

CASE 2291: Application of PAN
AMER. for an exception to RULE
303 (a), Lea County, N.M.

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Application, Transcript,
and Exhibits, Etc.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

September 5, 1962

Pan American Petroleum Corporation
P. O. Box 68
Albuquerque, New Mexico

Attention: Mr. V. E. Staley

Administrative Order PC-95

Gentlemen:

Reference is made to your application dated August 18, 1962, for administrative approval of an exception to Rule 103 (a) of the Commission Rules and Regulations to permit the commingling of the production from the ~~Padlock~~ and the ~~Brunson~~ Pools on your Hugh Corrigan Lease located in the NE/4 SE/4 of Section 33, Township 21 South, Range 37 East, NMRN, Lea County, New Mexico, without separately metering the production from either pool and allocating the production on the basis of monthly well test.

By the authority vested in me under the provisions of Rule 103 (b) of the Commission Rules and Regulations, you are hereby authorized to commingle the production from the aforesaid pools on said lease in the above-described manner. Provided however, that the installation shall be operated in accordance with the provisions of the Commission "Manual for the Installation and Operation of Commingling Facilities," and provided further however, that you shall immediately notify the Commission at such time as any well in either pool is unable of top allowable production.

Very truly yours,

A. L. FORSTER, Jr.,
Secretary-Director

ALF/DCM/MSR

cc: Oil Conservation Commission (with enclosure) - Hobbs
Oil & Gas Engineering Committee - Hobbs

PAN AMERICAN PETROLEUM CORPORATION

Post Office Box 68
Hobbs, New Mexico

August 10, 1962

File: VES-262-541.112 x 400

Subject: Application to Commingle Production
Hugh Corrigan Lease, Lea County,
New Mexico

Mr. A. L. Porter (3)
Secretary-Director
New Mexico Oil Conservation Commission
Post Office Box 871
Santa Fe, New Mexico

Dear Mr. Porter:

Pan American Petroleum Corporation hereby submits application for exception to Order No. R-2005 which authorized commingling of oil production from the following wells and pools by metering:

Hugh Corrigan No. 1 located in Unit I, Section 33, T-21-S, R-37-E, NMPM, Lea County, New Mexico. This well is completed in the Paddock (oil) Pool.

Hugh Corrigan No. 2 located in Unit I, Section 33, T-21-S, R-37-E, NMPM, Lea County, New Mexico. This well is dually completed in the Brunson (oil) and Wantz Abo (oil) Pools. The Brunson Zone is shut-in.

In support of our request for exception to Order No. R-2005 wherein Pan American was granted exception approval to Rule 303(a) to permit the commingling in common facilities of the commonly owned production from two or more sources of supply, the following is submitted:

1. The oil production from each common source will be allocated on the basis of well test. Attached is a tabulation of production showing the average daily production over a 60-day period. At the time the Order No. 2005 was issued both the Wantz Abo production and Brunson production were penalized due to high gas-oil ratio. Since that time, the Brunson Zone has been shut-in and Wantz Abo production is no longer penalized. The zones were never commingled due to the expense of installing meters.
2. Detailed data of liquid hydrocarbons:

<u>Pools</u>	<u>Gravity</u>	<u>Price/BL</u>	<u>Est Annual Production</u>
A. Paddock	36.8	\$2.83	5840
B. Wantz Abo	39.6	\$2.92	913
C. Commingled	37.2	\$2.86	6753

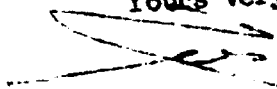
- 2 -

The commercial value of the commingled production will be \$120 per year more than the sum of the production from each common source of supply.

Schematic diagram of proposed installation is attached. Tank battery facility to be located in NE/4, SE/4, Section 33, T-21-S, R-37-E, Lea County, New Mexico.

