

Case Number

4341

Application

Transcripts.

Small Exhibits

ETC.

dearnley-meier

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

1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 743-6491 • ALBUQUERQUE, NEW MEXICO



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 29, 1970

EXAMINER HEARING

IN THE MATTER OF:)

Application of Pan American Petroleum)
Corporation for two non-standard gas)
proration units, Lea County, New Mexico.)

) CASE NO. 4341
)
)

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date APRIL 29, 1970 TIME: 9 A.M.

NAME	REPRESENTING	LOCATION
Porta W.	White Oil Co. Ltd.	S.F.
Summa G. W.	Montgomery, Televis. Co.	S.F.
Donald D. Stacey	Texas Petroleum Corp.	San Antonio, Tex.
Oscaris G. W.	Texas Petroleum Corp.	San Antonio, Texas
C. H. Fink	Texas	Midland
P. T. M. G. G. G.	U. S. G. S.	Farmington.
Dean W. W.	Lone Star Producing Co.	Midland
H. M. G. W.	Lone Star Prod. Co.	Dallas, Tex.
Chas. J. W.		Midland.
J. M. W.	Texas Oil Co.	Denver, Colo.
D. J. L.	Yates Bros.	Artesia
G. Marcan	State Land Office	Albuquerque
Jim Kraus	U. S. G. S.	Albuquerque
Carl Traywick	U. S. G. S.	Albuquerque
Jason Kallala	Rellish & Fox	Santa Fe
A. R. Kendrick	OCG	Artesia

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICOHearing Date APRIL 29, 1970 TIME: 9 A.M.

NAME	REPRESENTING	LOCATION
Nina DuHarme J. L. Kelly	RW Byram & Co. Cities Service Oil Co.	Santa Fe MIDLAND, TX

MR. UTZ: The hearing will come to order, please.
We will call the first three cases, which will be continued, and then the docket will follow in the order that it's docketed.

Case 4341.

MR. HATCH: Case 4341. Application of Pan American Petroleum Corporation for two non-standard gas production units, Lea County, New Mexico.

The Applicant has requested that this case be continued until May 27.

MR. UTZ: Case 4341 will be continued until May 27.

STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, DAVID BINGHAM, Court Reporter 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.

David Bingham
 COURT REPORTER

I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the hearing held at Case No. 4341.
 heard by me on Apr. 29, 1970.
Mark L. [Signature]
 New Mexico Oil Conservation Commission

dearnley-meier

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

209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-4491 • ALBUQUERQUE, NEW MEXICO

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

May 27, 1970

EXAMINER HEARING

IN THE MATTER OF:)

Application of Pan American Petroleum)
Corporation for two non-standard)
gas proration units, Lea County, New)
Mexico.)

Case No. 4341

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: 4341.

MR. HATCH: Case 4341, application of Pan American Petroleum Corporation for two non-standard gas proration units, Lea County, New Mexico.

(Whereupon, Pan American's Exhibits 1 and 2 were marked for identification)

P. E. HOSFORD,

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

DIRECT EXAMINATION

BY MR. BUELL:

Q Mr. Hosford, since you were sworn and your qualifications were a matter of record in Case 4359, I'll ask you first to look at what has been identified as Pan American's Exhibit No. 1 in this case, 4341.

A Exhibit No. 1 is a structure map showing a portion of the Blinebry Gas Pool area. It reflects with the legend on the left-hand side, the color scheme being used to identify zones and production in each of the wells, but for the purpose of this exhibit, we are primarily concerned with the green-colored dot which is indicative of a Blinebry Gas Pool Well.

Also there is a Blinebry Oil Well symbolized by a red dot.

Q All right, sir. How have you distinguished the proposed non-standard unit that we are asking approval of here

today?

A This is distinguished by a dark dashed boundary colored red with an arrow pointing to a proposed 240-acre non-standard unit.

Q All right, sir. What is a standard unit for this gas pool?

A A standard unit is 160 acres.

Q What do we now have assigned to this well?

A We currently have 160 acres assigned to -- I don't think I've identified the well.

Q Please go ahead.

