

CASE 3795: Application of PAN AM.
FOR POOL CREATION AND DISCOVERY
ALLOWABLE, LEA COUNTY, N. MEX.

Case Number

3795

Application
Transcripts.

Small Exhibits

ETC.

State of New Mexico
Oil Conservation Commission



P. O. BOX 2000
SANTA FE

July 9, 1968

Re: Case No. 3795
Order No. R-3450
Applicant:
Pan American Petroleum Corp.

Dear Sir:

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

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

Carbon 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. 3795
Order No. R-3450
NOMENCLATURE**

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 26, 1968, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 9th day of July, 1968, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Pan American Petroleum Corporation, seeks the creation of a new oil pool for Yates production in Lea County, New Mexico, and the assignment of an oil discovery allowable in the amount of approximately 16,750 barrels to the discovery well.

(3) That the Pan American Petroleum Corporation-Bate Federal Well No. 1, located in Unit N of Section 26, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, has discovered a separate common source of supply which should be designated the East Gen-Yates Pool; that the vertical limits of said pool should be the Yates formation as found on the log of the aforesaid Pan American Petroleum Corporation-Bate Federal Well No. 1; and that

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CASE No. 3795

Order No. R-3450

the horizontal limits of said pool should be the S/2 of Section 26, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico.

(4) That the discovery well for the aforesaid pool, Pan American Petroleum Corporation-Bate Federal Well No. 1, located in Unit N of Section 26, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, is entitled to and should receive a bonus discovery oil allowable in the amount of 16,750 barrels, based upon the top perforations in said well at 3350 feet, to be assigned over a two-year period.

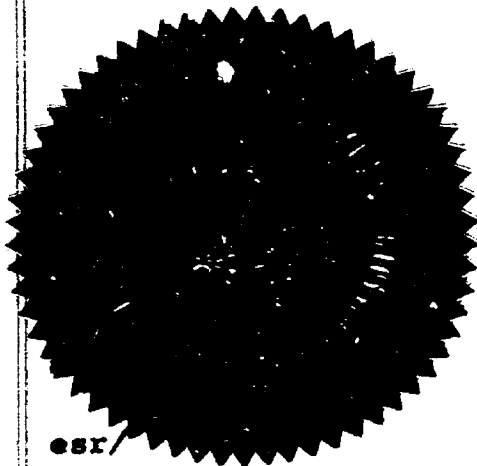
IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as an oil pool for Yates production, is hereby created and designated the East Gem-Yates Pool, with vertical limits comprising the Yates formation as found on the log of the discovery well, Pan American Petroleum Corporation's Bate Federal Well No. 1, located in Unit N of Section 26, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, and horizontal limits comprising the S/2 of Section 26, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico.

(2) That the aforesaid discovery well is hereby authorized an oil discovery allowable of 16,750 barrels to be assigned to said well at the rate of 23 barrels per day in accordance with Rule 509 of the Commission Rules and Regulations.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

David F. Cargo
DAVID F. CARGO, Chairman

Guyton B. Hays
GUYTON B. HAYS, Member

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

esr/

Case 3795

Heard 6-26-68

Rec. 6-28-68

Memorandum

Grant. Pan American a
discovery allowable for their
Bate - Ord #1 - N26-19-33-a
Gales from discovery, top of
pay is ~~3350~~ Bottom ~~3340~~
3350 ~~3350~~ 3390

Establish a pool to be called
The East Gem - Gales Oil Pool.
S/2 - 26 - 19S - 33E.

Thos. L. McF.

GOVERNOR
DAVID F. CARGO
CHAIRMAN

Over 3795

State of New Mexico
Oil Conservation Commission

52 8 44 81 NOV 89

LAND COMMISSIONER
GUYTON B. HAYS
MEMBER



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

P. O. BOX 1980
HOBBS
June 11, 1968

Mr. Dan Nutter
Chief Engineer
New Mexico Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Dear Dan:

I recommend that Pan American's discovery, the Bate Federal Well No. 1, located in Section 26, T19S, R33E be given a discovery allowable.

I. All requirements have been met in filing for application; that is, all exhibits and information required has been submitted.

II. Structurally, this discovery is a separate reservoir from the Tonto-Seven Rivers Pool, one mile to the northwest. Further evidenced are the three dry holes between the two areas.