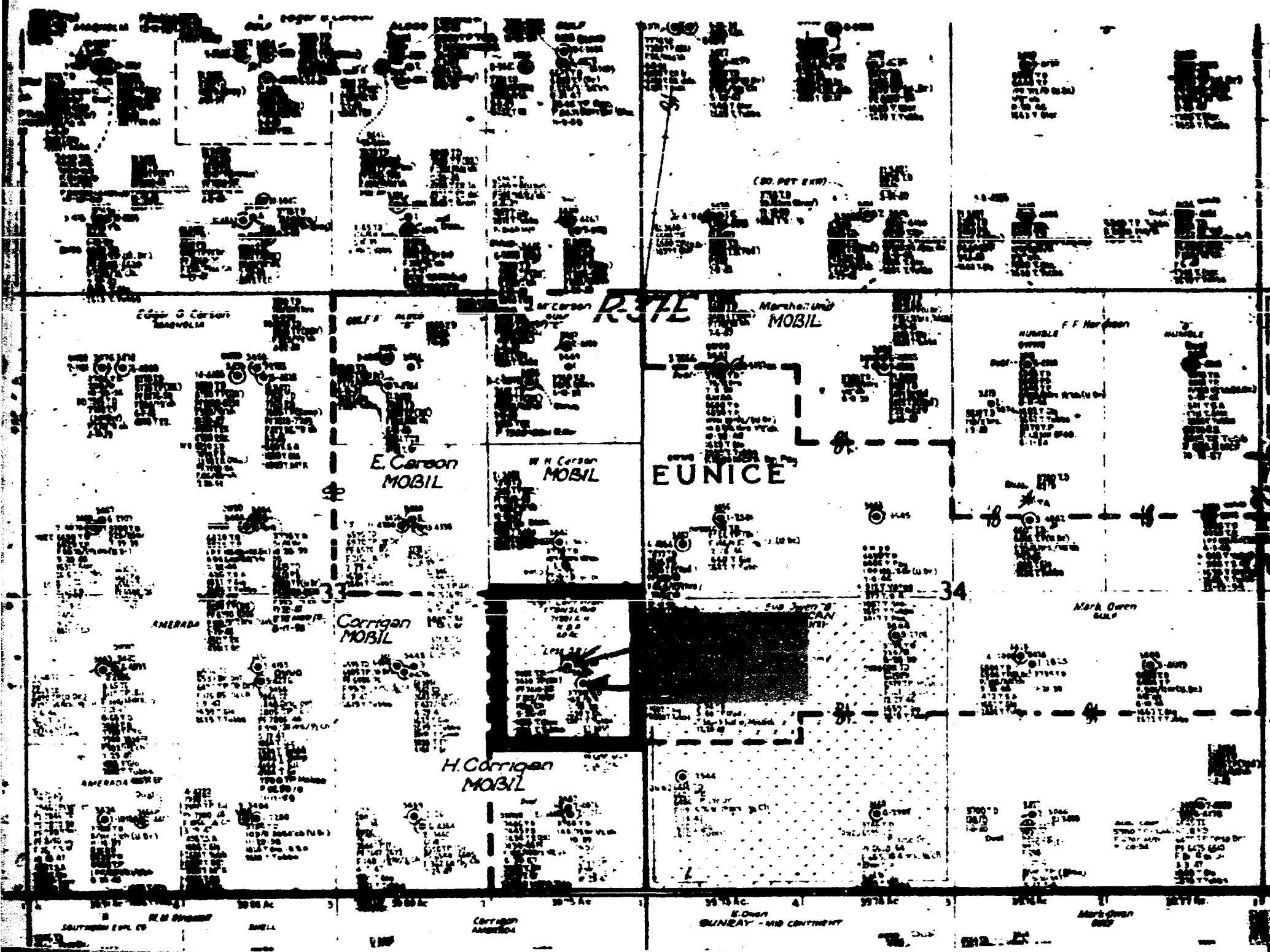
Plat showing the location of all wells on the Hugh Corrigan Lease and the pools from which the well is producing is attached.