A That's the State C Tract 13 Well No. 5.

Q All right, sir. And we are asking for approval of a 240-acre non-standard. We want to add an additional 80 acres to the existing unit?

A Yes, sir; we do.

Q All right, sir. In your opinion, is all of the acreage that we propose to attribute to this well, and to this non-standard unit, will it contribute gas to this well?

A Yes, sir, it would.

Q I notice to the south of your proposed unit you have two other units outlined in red. What is the significance of that?

A These are non-standard units also. The one immediately to the south, the Atlantic Unit, was approved just recently by the

N.M.C.C.C. and does provide for 160 acres, but of a configuration. That does not mean the field requirement. The one farther south than that is a Getty or Tidewater Unit, which does have 120 acres assigned to it. But again, the configuration is somewhat strained.

Q Do both of those units have acreage currently assigned to them that are further downstructure than the easternmost acreage in our proposed non-standard unit?

A Further or as far downstructure; yes.

Q Are all the lands in our non-standard unit State lands?

A Yes, sir, they are.

Q Do you feel that the approval of this 240-acre non-standard unit will protect the correlative rights of not only the owners of interest in the non-standard unit, but those outside as well?

A Yes, sir, it would.

Q Do you have anything you would care to add to the record of this hearing?

A No.

MR. UTZ: Questions?

MR. BUELL: I've got another -- this Blinebry portion of this application.

MR. UTZ: Do you want to cover it before we have cross-examination?

MR. BUELL: All right, sir.

Q (By Mr. Buell) Would you look now at what has been identified as Pan American's Exhibit 2, Mr. Hosford. What is that?

A Exhibit No. 2 is a similar type of map showing the same area except contoured on top of the Tubb formation. Here again it is color-coded showing the same legend as used to the prior exhibit.

Of interest here is the blue, which is Tubb oil and the orange, which is Tubb gas.

Q How have you identified on this exhibit the proposed non-standard unit that we are seeking here today?

A The proposed non-standard unit is identified by a dark black dashed area bordered in red and further identified by an arrow reading "Proposed 200-acre non-standard unit."

Q Now, with regard to the Tubb, is the standard unit the same as in the Blinbry, 160 acres?

A Yes, sir, it is.

Q What do we now have assigned to this unit?

A We currently have 120 acres assigned to the Pan American State C Tract 13 Well No. 5 in the Tubb.

Q What 120 acres is that?

A This is comprised of the west half of the northwest quarter and the northeast quarter of the northwest quarter of Section 36.

Q And we propose to add 80 additional acres to that 120-acre unit to make a 200-acre non-standard unit?

A Yes, sir. We propose to add the west half of the northeast quarter of Section 36.

Q What is the reason for the I in the unit, the 40 acres that is missing for the unit that we had in the Blinebry?

A This particular 40 acres is assigned to a Tubb Oil Well producing at that location.

Q Do you feel that this acreage that we are asking to assign, which is downstructure, according to that exhibit, from the Tubb Oil Well, will contribute gas to the unit well?

A Yes, sir. The Tubb section through here is pretty extensive and the upper portion of this from performance in the area indicates that it is gas productive. And I would say the entire acreage that we propose to assign would be productive of gas.

Q In other words, you feel this Tubb Oil Well is producing lower structurally than where the majority of the gas is coming from in our gas well?

A Yes, sir. Plus the fact that this Tubb Oil Well is producing currently with a 2100 gas-oil ratio and its ratio is climbing very rapidly.

Q Is it still an economical oil well?

A Yes, sir. In February it produced seven barrels of oil per day with one barrel of water.

Q Would you recommend that it continue to be produced until depletion?

A I would say that we should continue to produce it to recover all the oil possible with that wellbore.

Q Now, the same questions I asked you with regard to the Blinebry relate to the two units to the south. Would your answers be generally the same with regard to the Tubb Units?

A Yes, sir. Acreage currently assigned to the Tubb Units to the south in Section 36 appear to be as far downstructure as the proposed acreage we want to assign to our State C Tract 13 Well No. 5.