III. I do not recommend the pool name "Bates-Yates". This is a lease name, and it is not proper for a pool name, based on past O.C.C. policy. I recommend Southeast Tonto-Yates or something on that order.

Very truly yours,

OIL CONSERVATION COMMISSION

John W. Runyan
John W. Runyan
Geologist, District I

JWR:fd

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 26, 1968

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 A. L. Porter, Jr., Alternate Examiner:

CASE 3788: Application of Texaco Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg-San Andres formation through its New Mexico State "W" NCT-1 Well No. 1 located in Unit O of Section 13, Township 17 South, Range 34 East, Vacuum (Grayburg-San Andres) Oil Pool, Lea County, New Mexico.

CASE 3789: Application of Tenneco Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Mesa Queen Unit Area comprising 1,040 acres, more or less, of state lands in Township 16 South, Range 32 East, Mesa-Queen Pool, Lea County, New Mexico.

CASE 3790: Application of Tenneco Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Mesa Queen Unit Area by the injection of water into the Queen formation through 12 wells located in Sections 16, 17, and 20, Township 16 South, Range 32 East, Mesa-Queen Pool, Lea County, New Mexico.

CASE 3573 (Reopened):

In the matter of Case 3573 being reopened pursuant to the provisions of Order No. R-3240 to permit all interested parties to appear and show cause why the temporary rules for the South Corbin-Strawn Oil Pool, Lea County, New Mexico, which include a provision for 160-acre spacing units and a 4000 to one gas-oil ratio limit, should remain in effect.

CASE 3791: Application of Kewanee Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Square Lake "12" Unit Area comprising 1,360 acres, more or less, of Federal lands in Township 17 South, Ranges 29 and 30 East, Square Lake Pool, Eddy County, New Mexico.

CASE 3792: Application of Kewanee Oil Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg formation underlying its Square Lake "12" Unit Area through seven wells located in Sections 1 and 12, Township 17 South, Range 29 East, and Sections 6 and 7, Township 17 South, Range 30 East, Square Lake Pool, Eddy County, New Mexico.

CASE 3793: Application of Gulf Oil Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Grayburg formation in the interval from approximately 3812 feet to 3900 feet in its Keohane "C" Federal Well No. 3 located in Unit I of Section 21, Township 18 South, Range 31 East, Shugart Yates-Seven Rivers-Queen-Grayburg Pool, Eddy County, New Mexico.

CASE 3794: Application of Gulf Oil Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation adjacent to the Eunice-San Andres Pool in the interval from approximately 4100 feet to 4900 feet in the Warren Petroleum Corporation Eunice Plant SWD Well No. 1, located 2255 feet from the North line and 908 feet from the East line of Section 3, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 3795: Application of Pan American Petroleum Corporation for a pool creation and discovery allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of the Bate-Yates Pool in Lea County, New Mexico, comprising the S/2 of Section 26 and the N/2 of Section 35, both in Township 19 South, Range 33 East, and for the assignment of approximately 16,750 barrels of oil discovery allowable to the discovery well, its Bate Federal Well No. 1 located in Unit N of said section 26.

CASE 3796: Application of The Superior Oil Company for the creation of a new pool, assignment of discovery allowable, and the promulgation of pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new upper Pennsylvanian oil pool for its State D COM Well No. 1 located in Unit G of Section 4, Township 14 South, Range 34 East, Lea County, New Mexico, and for the assignment of an oil discovery allowable in the amount of approximately 52,010 barrels to said well. Applicant further seeks the promulgation of special pool rules for said pool, including a provision for 160-acre proration units.

CASE 3797: Application of Ernest A. Hanson for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen formation in the overall interval from approximately 4604 to 5036 feet in his Mescalero Ridge Unit "35" Well No. 11 located in Unit N of Section 35, Township 19 South, Range 34 East, Pearl-Queen Pool, Lea County, New Mexico.

CASE 3798: Application of Ernest A. Hanson for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware formation in the interval from approximately 4177 feet to 4185 feet in his Hanson Federal Well No. 7 located in Unit J of Section 25, Township 26 South, Range 31 East, North Mason-Delaware Pool, Eddy County, New Mexico.