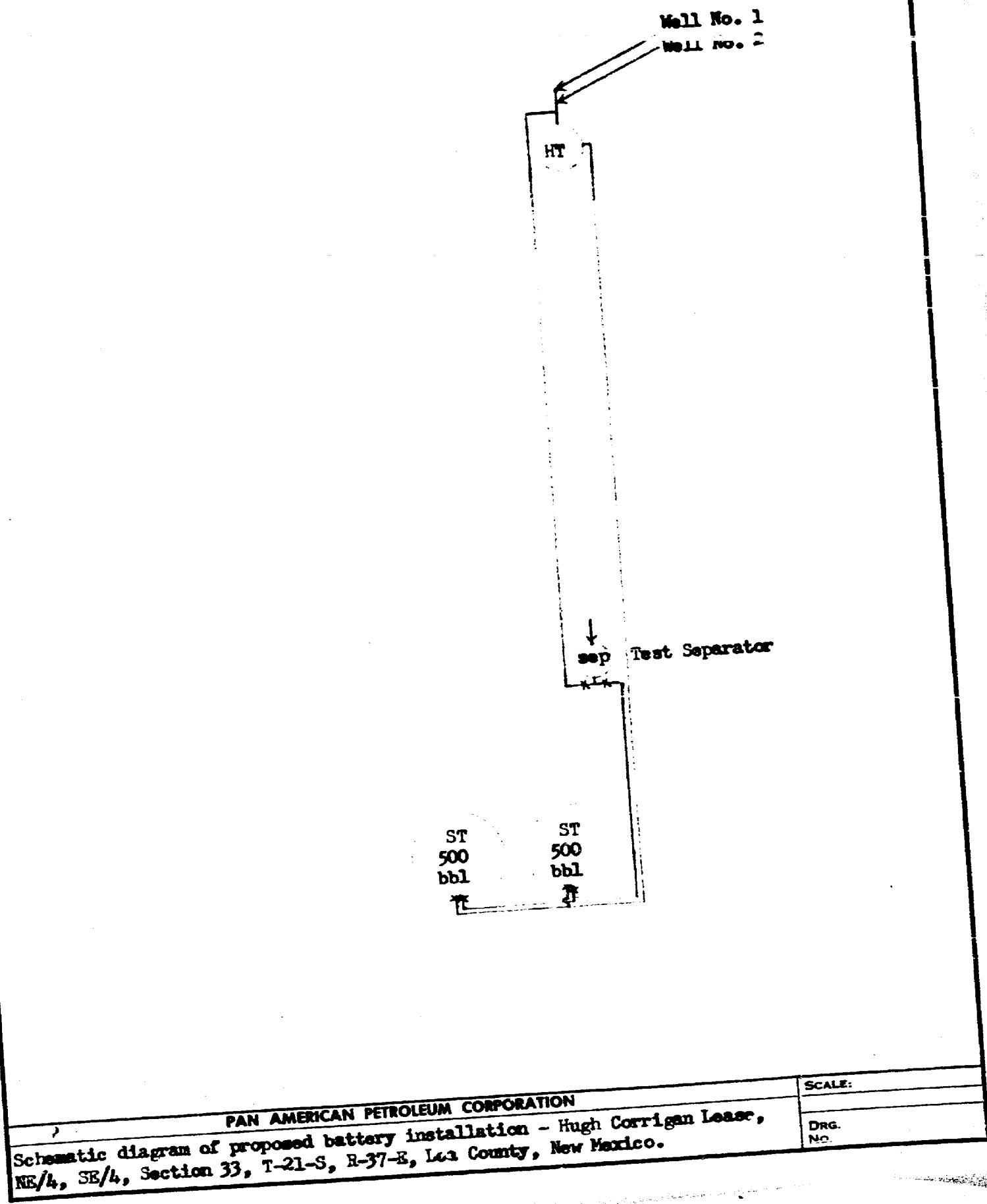
Yours very truly,



V. E. Staley

Attachments





PAN AMERICAN PETROLEUM CORPORATION		SCALE:
Schematic diagram of proposed battery installation - Hugh Corrigan Lease, NE/4, SE/4, Section 33, T-21-S, R-37-E, Lea County, New Mexico.		DRG. No.

**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. 2291
Order No. R-2005**

**APPLICATION OF PAN AMERICAN
PETROLEUM CORPORATION FOR AN
EXCEPTION TO RULE 303 (a),
LEA COUNTY, NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 24, 1961, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 22nd day of June, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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 Hugh Corrigan Lease, comprising the NE/4 SE/4 of Section 33, Township 21 South, Range 37 East, NMPN, Lea County, New Mexico.
- (3) That the applicant seeks permission to commingle, prior to measurement, the Padlock, Brunson and Wantz-Abo pool production from all wells on the above-described Hugh Corrigan Lease, and to allocate production to each well in each pool on the basis of periodic well tests.
- (4) That the wells producing from the Wantz-Abo and Brunson Pools are capable of producing in excess of their allowables which are restricted by high gas-oil ratios.
- (5) That the production from the Wantz-Abo Pool and from the Brunson Pool should each be separately metered prior to commingling.

-2-
CASE No. 2291
Order No. R-2005

(6) That all wells producing from the Paddock Pool are marginal.

IT IS THEREFORE ORDERED:

That the applicant, Pan American Petroleum Corporation, is hereby authorized to commingle the Paddock, Brunson and Wantz-Abe pool production from all wells on its Hugh Corrigan Lease, comprising the NE/4 SE/4 of Section 33, Township 21 South, Range 37 East, SPM, Lea County, New Mexico.

PROVIDED HOWEVER, That the production from the Brunson and Wantz-Abe Pools shall each be separately measured prior to commingling.

PROVIDED FURTHER, That all meters shall incorporate non-reset totalizers.

PROVIDED FURTHER, That in the event any well on the subject lease becomes capable of producing top allowable in the Paddock Pool, the applicant shall notify the Santa Fe office of the Commission of such fact.