Q Actually the two gas wells are not too far up-structure from your oil well, are they?

A That's correct, they are not.

Q Now, with regard to the Tubb Unit, of course, those would be all State lands, all 200 acres of State lands?

A Yes, sir.

Q Let me ask you this, has the Commission heretofore approved, in each of these Pools, units of the same size or greater size than we are asking for?

A Yes, sir. There are prior approvals of this nature in the two gas pools. There is one in the Blinebry Gas Pool, 240 acres and there are -- if I can find the tabulation here -- several in the Tubb Gas Pool. In fact, one maximum being 320 acres.

Q Going back to the Tubb now, do you feel that the proposal of this non-standard unit that we are seeking here today, will not only protect the correlative rights of the interest owners in the unit, but those outside the unit as well?

A I do.

Q With regard to both pools, does the existing well have the ability to produce the increased allowable that will occur due to the additional acreage?

A Yes, sir, from all indications. And it's difficult to look just at production numbers because of the way the wells are produced by the pipeline, but from all indications, the existing well, Well No. 5, is capable of producing any additional allowable resulting from these requests in both the Tubb and the Blinbry.

Q Do you have anything you would care to add to the record in Case 4341?

A No, sir, I do not.

MR. BUELL: That's all we have, Mr. Examiner, by way of Direct. I would like to formally offer Pan American's Exhibits 1 and 2, please, sir.

MR. UTZ: Without objection, Exhibits 1 and 2 will be entered into the record of this case.

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

CROSS-EXAMINATION

BY MR. UTZ:

Q Mr. Hosford, you say there are a number of Tubb units greater than 160 and one Blinebry of 220 acres already in this pool?

A Yes, sir. If I may, I could identify the one in the Tubb right offhand. It's the Skelly Oil Company Baker B Well No. 15 in Unit J. This is in Section 10, 22 South, 37 East. It does have an acreage factor of 150 per cent with 240 acres assigned to this well.

And I've got several I can identify in the Tubb Gas Pool if you would like me to --

MR. BUELL: You mean the Blinebry?

THE WITNESS: I've already identified the Blinebry. Now, I'm going to the Tubb.

A The Tubb, Hunt's Weatherly E, Well No. 1, in Unit G of Section 21, 21 South, 37 East, has 240 acres assigned, an acreage factor of 150 per cent. Marathon's Lou Worthen has a combination of wells, Well No. 9 in Unit E and Well No. 11 in Unit F, both being in Section 11, 22 South, 37 East, having 320 acres assigned, an acreage allocation factor of 2.0. The same Skelly Oil Company Baker B Well No. 15 in Unit J, Section 10, 22 South, 37 East, has 240 acres assigned in the Tubb, an acreage allocation factor of 150 per cent.

Texaco's A. H. Blinebry Federal NCT 1, Battery 3,

Well No. 8, in Unit E, Section 33, 22 South, 38 East, has an acreage factor of 1.07 having 172 acres assigned to it.

Now, I've got one more if you would like it for the record, too, please, sir.

Q Go ahead. You've already hurt us pretty bad.

A Union Texas Petroleum, Western Federal No. 1 and Unit B, Section 5, 23 South, 38 East has an acreage allocation factor of 1.13, 181 acres assigned.

Q That's all you know of?

A That's all I know of, yes, sir.

MR. BUELL: That is an entire proration schedule for both pools, isn't it?

THE WITNESS: I don't see how it could be. No, it is not the entire proration schedule, but I understand this is all that do exist in this pool.

Q (By Mr. Utz) Are both of these pools regulated under R-1670?

A Yes, sir.

Q R-1670 sets up a spacing of 160 acres?

A Yes, sir, in this case. They do have 160-acre spacing.

Q It appears we didn't believe in our own order, doesn't it?

A It looks like it.

Q Can you tell me what the dates were on these, or approximately when they were?

A I've got the date on it -- I guess this is the one I failed to read. Well, actually it's 160 acres, this non-standard unit. There was a hearing held on February 27, 1970 of this year. Case 4313. This was the Atlantic-Richfield 160-acre non-standard unit located just south of Pan American's well.