CASE 3799: Application of Amerada Petroleum Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter and complete as a gas well the State WR "B" Well No. 1 located at an unorthodox location 554 feet from the North line and 2086 feet from the East line of Section 35, Township 12 South, Range 34 East, Ranger Lake-Devonian Gas Pool, Lea County, New Mexico, and to dedicate to said well the E/2 of said section 35.

ir/

ATWOOD & MALONE
LAWYERS

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

JEFF D. ATWOOD (883-1960)
CHARLES F. MALONE
RUSSELL D. MANN
PAUL A. COOTER
BOB F. TURNER
ROBERT A. JOHNSON
JOHN W. BASSETT
ROBERT E. SABIN

June 19, 1968

MAIN OFFICE

'68 JUN 20 AM 8 37

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

Re: Examiner Hearing June 26, 1968
Case No. 3795

Dear Mr. Porter:

For Pan American Petroleum Corporation, we enclose our
Entry of Appearance in the case mentioned above.

Thank you and with regards.

Very truly yours,

ATWOOD & MALONE

By: *Charles F. Malone*

CFM:bc

Enc.

cc: J. K. Smith, Esq. (w/Encls.)
Gordon Ryan, Esq. (w/Encls.)

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
PAN AMERICAN PETROLEUM CORPORATION
FOR CREATION OF THE BATE-YATES POOL,
LEA COUNTY, NEW MEXICO, AND ASSIGN-
MENT OF OIL DISCOVERY ALLOWABLE.

No. 3795

ENTRY OF APPEARANCE

The undersigned attorneys, Atwood & Malone, hereby enter
their appearance herein as co-counsel with Gordon Ryan, Esquire, of
Fort Worth, Texas, in behalf of Pan American Petroleum Corporation.

DATED at Roswell, New Mexico, this 19 day of June, 1968.

ATWOOD & MALONE

By

Charles E. Malone

P. O. Drawer 700

Roswell, New Mexico 88201

MAIN OFFICE

'68 JUN 20 AM 8 30

PAN AMERICAN PETROLEUM CORPORATION

OIL AND GAS BUILDING

P. O. BOX 1410

FORT WORTH, TEXAS—76101

D. L. RAY
DIVISION ENGINEER

May 29, 1968

File: GHF-278-986.510.1

Subject: Application for Discovery Allowable
Pan American Petroleum Corporation's
Bate Federal Well No. 1
Proposed Bate Yates Field
Lea County, New Mexico*Page 3795*Mr. A. L. Porter
Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Sir:

Pan American Petroleum Corporation respectfully requests a discovery allowable for our Bate Federal Well No. 1 located in Unit N, 660' from the south line and 1980' from the west line of Section 26, T19S, R33E, Lea County, New Mexico. This well was completed on May 10, 1968, in the Yates formation for an initial potential of 137 barrels of oil and 3 barrels of water in 4 hours.

Attached in support of our application are New Mexico Oil Conservation Commission Forms C-109 and C-123. Also attached are a plat showing all wells within a two-mile radius of the discovery well, a structure map contoured on the Yates formation covering the same area, a cross section through the discovery well and three other wells in the area, a log of the discovery well, a copy of our notice to offset operators, and a pertinent data sheet with certain additional information on the discovery well.

Yours very truly,

*D. L. Ray ghf*DGW:mp
Attachments (2 sets)cc w/Attachments: NMOCC - District I
P. O. Box 1980
Hobbs, New Mexico

DOCKET MAILED

Date 6/13/68

APPLICATION FOR DISCOVERY ALLOWABLE AND CREATION OF A NEW POOL

Adopted 9-1-66

NOTE: This form is to be filed and attachments made in accordance with the provisions of Rule 502. If discovery is claimed for more than one zone, separate forms must be filed for each.