IT IS FURTHER ORDERED:

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



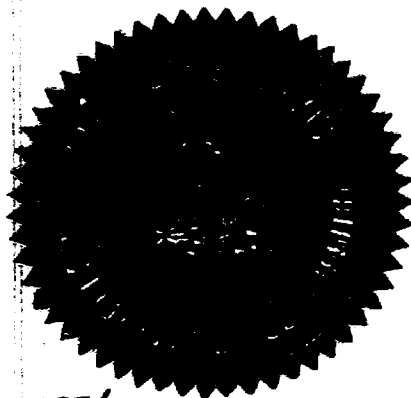
EDWIN L. MECHAM, Chairman



E. S. WALKER, Member



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



esr/

GOVERNOR
EDWIN L. MECHAM
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER

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

P. O. BOX 871
SANTA FE

June 22, 1961

Mr. Guy Buell
Pan American Petroleum Corporation
P. O. Box 1410
Fort Worth, Texas

Re: CASE NO. 2291
ORDER NO. B-2005
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,

A. L. Porter, Jr.
A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC X
Artesia OCC
Aztec OCC

OTHER Mr. Kirk Newman

Cases 2221
Heard 5-24-61
Rec. 6-6-61

1. Grant Penn Acad's request for coiningly
Brunson - Ellenburger, Paddock, and
Wantz also pools on their High
Corrigan lease consisting of the NE SE
33 - 21 S - 37 E.

2. The Wantz - also and the Brunson -
Ellenburger shall be metered separately
due to the fact that both wells are
capable of producing more than
their metered allowances due to
high GOR.

3. Use at Coomingly order otherwise

Thos. G. D. R.

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
May 24, 1961

EXAMINER HEARING

IN THE MATTER OF:

CASE 2291

TRANSCRIPT OF HEARING

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
May 24, 1961

EXAMINER HEARING

IN THE MATTER OF:

CASE 2291 Application of Pan American Petroleum Corpora-
tion for an exception to Rule 303 (a), Lea
County, New Mexico. Applicant, in the above-
styled cause, seeks permission to commingle,
prior to measurement, the Paddock, Brunson
and Wantz-Abo pool production from all wells
on its Hugh Corrigan Lease, comprising the
NE/4 SE/4 of Section 33, Township 21 South,
Range 37 East, Lea County, New Mexico, and to
allocate production to each well in each pool
on the basis of periodic well tests.

BEFORE:

Elvis A. Utz, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

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

We will call Case No. 2291.

MR. MORRIS: Application of Pan American Petroleum Corpora-
tion for an exception to Rule 303 (a), Lea County, New Mexico.

MR. NEWMAN: Kirk Newman, Atwood and Malone, Roswell, New
Mexico, representing the Applicant. We have one witness.

MR. UTZ: Are there any other appearances in this case?

You may proceed.

(Witness sworn.)

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PHONE CH 3-6891

ALBUQUERQUE, NEW MEXICO



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PHONE CH 3-6651

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CHARLES C. BIRNIE,

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

DIRECT EXAMINATION

BY MR. NEWMAN:

Q Would you state your name and employment, please, sir?

A Charles C. Birnie, Pan American Petroleum Corporation.

Q Have you previously testified before this Commission?

A No.

Q Would you state briefly your educational and professional background?

A I received a B.S. degree in petroleum engineering from the New Mexico Institute of Mining and Technology. I have been employed since June of 1957 with Pan American Petroleum Corporation as an engineer, a petroleum engineer.

Q You worked the southeastern New Mexico area during your term of employment?

A Yes.

MR. NEWMAN: Are the witness's qualifications acceptable?

MR. UTZ: Yes, they are.

Q (By Mr. Newman) Would you explain to the Commission the nature of this exhibit which we will offer?

A On the right side we have Attachment No. 1, which is an ownership map showing in red, outlined in red, the Hugh Corrigan Lease.



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Q What is on the right side of this?

A Also on the right side is Attachment 2, a schematic drawing of the proposal for commingling the production on this lease.

Q What is on the left side?

A On the left side is general information which will be presented in testimony before the Commission.

Q Briefly, what do you propose by this application?

A We propose to commingle without metering the production from the three horizons on the Hugh Corrigan Lease. These are marginal wells.

Q What pools are they from?

A The Brunson, Paddock, and Wantz-Abo.

Q Would you state to the Commission in detail what is shown on Attachment No. 1 of the Exhibit?

A Attachment No. 1, outlined in red, is the Hugh Corrigan Lease. The green blocks indicate the Hugh Corrigan Well No. 1 which is from the Paddock. The Brunson in blue dots is a dual completion from the Wantz-Abo on the Hugh Corrigan No. 2. The rectangle southwest of the two subject wells shows the location of the present tank battery which will be used in the proposed commingling.

Q What is the legal description of the Hugh Corrigan Lease?

A The northeast quarter of the southeast quarter of Section 33, Township 21 South, Range 37 East.

Q What is the present nature of production from the various pools that comprise this area?



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A As shown on the attachment, the Abo on 4-12-61 flowed 44 barrels oil per day for a gas-oil ratio of 6,747. It has a present allowable of 24 penalized, and top allowable for this pay is 82 barrels oil per day. A Ellenburger on the 5-17-61 flowed 28 barrels oil per day with a GOR of 18,300. The requested allowable was 9 penalized, top allowable, 82. The Paddock on 3-27-61 flowed 22.2 barrels oil per day, GOR, 2,400; allowable is 23, top allowable 47.