Q That's 160 acres?

A Yes, sir, this is 160. It's not standard because of the configuration. The rest of these, I do not have the dates on them, no, sir.

MR. RAMEY: I'll volunteer that the Skelly was approximately 1955.

MR. BUELL: You know, Mr. Examiner, we made the discovery that the entire Jalmat Pool with the centering of the wells, there's only one well on the standard gas proration unit.

MR. UTZ: Yes, but the spacing was 640, wasn't it?

MR. BUELL: 640 acre wells.

MR. UTZ: Other questions of the witness?

MR. NUTTER: Mr. Hosford, the Commission, in establishing 160 acres as a normal size spacing unit for the Tubb Gas Pool and Blinbry Gas Pool, had a finding that one well would adequately and efficiently drain 160 acres. ~~Is there~~

Is there any evidence available today that one well will drain more than 160 acres in either of these pools?

THE WITNESS: Mr. Nutter, I think the evidence that would prevail would be the pressure performance of the overall Tubb Gas Pool and the Blinebry Gas Pools. It would almost require drilling a well on the acreage that you would want to attribute to definitely prove that this acreage has been drained and could be drained by an existing well. I have not made a detailed study for this type of proof myself, but I feel assured though, that there is enough collateral communication within this Tubb Gas reservoir that one well could drain in excess of 160 acres.

MR. NUTTER: That's a feeling and there is no evidence in the record as to that?

THE WITNESS: No, sir, there is no evidence in the record.

MR. NUTTER: And with just a handful of wells which you enumerated, these two pools with their many wells have been developed and produced on a pattern of one well to 160 acres or less; is this correct?

THE WITNESS: Yes, this is correct.

MR. NUTTER: Now, I presume that Gulf is the owner of this 80 acres comprising the east half of the northeast quarter of Section 36?

THE WITNESS: Yes, sir, they are. This indicates Gulf to be the owner.

MR. NUTTER: Has any effort been made by Pan American and Gulf to communitize this acreage and to form a standard 160 unit for either of these two pools and drill one additional well to develop these reserves that are in this area?

THE WITNESS: To my knowledge, no effort has been made.

MR. NUTTER: Wouldn't that be a more logical method of developing the acreage, to have a standard unit here with a well on it if you wanted to deplete this 160 acres?

THE WITNESS: It would fit more the logical scheme of the Commission in establishing 160 acres as a base. However, without a detailed analysis, I don't know the remaining reserves and what the economics would grind out to drill a brand new well. What we are attempting here is to attribute acreage and to avoid the investment in doing so, and yet recover gas through this well.

MR. NUTTER: Now, the rules call for one well for 160 acres and the assignment of a 160 acre allowable to one well if the 160 acres is developed. In one case here, you have 240 acres which is 150 per cent. In other words, you would be getting 150 per cent of an allowable for one well?

THE WITNESS: Yes, sir, you would be.

MR. NUTTER: If you had 320 acres and you had one well, you would be getting two allowables for one well, is this correct, if you had 32 acres dedicated?

THE WITNESS: Yes, sir, and as I pointed out in reading off this one 320-acre unit in the Tubb, there was a companion unit.

MR. NUTTER: There were two wells?

THE WITNESS: Yes, sir. There were two wells on there, but it's being prorated and administered as one 320-acre unit.

MR. NUTTER: But if you had 320 acres, rather than 240, you would be, in effect, getting two allowables for one well, is that correct?

THE WITNESS: Yes, sir.

MR. NUTTER: In other words, you would be getting full credit for 160 acres which, in effect, would not be developed acreage, is this correct?

THE WITNESS: It would be non-developed acreage, but productive.

MR. NUTTER: Would this be contrary to the Commission's long established policy of not allowing credit for undeveloped acreage in oil and gas pools?

THE WITNESS: I'm not that familiar with the long standing policies, but I would have to assume it would be contrary, yes, sir.

MR. NUTTER: You are not aware, Mr. Hosford, of these

wells that you mentioned having acreage factors of 1.5, in that neighborhood, that those were assigned back in the early '50's and in the mid '50's at the latest?