Case 3795

Operator Pan American Petroleum Corporation		Address Hobbs	
Lense Name Bate Federal		Well No. 1	County Lea
Well Location Unit Letter N : 660 Feet from The South Line and 1980 Feet From the West Line of Section 26 , Township 19S , Range 33E , NMPM			
Suggested Pool Names (List in order of preference) 1. Bate Yates 2. Tonto, South Yates 3. Gem, East Yates			
Name of Producing Formation Yates	Perforations 3350', 57, 61, 64, 74, 76, 78, 85, 88, 90	Date of Filing Form C-104 5-13-68	
Was "Affidavit of Discovery" Previously Filed For This Well in this Pool? No	If Yes, Give Date of Filing	Date Well was Spudded 4-28-68	Date Compl. Ready to Prod. 5-10-68
Total Depth 3397'	Plugged Back Depth 3395'	Depth Casing Shoe 3397'	Tubing Depth 3393'
Elevation (Gr., DF, RKB, RT, etc.) 3603' RKB			
Oil Well Potential (Test to be taken only after all lead oil has been recovered) 822 Bbls. Oil Per Day Based On 137 Bbls In 4 Hours; 18 Bbls Water Per Day Based On 3 Bbls In 4 Hours; Gas Production During Test: TSTM MCF; Gas-Oil Ratio: TSTM Method Of Producing: Swab Chk. Size			

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

Pool Name Tonto	Name of Producing Formation Seven Rivers	Top of Pay 3573'	Bottom of Pay 3586'	Currently Producing? No
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Pool 5900' NNW		Vertical Distance from Subject Discovery Zone to Producing Interval this Pool 187'		

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

Pool Name Gem Yates	Top of Pay 3243'	Bottom of Pay 3340'	Currently Producing? No
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Comparable Pool 14,600' West			

Is "County Deep" Discovery Allowable Requested for Subject Discovery Well? No	If Yes, Give Name, Location, and Depth of Next Deepest Oil Production in this County 33500
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Is the Subject Well Multiple Completion? No	Is Discovery Allowable Requested for other Zone(s)? No	If Yes, Name all Such Formations 16750
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LIST ALL OPERATORS OWNING LEASES WITHIN ONE MILE OF THIS WELL (Attach additional sheet if necessary)

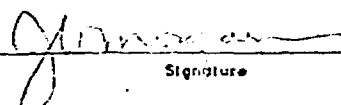
NAME	ADDRESS
H. H. Wright	P. O. Box 2312 Santa Fe, New Mexico
Sinclair Oil and Gas Company	P. O. Box 1470 Midland, Texas 79701
United States Smelting, Refining and Mining Co.	900 Wilco Bldg., P. O. Box 1877 Midland, Texas 79701
Allied Chemical Corp.	P. O. Box 2120 Houston, Texas

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

Remarks:

CERTIFICATION

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

 Signature	Division Engr. Coordinator Position	5/12/68 Date
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REQUEST FOR THE EXTENSION OF AN EXISTING POOL

OR

THE CREATION OF A NEW POOL

Case 3745

TO: The Oil Conservation Commission
State of New Mexico

Date May 29, 1968

The Pan American Petroleum Corporation
Name of Operator

Bate Federal
Name of Lease

1 Located 660 feet from the South line and 1980 feet
Well No.

from the West line of 26 19S 33E
Section Township Range

is outside the boundaries of any pool producing from the same formation. On the basis of the information submitted here-
with on form C-105, we hereby request that the
pool be extended to include the following described area

or that a new pool be created to include the following described area S/2 Section 26, N/2 Section 35,
T19S, R33E, Lea County, New Mexico

Suggested name: Bate Yates Field

Pan American Petroleum Corporation
Operator

Name of Producing Formation: Yates

D. L. Ray
Representative

PAN AMERICAN PETROLEUM CORPORATION

OIL AND GAS BUILDING

P. O. BOX 1410

FORT WORTH, TEXAS—76101

May 29, 1968

Case 3795

File: GHF-277-986.510.1

Subject: Discovery Allowable
Pan American Petroleum
Corporation's Bate Federal
Well No. 1, Undesignated Field
Lea County, New Mexico

OFFSET OPERATORS
(Addressee List Attached)

Gentlemen:

As an offset operator, you are being notified of Pan American Petroleum Corporation's application for discovery allowable and creation of a new pool for our Bate Federal Well No. 1 located in Unit N, Section 26, T19S, R33E, Lea County, New Mexico. Attached is a copy of the New Mexico Oil Conservation Commission's Form C-109.