Q Your test figures for a twenty-four hour test: 44, 28, 22.2 barrels, does that reasonable accurately reflect the present producing capacity of these wells?

A It does.

Q Is it possible that any of these wells have a greater capacity now than at the time of these tests?

A It is very doubtful.

Q How about in connection with the Ellenburger?

A The Ellenburger prior to the time it was worked had a 3 penalized allowable. Now we have requested a 9 penalized allowable for it.

Q Are all of these wells in declining stages of production?

A They are.

Q What is the ownership of the Hugh Corrigan Lease relative to working interest and to royalty?

A The working interest is in Pan Am. And the royalty in the three horizons is identical.

Q Is it fee land?



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A Yes.

Q Would you refer to Attachment No. 2, the schematic drawing of the proposed installation and explain that attachment to the Commission?

A Our proposal is to commingle the three horizons. These three wells will be brought into a header and there they will be commingled and passed through the treater as shown by the red lines and then into the storage facilities. There is a manifold where each or any of the individual wells may be diverted to the test line where it will go through a test separator into the first tank which will be used for testing the well.

Q So that each well can be tested separately?

A They can.

Q How do you propose to allocate production from these three separate pools since there is no metering prior to commingling?

A By periodic well tests.

Q You'll make such tests as are required by the Commission?

A Yes.

Q What happens to the gas? You mentioned the high GOR penalized allowable. What will happen to the gas?

A It will also be allocated on the basis of the tests.

Q If commingling is permitted, what impact will that have on the value of the value of the commingled product as opposed to the uncommingled product?

A As shown on Attachment, on the third sheet at the left



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side, the production based on current allowable will be 24 barrels, 24 gravity oil from the Abo, 9 barrels of 40 gravity from the Ellenburger. The value of the uncommingled production will be approximately \$162.44 today; the value of the commingled production will be \$163.52 a day. This will represent an increase of income of \$1.08 per day by commingling. Also, as a result of commingling, we will eliminate one existing 500 barrel tank. We will also eliminate the installation of an additional 500 barrel tank which will be required. Also, two separators will be salvaged as a result of this.

Q Would correlative rights in any way be adversely affected by the granting of this application?

A No, since they are all one ownership, one royalty owner.

Q Was this exhibit prepared by you or under your direction?

A It was.

MR. NEWMAN: We would like to offer Pan American Exhibit 1 with attachments in evidence.

MR. UTZ: Without objection, Pan American Exhibit 1 with attachments will be entered into the record.

Q (By Mr. Newman) Do you have any further remarks in connection with this application?

A No, I don't believe I do.

MR. NEWMAN: That's all the direct.

MR. UTZ:

Q Mr. Birnie, the last progress schedule shows the ability of



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the Abo formation to flow 86 barrels per hour with a GOR of 8450.

Is this information from the most recent tests?

A The well has declined considerably. This is a recent completion, a dual completion in the Abo. In March, it produced 2199 barrels of oil. The allowable was 2542 which is about 70 barrels a day and it has further decreased to 44.

Q Did you check this well on this test?

A I believe that it is a capacity test.

Q That capacity is, however, about 20 barrels per day larger than the allowable?

A That's correct.

Q Likewise, on your Ellenburger, is that a capacity test also?

A Yes, sir, that is a capacity test.

Q That is also about 19 barrels higher than your restricted allowable?

A That's correct, but the wells are not capable of producing top allowable.

Q Well, they are not capable of top allowable, but they are capable of producing more than penalized allowable?

A That's correct.

Q So the only formation in this application that would look as though it were true marginal is the Paddock zone which is not capable of producing its restricted allowable?

A That's right.

Q Do you plan to charge back the production on each well



according to periodic well tests:

A On its allowable.

MR. UTZ: That's all. Are there any other questions of the witness?

MR. MORRIS: Yes.

MR. MORRIS:

Q What do you mean by periodic testing?

A We had in mind quarterly tests.

MR. MORRIS: That's all.

MR. UTZ:

Q Under this setup, it would be quite easy to inadvertently flow the Ellenburger and Abo zones to make up production for the Paddock zone, would it not?

A I guess that is correct, yes.

MR. UTZ: Are there any other questions?

MR. MORRIS: I have no further questions.

MR. NEWMAN: I have one more question.

REDIRECT EXAMINATION

BY MR. NEWMAN:

Q If you did inadvertently flow the Ellenburger Abo, would that be reflected in the total gas production as it comes out with higher GOR's?

A That is correct; it would be reflected.

Q If you make increased production from those formations that were not reflected as having been produced from that, would you

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PHONE CH 3-4691

have to falsify gas production?

A Well, the gas production would be metered to be commingled, so it would be an accurate measurement.