THE WITNESS: No, sir, I do not have the dates available.

MR. NUTTER: And there have not been any applications approved such as this application today, approved in approximately fifty years?

THE WITNESS: No, sir. I'm not aware of that.

MR. NUTTER: I believe that's all. Thank you.

MR. UTZ: You're testifying that that's a fact?

MR. NUTTER: No, I'm asking him if he's aware of that.

MR. UTZ: Other questions of the witness? The witness will be excused.

(Witness excused)

MR. UTZ: Statements? The case will be taken under advisement. We will adjourn until 1:30.

(Whereupon, the hearing was
adjourned until 1:30 o'clock P.M.)

I N D E X

WITNESS	PAGE
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<u>EXHIBIT</u>	<u>MARKED</u>	<u>OFFERED AND ADMITTED</u>
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STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, David Bingham, 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.

10
David Bingham
Court Reporter

I do hereby certify that the foregoing is
a complete record of all proceedings in
the Executive hearing of Case No. 434/
heard by me on May 2, 1970.
James C. [Signature], Engineer
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

June 29, 1970

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

Re: Case No. 4341
Order No. R-3982
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. Foster, 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. 4341
Order No. R-3982

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 27, 1970,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 29th day of June, 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 the Pan American State "C" Tract 13
Well No. 5, a dual completion in the Blinebry and Tubb Gas Pools,
located 1980 feet from the North line and 660 feet from the West
line of Section 36, Township 21 South, Range 37 East, NMPM, Lea
County, New Mexico.

(3) That the applicant seeks approval of two non-standard
gas proration units to be dedicated to said Well No. 5 as follows:

Blinebry Gas Pool - 240 acres - NW/4
and W/2 NE/4

Tubb Gas Pool - 200 acres - W/2 NW/4,
NE/4 NW/4 and W/2 NE/4

-2-

CASE No. 4341

Order No. R-3982

(4) That the production of gas in both of the aforesaid pools is prorated.

(5) That a standard proration unit comprises 160 acres in each of the aforesaid pools.

(6) That the production of a 240-acre allowable from the Blinebry Gas Pool and the production of a 200-acre allowable from the Tubb Gas Pool by said Well No. 5 would impair the correlative rights of other operators in each of the subject pools.

(7) That the subject application should be denied.

IT IS THEREFORE ORDERED:

(1) That the subject application is hereby denied.

(2) 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 4341

Heard 5-27-70

Rec. 6-17-70

Denise P. McIntire's request
for 2 NSP's in Subt &
Blindby. Geo. Pools.

Spacing in Area is
166 A. & should be ex-
ceeded except in case of
Survey Conditions.

Use attached Order R-
1254 as a guide.

Must

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF PAN AMERICAN PETROLEUM COR-)
PORATION FOR TWO NONSTANDARD GAS) Case No. 4341
PRORATION UNITS IN LEA COUNTY,)
NEW MEXICO.)

ENTRY OF APPEARANCE

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

ATWOOD, MALONE, MANN & COOTER

By Charles S. Malone
Attorneys for Pan American
Petroleum Corporation
P. O. Drawer 700
Roswell, New Mexico 88201

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 29, 1970

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 4340: Application of Tesoro Petroleum Corporation for three waterflood projects and unorthodox injection well locations, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute three waterflood projects in the South Hospah Upper Sand Oil Pool by the injection of water through nine injection wells to be drilled at unorthodox locations in Section 1, Township 17 North, Range 9 West, and in Sections 6 and 7, Township 17 North, Range 8 West, McKinley County, New Mexico. Applicant further seeks a procedure whereby additional injection wells and producing wells at unorthodox locations within the project areas may be approved administratively.

