Nos. 1 and 10.

(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 Jalmat Gas Pool, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That, effective April 1, 1970, a 320-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the N/2 of Section 7, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico, is hereby established and simultaneously dedicated to the Pan American Petroleum Corporation Myers "B" Federal R/A A Well No. 1, located in Unit D of said Section 7, and to the Pan American Petroleum Corporation Myers "B" Federal R/A A Well No. 10, located in Unit G of said Section 7.

(2) That the allowable assigned to the above-described non-standard gas proration unit shall be based upon the unit size of 320 acres; that the operator may produce the allowable assigned

to the unit from the subject wells in any proportion; and that the status of said consolidated unit shall be the combined status, as of April 1, 1970, of the two units being consolidated.

(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.