Q If it was accurately measured, it would reflect actual production from high GOR wells?

A That is correct.

Q If you were going to falsify that meter, you could do it whether it was commingled or not?

A That is right.

Q Whether it is commingled doesn't affect that situation?

A That is true.

MR. NEWMAN: That's all we have.

MR. UTZ:

Q Would Pan Am object to setting meters on the Ellenburger and Abo?

A It would be an investment of approximately \$1400.

Q Would that be cheaper than the way you are doing it now?

A No, sir. It would be more expensive.

MR. UTZ: Are there any other questions of the witness?

The witness may be excused.

(Witness excused.)

Are there any other statements in this case?


The case will be taken under advisement.



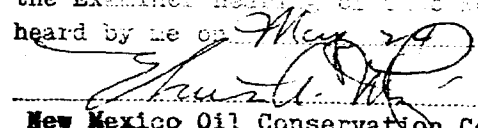
STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, THOMAS F. HORNE, Court Reporter, in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in machine shorthand and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this, the 12th day Of June 1961, in the City of Albuquerque, County of Bernalillo, State of New Mexico.


 NOTARY PUBLIC

My Commission expires:
 May 4, 1965

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2291, heard by me on May 24, 1961.

 Examiner
 New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



No. 15-61

DOCKET: EXAMINER HEARING - WEDNESDAY, MAY 24, 1961

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, as alternate examiner:

CASES 2291 through 2296 will not be heard before 1:30 p.m.

- CASE 2280: Application of Continental Oil Company for a non-standard gas proration unit and for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 240-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the E/2 E/2, SW/4 SE/4 and the SE/4 SW/4 of Section 17, Township 21 South, Range 37 East, Lea County, New Mexico, to be dedicated to its Lockhart A-17 Well No. 2, at an unorthodox location 1980 feet from the South line and 660 feet from the East line of said Section 17.
- CASE 2281: Application of Continental Oil Company for an exception to Rule 309 (a), Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle the Maljamar Pool production from all wells presently completed or hereafter drilled on its Taylor Lease, comprising the SW/4 of Section 14, Township 17 South, Range 32 East, Lea County, New Mexico, and on its Federal Miller BX Lease, comprising the E/2 of said Section 14, after separately metering the production from each lease.
- CASE 2282: Application of Continental Oil Company for an amendment of Order No. R-1602. Applicant, in the above-styled cause, seeks an amendment of Order No. R-1602 changing the effective date thereof and making the provisions of said order effective as of March 1, 1960.
- CASE 2283: Application of Skelly Oil Company for an exception to Rule 303 (a), Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle the Denton (Devonian) Pool production and the Denton-Wolfcamp Pool production on its Mexico "F" Lease comprising Lots 1, 2, 3, and 4, the SW/4 NE/4 and the SW/4 NW/4 of Section 2, Township 15 South, Range 37 East, Lea County, New Mexico, and to allocate the production to each well in each pool on the basis of periodic well tests.

CASE 2284: Application of Skelly Oil Company for an exception to Rule 303 (a), Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle the oil production from the Hare and Drinkard Pools with the distillate production from the Blinebry and Tubb Gas Pools on its E. A. Sticher Lease, consisting of the N/2 SW/4 of Section 4, Township 22 South, Range 37 East, Lea County, New Mexico, and to allocate the production to each well in each pool on the basis of periodic well tests.

CASE 2285: Application of Texaco Inc., for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location in the Tubb Gas Pool for its A. H. Blinebry NCT-1 Well No. 8, located 1980 feet from the North line and 330 feet from the West line of Section 33, Township 22 South, Range 38 East, Lea County, New Mexico.

CASE 2286: Application of Aztec Oil & Gas Company for an exception to Rule 309 (a), San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle the Totah-Gallup Pool production from the following-described leases, all in Township 29 North, Range 13 West, San Juan County, New Mexico.

Federal Lease No. SF 079065 in Sections 19, 20 and 29.

State Lease B-11017-23 comprising in pertinent part the SW/4 NW/4 of Section 20.

State Lease B-11017-21 comprising in pertinent part the NW/4 NW/4 of Section 20.

Smith-Eaton Lease comprising in pertinent part the NE/4 SE/4, SE/4 NE/4 and the E/2 NW/4 of Section 20.

Applicant proposes to commingle said production in a common tank battery located on the SW/4 of said Section 20 after separately metering the production from the State and fee leases only.

CASE 2287: Application of Aztec Oil & Gas Company for an exception to Rule 309 (a), San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle the Totah-Gallup Pool production from five separate fee leases, all located in Section 18, Township 29 North, Range 13 West, San Juan County, New Mexico.