CASE 4341: Application of Pan American Petroleum Corporation for two non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of two non-standard gas proration units for its State "C" Tract 13 Well No. 5, a dual completion, located 1980 feet from the North line and 660 feet from the West line of Section 36, Township 21 South, Range 37 East, Lea County, New Mexico, said units to be comprised as follows:

Blinebry Gas Pool - 240 acres - NW/4 and W/2
NE/4

Tubb Gas Pool - 200 acres - W/2 NW/4, NE/4
NW/4 and W/2 NE/4

CASE 4342: Application of Dearing, Wright, Gibbins, and Church, doing business as New Mexico Petroleum Company, for authority to operate an oil treating plant, Lea County, New Mexico. Applicants, in the above-styled cause, seek authority to install and operate a chemical and heating process oil treating plant in the vicinity of Tatum, New Mexico, for the reclamation of sediment oil to be obtained from tank bottoms, waste pits, and drip tanks.

- CASE 4343: Application of Texaco Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the perforated and open-hole interval from 11,194 feet to 11,278 feet in its New Mexico "BB" State (NCT-1) Well No. 2 located in Unit N of Section 11, Township 12 South, Range 32 East, East Caprock-Devonian Pool, Lea County, New Mexico.
- CASE 4344: Application of Texaco Inc. for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the open-hole interval from 11,230 feet to 11,503 feet in its B. E. Spencer "B" Federal Well No. 1 located in Unit D of Section 28, Township 15 South, Range 30 East, Little Lucky Lake-Devonian Pool, Chaves County, New Mexico.
- CASE 4345: Application of Yates Drilling Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Seven Rivers and possibly other formations in the open-hole interval from 68 feet to 100 feet in its Galvin Well No. 8 and from 68 feet to 90 feet in its Galvin Well No. 14, both located in Unit N of Section 12, Township 20 South, Range 26 East, West McMillan-Seven Rivers Pool, Eddy County, New Mexico.
- CASE 4346: Application of Yates Drilling Company for a pressure maintenance expansion and promulgation of rules therefor, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand the S. P. Yates West McMillan Anderson Pressure Maintenance Project in the West McMillan Seven Rivers-Queen Pool, Eddy County, New Mexico, authorized by Order No. R-3852, by the conversion to water injection of two additional wells located in Units O and P, Section 11, Township 20 South, Range 26 East. Applicant further seeks the designation of a project area, promulgation of rules governing said project, and a procedure whereby other methods of flooding in the subject project may be authorized administratively.
- CASE 4347: Application of Yates Drilling Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Yates North Vacuum (San Andres) Unit Area comprising 800 acres, more or less, of State lands in Sections 1, 2, 11, and 12, Township 17 South, Range 34 East, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico.

CASE 4348: Application of Yates Drilling Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its North Vacuum (San Andres) Unit Area by the injection of water into the San Andres formation through 9 wells located in Sections 1, 2, 11, and 12, Township 17 South, Range 34 East, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico. Applicant further seeks a procedure whereby said project may be expanded administratively without a showing of well response.

CASE 4349: Application of Tenneco Oil Company for a waterflood expansion and unorthodox injection well locations, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks to expand the waterflood project in its South Hospah Unit Area by the injection of water into the South Hospah Upper Sand Oil Pool, McKinley County, New Mexico, through two additional injection wells at unorthodox locations in Section 12, Township 17 North, Range 9 West, as follows:

Unit Well No. 41 - 5 feet from the North line and 1650 feet from the East line;

Unit Well No. 42 - 3000 from the North line and 5 feet from the East line.

CASE 4350: Application of Cities Service Oil Company 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 on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico. Said exception would be for applicant's Snyder Federal lease comprising the S/2 NE/4 and N/2 SE/4 of Section 26, Township 15 South, Range 29 East, Sulimar-Queen Pool, Chaves County, New Mexico. Applicant seeks authority to dispose of salt water produced by wells on said lease in an unlined surface pit located in Unit H of said Section 26.

CASE 4351: Application of Humble Oil & Refining Company for well reclassification and simultaneous dedication of acreage, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the reclassification of its New Mexico "G" State Well No. 5 from an oil well in the Eumont Pool to a gas well in said pool. Applicant further seeks the dedication of a standard 640-acre gas proration unit comprising all of Section 23, Township 21 South, Range 36 East, Lea County, New Mexico, to said Well No. 5 and to applicant's New Mexico "G" State Well No. 9,

located, respectively in Units E and G of said Section 23, and authority to produce the allowable assigned to said unit from either of said wells in any proportion.