Yours very truly,

Neil S. Whitmore

Neil S. Whitmore
District Production Superintendent

DGW:mp
Attachment

Case 3795

Pan American Petroleum Corporation
Discovery Application
Bate Federal Well No. 1
Unit N, Section 26, T-19-S, R-33-E
Lea County, New Mexico

Potential: Swab 137 BO + 3 BW in 4 Hours

Gas-Oil Ratio: TSTM

BHP: 1209 PSI @ -230' Datum (Stabilized)

Crude Gravity: 34° API

Perforated Interval: 3350', 57, 61, 64, 74, 76, 78, 85,
88 & 90

Total Depth: 3397'

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
1120 SIMAS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 26, 1968

EXAMINER HEARING

IN THE MATTER OF:

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

CASE NUMBER
3795

BEFORE: ELVIS A. UTZ, Examiner

TRANSCRIPT OF HEARING



MR. RYAN: If the Commission has no objection, we will forego reading his qualifications into the record.

MR. UTZ: He has qualified previously before the Commission.

Q (By Mr. Ryan) Mr. White, would you state briefly what this application is?

A Pan American seeks the creation of a new pool with a recommended name of Bate-Yates Pool and the granting of a discovery allowable for our Bate Federal Well Number 1, which is the initial discovery well for this pool.

Q Is the area covered by this application under your direct supervision from the Fort Worth office?

A Yes, it is.

Q Now, will you refer to what the reporter has marked as Exhibit Number 1 and ask you to state what that is.

A Exhibit Number 1 is a plat covering a two-mile radius around the Bate Federal Number 1, our discovery well in the Yates formation. This plat shows the discovery well being located 660 feet from the south line and 1980 feet from the west line of Section 26. This places it in Unit "N" of this section in Township 29 South, Range 33 East, Lea County, New Mexico.

Q Does the Exhibit Number 1 show any other production

or pools in this area?

A In addition to the discovery well, we show a little bit to the northwest two other producing horizons. This is the Tonto field. It produces from the Seven Rivers which is now abandoned. The two Seven Rivers wells are shown with green. The producing well is a gas well in the Wolfcamp. There is one abandoned Wolfcamp well in that area, also.

Q Does Exhibit Number 1 show any other comparable production?

A No, sir. Within a two-mile radius there's no Yates production. However, three miles to the west on their discovery well there was a Yates producing horizon at one time. It was the Jim Yates field.

MR. PORTER: That was three miles away?

THE WITNESS: Yes, sir. 14,600 feet.

Q (By Mr. Ryan) Did you have anything else to comment on this exhibit?

A No, sir.

Q Now, I refer you to Exhibit 2 and ask you to state what it is.

A Exhibit 2 is the Commission form C-109, which is an application for discovery allowable and creation of a new pool. Pertinent data on this form would be the first recommended

name of Bate-Yates Pool, the perforated interval, the highest perforations being at 3350 feet and also the list of offset operators who received a copy of this application.

Q Now, I refer you to Exhibit Number 3 and ask you to state what it is.

A Exhibit Number 3 is a structure map covering the same two-mile radius area as Exhibit 1. It shows that the structure in the area of the discovery well is a small anticline trending generally from north to south. It shows that the discovery well shown in red in this Section 26 is surrounded by dry holes or plugged and abandoned wells.

On this structure map also is shown a trace of a cross-section, A through A¹ prime. In addition to the data shown on this map, there has been an additional well drilled in the area. It was our Gorman Federal Well Number 1 located in Section 35 just to the south. This well was located 330 feet from the north line and 1980 feet from the west line, putting it directly south of the discovery well. This well came in structurally as contoured. However, there was no porosity development and it has been plugged.

Q Anything else you would like to add from this exhibit?

A No, sir.

Q I now refer you to Exhibit Number 4 and ask you to

state what it is.

A Exhibit Number 4 is a cross-section, a trace of which is shown on Exhibit Number 3. Starting at the far left-hand corner, the well there is an abandoned Seven Rivers completion. The next well, the Texas Fred Cole Number 2 is a Yates test which tested water. On this cross-section is shown a common subsea datum at which each log is hung, this being 600 feet and also the top of the Yates shown in a dark black line.

Continuing across this section, Pan American's Bate Federal Number 1, the discovery well, is shown. The perforated interval is shown, also. The producing part of the Yates formation is approximately two hundred some feet below the top of the Yates.