CASE 2288:

Application of Southwest Production Company for two non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of two non-standard gas proration units in the Basin-Dakota Gas Pool, San Juan County, New Mexico, described as follows:

(1) W/2 of Section 7, Township 30 North, Range 11 West, except the 3.39-acre tract therein owned by Harold M. Brimhall and Maleta Y. Brimhall, comprising the sum total approximately 327.01 acres.

(2) E/2 of Section 7, Township 30 North, Range 11 West, except the S/2 SW/4 SE/4; comprising in sum total approximately 300 acres.

CASE 2289:

Application of Aspen Crude Purchasing Company for three non-standard oil proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of the following-described non-standard oil proration units in and adjacent to the Cha Cha-Gallup Oil Pool:

(1) Lot 1 and the S/2 SE/4 of Section 7, Township 28 North, Range 13 West;

(2) Lot 5 and the SE/4 SW/4 of said Section 7; and

(3) Lots 2, 3 and 4 of said Section 7, and 40.81 acres located between said Section 7 and Section 36, Township 29 North, Range 14 West;

all in San Juan County, New Mexico.

CASE 2290:

Application of Aspen Crude Purchasing Company for three non-standard oil proration units and for an unorthodox well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of the following-described non-standard oil proration units adjacent to the Totah-Gallup Oil Pool in Section 11, Township 28 North, Range 13 West, San Juan County, New Mexico:

(1) Lots 1 and 2 and the SE/4 SE/4, comprising 97.78 acres, to be dedicated to a well at a non-standard location 263 feet from the North line and 700 feet from the East line of said Section 11.

CASE 2290: (Cont.)

(2) Lots 3 and 4 and the SW/4 SW/4, comprising 97.58 acres.

(3) SW/4 SE/4 and the SE/4 SW/4, comprising 80 acres.

The following cases will not be heard before 1:30 p.m.

CASE 2291: Application of Pan American Petroleum Corporation for an exception to Rule 303 (a), Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle, prior to measurement, the Paddock, Brunson and Wantz-Abo pool production from all wells on its Hugh Corrigan Lease, comprising the NE/4 SE/4 of Section 33, Township 21 South, Range 37 East, Lea County, New Mexico, and to allocate production to each well in each pool on the basis of periodic well tests.

CASE 2292: Application of Humble Oil & Refining Company for permission to take interference tests and transfer allowables in the Cha Cha-Gallup Oil Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to take interference tests in the Cha Cha-Gallup Oil Pool, San Juan County, New Mexico, by shutting in its Navajo Tribe "L" Well No. 4, located in the SW/4 SE/4 of Section 26, Township 29 North, Range 14 West, and transferring its allowable to other wells on the same basic lease in such a manner that no well will produce more than 125% of its monthly allowable.

CASE 2293: Application of Great Western Drilling Company for approval of the Grain Queen Unit Agreement, for permission to institute a waterflood project therein, for special rules governing said waterflood project including a provision for special allowables, and for permission to commingle the production from all leases in said unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Grain Queen Unit Agreement, which unit embraces 200 acres of State and fee lands in Township 13 South, Range 32 East, Lea County, New Mexico, described as follows:

CASE 2222: (Cont.)

Section 5: SE/4 NW/4, NE/4 SW/4 and the S/2 SW/4
Section 8: NE/4 NW/4

Applicant further seeks permission to institute a waterflood project in said Grain Queen Unit Area and seeks the promulgation of special rules governing said project including a provision for special allowables. Applicant further seeks permission to commingle the unitized substances produced from all leases in said Grain Queen Unit Area without separate measurement in tanks on each individual lease.

CASE 2294:

Application of El Paso Natural Gas Company for authorization to conduct maximum pressure build-up tests. Applicant, in the above-styled cause, seeks authorization to conduct maximum pressure build-up tests in the Blanco-Mesaverde Gas Pool, the Aztec-Pictured Cliffs Gas Pool, the Ballard-Pictured Cliffs Gas Pool, the Fulcher Kutz-Pictured Cliffs Gas Pool, and the South Blanco-Pictured Cliffs Gas Pool, San Juan and Rio Arriba Counties, New Mexico. Applicant further seeks establishment of special rules governing said tests including a provision authorizing the non-cancellation and/or transfer of allowables from wells to be shut-in in each pool and including a provision allowing substitute tests by administrative approval.

CASE 2295:

Application of Consolidated Oil & Gas, Inc. for a dual completion, a non-standard gas proration unit and for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 325.23-acre non-standard gas proration unit in the Basin-Dakota Gas Pool and in the Blanco-Mesaverde Gas Pool consisting of the S/2 of Section 34, Township 32 North, Range 13 West, San Juan County, New Mexico, said unit to be dedicated to its Robinson Brothers Well No. 1, proposed to be dually completed in said pools at an unorthodox gas well location for said pools at a point 1235 feet from the South line and 760 feet from the East line of said Section 34.