CASE 4352: Application of Jack L. McClellan for the creation of a new gas pool or, in the alternative, the establishment of pool rules for two existing pools, Chaves and Lea Counties, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Queen gas pool comprising the following-described acreage:

CHAVES COUNTY, NEW MEXICO

Township 15 South, Range 29 East

Section 11: SE/4

Section 12: SW/4

Section 13: NW/4

Section 14: E/2

Section 23: NE/4 and SW/4

In the alternative applicant seeks the promulgation of special rules for the Sulimar-Queen Pool, Chaves County, and Double L-Queen Pool, Chaves and Lea Counties, New Mexico, as separate or as consolidated pools, including provisions for the classification of oil and gas wells, spacing and well location requirements for oil and gas wells, and an allocation formula for withdrawals by oil wells and gas wells.

CASE 4353: Application of Lone Star 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 Tres Papalotes-Pennsylvanian Pool, Lea County, New Mexico, including a provision for 160-acre spacing and proration units.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 27, 1970

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. Fox, Examiner, or Daniel S. Nutter, Alternate Examiner:

- CASE 4357: Application of Stallworth Oil & Gas for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill an infill producing oil well at an unorthodox location, 1315 feet from the South and East lines of Section 25, Township 16 South, Range 30 East, in its Square Lake Grayburg-San Andres Waterflood Project, Eddy County, New Mexico.
- CASE 4358: Application of Union Oil Company of California for a non-standard gas proration unit and unorthodox location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 240-acre non-standard gas proration unit comprising the NE/4 and E/2 SE/4 of Section 18, Township 8 South, Range 38 East, Bluit-San Andres Associated Pool, Roosevelt County, New Mexico, to be dedicated to its Federal 18 Well No. 2 at an unorthodox location 660 feet from the South and East lines of said Section 18. Applicant further requests that the allowable assigned to the subject well be effective as of May 1, 1970.
- CASE 4359: Application of Pan American Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a gas well at an unorthodox location 1650 feet from the South line and 990 feet from the West line of Section 22, Township 18 South, Range 26 East, Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico.
- CASE 4360: Application of Pan American Petroleum Corporation to directionally drill, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to locate its Byers "A" Well No. 30 at a point 663 feet from the North line and 1935 feet from the West line of Section 3, Township 10 South, Range 38 East, Hobbs. (Grayburg-San Andres) Pool, Lea County, New Mexico, and directionally drill said well to a bottom-hole location 330 feet from the North line and 1650 feet from the West line of said Section 3.
- CASE 4341: (Continued from the April 29, 1970, Examiner Hearing)
Application of Pan American Petroleum Corporation for two non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of two non-standard

(Case 4341 continued)

gas proration units for its State "B" Unit 11 Well No. 5, a dual completion, located 1980 feet from the North line and 660 feet from the West line of Section 36, Township 21 South, Range 37 East, Lea County, New Mexico, said units to be comprised as follows:

Plainsbury Gas Pool - 240 acres - NW/4
and W/2 NE/4

Tubb Gas Pool - 200 acres - W/2 NW/4,
NE/4 NW/4 and W/2 NE/4

CASE 4361: Application of Read & Stevens for an unorthodox gas well location, Chaves County, New Mexico. Applicants, in the above-styled cause, seek authority to drill a gas well at an unorthodox location 990 feet from the South and West lines of Section 6, Township 15 South, Range 28 East, Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico, to be dedicated to a gas proration unit comprising the W/2 of said Section 6.

CASE 4362: Application of William J. LeMay for a non-standard gas proration unit or compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 318.9-acre non-standard gas proration unit comprising Lots 1 and 2 and the E/2 NW/4, and NE/4 of Section 7, Township 20 South, Range 25 East, Dagger Draw-Morrow Gas Pool, Eddy County, New Mexico, or a 478-acre non-standard unit comprising Lots 1, 2, 3, and 4, and the E/2 W/2, and NE/4 of said Section 7. In the alternative, applicant seeks an order pooling all mineral interests from the surface of the ground down to and including the Morrow formation underlying said Section 7. The acreage in the above proposals is to be dedicated to a well 1650 feet from the North and West lines of said Section 7 which is to be re-entered.