CASE 2296:

Application of Consolidated Oil & Gas Inc., for an order force-pooling a standard 320-acre proration unit in the Basin-Dakota Gas Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Basin-Dakota Gas Pool in the E/2 of Section 10, Township 31 North, Range 13 West, San Juan County, New Mexico, to form a standard 320-acre gas proration unit.

Case 2791

PAN AMERICAN PETROLEUM CORPORATION

P. O. Box 200
Lubbock, Texas
April 27, 1961

File: JET-4142-986.510.1 x 400

Subject: Exception to State-wide
Rule 303, Hugh Corrigan Lease,
Lea County, New Mexico

no description

AIRMAIL

Mr. A. L. Porter, Jr.
Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Sir:

Pan American Petroleum Corporation respectfully requests that you schedule for an early docket a hearing to consider its application for exception to State-wide Rule No. 303 to permit commingling of production from separate reservoirs under the Hugh Corrigan Lease.

The Hugh Corrigan No. 1 produces from the Paddock formation and the Hugh Corrigan No. 2 is a dual completion producing from the Brunson and the Wantz Abo. All zones are producing at marginal rates. The Brunson Field and the Wantz Abo Field have penalized allowables due to excessive gas-oil ratios. It is proposed that this production be commingled in a common tankage and that production be allocated to the respective reservoirs on the basis of periodic well tests.

*NE/4
SE/4
33-21-37*

Yours very truly,

A. J. Inderrieden
A. J. Inderrieden
District Engineer

CCB:ak

*W. J. Inderrieden
5-11-61*

EXHIBIT

PAN AMERICAN PETROLEUM CORPORATION
PROPOSAL TO COMBINE OIL PRODUCTION
FROM THE ABO, ELLENBURGER, & PADDOCK POOLS
FROM ALL WELLS PRESENTLY COMPLETED ON THE
HUGH-CORRIGAN LEASE
NE/4 SE/4 SEC. 33, T-21-S, R-37-E
LEA COUNTY, NEW MEXICO
NEW MEXICO OIL CONSERVATION COMMISSION
EXAMINER HEARING CASE NO. 2291
MAY 24, 1961

EXHIBIT

PAN AMERICAN PETROLEUM CORPORATION
PROPOSAL TO CURTAIL OIL PRODUCTION
FROM THE ABO, ELLENBURGER, & PADDOCK POOLS
FROM ALL WELLS PRESENTLY COMPLETED ON THE
HUGH-CORRIGAN LEASE
NE/4 SE/4 SEC. 33, T-21-S, R-37-E
LEA COUNTY, NEW MEXICO
NEW MEXICO OIL CONSERVATION COMMISSION
EXAMINER HEARING CASE NO. 2291
MAY 24, 1961

GENERAL

Pan American Petroleum Corporation respectfully requests that the New Mexico Oil Conservation Commission grant an exception to Statewide Rule 303 to permit commingling in common tankage without prior metering of Abo, Ellenburger and Paddock crudes produced on the Hugh-Corrigan Lease located in the NE/4 SE/4 of Section 33, T-21-S, R-37-E.

Well No. 1 produces from the Paddock formation and Well No. 2, a dual completion, produces from the Abo and Ellenburger formations.

The purchaser, Shell Pipeline Company, has verbally agreed to this proposal.

Production will be allocated to the respective reservoirs on the basis of periodic well tests. The attached schematic diagram shows how wells may be individually tested.

Granting of this proposal will: (1) permit salvaging of two storage tanks which are not required on this low capacity lease; (2) permit salvaging of two separators; (3) eliminate a need for oil meters which would cost approximately \$2,100 installed; and (4) eliminate intangible maintenance and depreciation expense on the tanks and separators made surplus.

CCB:ak

DATA REGARDING PROPOSAL
TO COMMINGLE PADDOCK PRODUCTION
ON THE PAN AMERICAN HUGH-CORRIGAN LEASE
BRUNSON, WANTZ ABO AND PADDOCK FIELDS
LEA COUNTY, NEW MEXICO

Pan American's records indicate no diversity of ownership in the Abo, Ellenburger and Paddock reservoirs under this lease.

Based on the present allowables, this lease will produce 24 barrels of 42° API gravity oil from the Abo reservoir, 9 barrels of 40° API gravity oil from the Ellenburger reservoir and 23 barrels of 36° API gravity oil from the Paddock reservoir per day.

The value of this oil is calculated as follows:

Value of Abo Oil = $24 \times \$2.95 = \70.80 per day

Value of Ellenburger Oil = $9 \times \$2.95 = \26.55 per day

Value of Paddock Oil = $23 \times \$2.83 = \65.09 per day

Value of Uncommingled Production = \$162.44 per day

The Calculated Value of Commingled Production =
 $56 \times \$2.92 = \163.52

The Value of Commingled Production will be \$1.03 per day more than the value of the uncommingled production.

CCB:ak