CASE 4352: (Continued from the May 13, 1970, Examiner Hearing)
Application of Jack L. McClellan for the creation of a new gas pool or, in the alternative, the establishment of pool rules for two existing pools, Chaves and Lea Counties, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Queen gas pool comprising the following-described acreage:

CHAVES COUNTY, NEW MEXICO

Township 15 South, Range 29 East
Section 11: SE/4

(Case 4352 continued)

CHAVES COUNTY, NEW MEXICO

Township 15 South, Range 29 East

Section 12: SW/4

Section 13: NW/4

Section 14: E/2

Section 23: NE/4 and SW/4

In the alternative applicant seeks the promulgation of special rules for the Sulimar-Queen Pool, Chaves County, and Double L-Queen Pool, Chaves and Lea Counties, New Mexico, as separate or as consolidated pools, including provisions for the classification of oil and gas wells, spacing and well location requirements for oil and gas wells, and an allocation formula for withdrawals by oil wells and gas wells.

PAN AMERICAN PETROLEUM CORPORATION

OIL AND GAS BUILDING

P. O. BOX 1410

FORT WORTH, TEXAS—76101

March 31, 1970

File: PEH-151-986.510.1

Subject: Non-Standard Units
Tubb and Blinebry Gas Pools
Lea County, New Mexico

D. L. RAY
DIVISION ENGINEER

1 09
APR 2 1970

Case 4341

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico 87501

Gentlemen:

Pan American Petroleum Corporation respectfully requests that a hearing be docketed to consider our request for assignment of non-standard Tubb and Blinebry Gas units to our State "C" Tract 13 Well No. 5 in the Tubb and Blinebry Gas Pools, Lea County, New Mexico. This well is currently a Blinebry Gas-Tubb Gas dual completion.

We request that a non-standard 240 acre Blinebry gas unit consisting of the NW/4 and the W/2 of the NE/4 of Section 36, T-21-S, R-37-E, be dedicated to the Blinebry zone in the State "C" Tract 13 Well No. 5, and that a 200 acre non-standard Tubb gas unit consisting of the W/2 of the NW/4, NE/4 of the NW/4, and the W/2 of the NE/4 of Section 36, T-21-S, R-37-E, be dedicated to the Tubb zone. The Blinebry zone currently has 160 acres dedicated to it in this well and 120 acres are dedicated to the Tubb zone.

Yours very truly,

D. L. Ray

WCW:jn

DOCKET MAILED

Date 5-14-70

DOCKET MAILED

Date 4-17-70

DRAFT

GMH/esr
June 17, 1970

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

GA
IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

[Signature]
CASE No. 4341

Order No. R- *2982*

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

[Signature]
ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 27, 1970,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this day of June, 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 the Pan American State "C" Tract 13
Well No. 5, a dual completion in the Blinebry and Tubb Gas Pools,
located 1980 feet from the North line and 660 feet from the West
line of Section 36, Township 21 South, Range 37 East, NMPM, Lea
County, New Mexico.

(3) That the applicant seeks approval of two non-standard
gas proration units *to be dedicated to* ~~for~~ said Well No. 5 as follows:

Blinebry Gas Pool - 240 acres - NW/4
and W/2 NE/4

Tubb Gas Pool - 200 acres - W/2 NW/4,
NE/4 NW/4 and W/2 NE/4

(4) That the production of gas in both of the aforesaid pools is prorated.

(5) That a standard proration unit comprises 160 acres in each of the aforesaid pools.

(6) That the production of a 240-acre allowable from the Blinebry Gas Pool and the production of a 200-acre allowable from the Tubb Gas Pool by said Well No. 5 would impair the correlative rights of ~~the~~^{other} operators in each of the subject pools.

(7) That the subject application should be denied.

IT IS THEREFORE ORDERED:

(1) That the subject application is hereby denied.

(2) 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.