Continuing on, the Hudson and Hudson Sanders well, which is located to the south of our discovery well, also tested the Yates and the Yates was wet in this well by drill stem test.

Q Any other information on this exhibit?

A I would point out that the -- on the Hudson and Hudson Federal Well, I will mark the top of the Seven Rivers formation for you and this being at 3490 feet. It is not marked on this cross-section.

Our discovery well did not penetrate the Seven Rivers formation.

Q Do these exhibits indicate that this discovery well is a separate common source of supply?

A Yes, sir. I think the structure map, indicating that the well is actually on a structural high, the cross-section indicating that wells on either side of it have tested the Yates and found it to be water production and also the horizontal separation of almost three miles, would indicate this to be a separate source of supply in the Yates formation.

Q Refer now to Exhibit Number 5 and explain that exhibit.

A Exhibit Number 5 is a pertinent data sheet of information we have obtained on the discovery well. It shows the potential for the swab test of 137 barrels of oil and three barrels of water in four hours.

Subsequent tests, after putting pumping equipment on, indicate the well will produce in excess of 200 barrels a day without any water production. The gas-oil ratio has continued to be too small to measure. Initial bottom hole pressure taken after the swab test indicated the reservoir pressure to be 1209 pounds. This bottom hole pressure was indicated to be stabilized.

Crude gravity is thirty-four degrees a.p.i. Again we indicate the perforated interval and that the well went to

a total depth of 3397 feet.

Q Looking at Exhibit Number 6, please explain that exhibit.

A Exhibit 6 is a log of the discovery well. Marked on this log is the top of the Yates formation. The producing interval in this well, also shown on the log, is our perforated interval in the Yates formation.

Q Refer now to Exhibit Number 7, and please explain that exhibit.

A Exhibit Number 7 is a copy of the letter sent to all offset operators listed on the Commission Form C-109, giving them notice of our application for a discovery allowable on our Bate Federal Well Number 1.

Q Do you have any recommendations in regard to this application?

A Yes, sir. My recommendation would be to name this the Bate-Yates Pool and grant Pan American a discovery allowable of five barrels of oil per foot from the surface to the top perforations, that being 3350 feet. This amounts to 16,750 barrels of oil to be produced over the next 730-day period after approval of the application, if the application is approved.

Q In your opinion, will granting of this application be in the interest of conservation in New Mexico?

A Yes, sir, I believe it will.

Q Were Exhibit Numbers 1 through 7 prepared by you or under your direct supervision?

A Yes, sir, they were.

MR. RYAN: I move for the admission of Exhibits 1 through 7.

MR. UTZ: Without objection Exhibits 1 through 7 will be entered into the record of this case.

(Whereupon, Exhibits 1-7 were offered and admitted in evidence.)

Q (By Mr. Ryan) Do you have any further testimony to offer at this time?

A No, sir.

MR. RYAN: That's all the testimony I have on direct examination. I tender the witness for cross examination.

CROSS EXAMINATION

BY MR. UTZ:

Q There used to be some production, Yates production up in Section 22, is that correct?

A Section 22 had two producing horizons. One is producing now, that being the Wolfcamp. The other was the Seven Rivers. No Yates production was in Section 22.

Q So the closest Yates production was over in the Jim Pool?

A Yes, sir, which is 14,600 feet to the west.

Q And it is --

A Excuse me.

Q It's been abandoned?

A It has been abandoned. It would be in Section 32 which is not on the map.

Q Now, in regard to the pool name, Bate is a lease name?

A Yes, sir, it is.

Q And would it also be the name of the man that owns the lease?

A No, sir. I am not sure exactly how the lease name was derived. The surface owner is another man and he holds this land in fee. He does not hold any royalty on it.

Q So, you don't know where the Bates comes from?

A No, I don't. I know it was the lease name and this was a recommended name. We discussed names with the surface owner and he desired not to have his name associated with it.

Q Well, so would we. The reason I asked is that we have had an unwritten policy not to name pools after individuals. It has been leases, too, --

MR. PORTER: I think there has been no objection to naming them for a surface owner, Elvis, but we have had, quite some time we have requests to name them after individuals associated with the people that developed the lease. But, say

if you have, you drill a well on a King Ranch, for instance, we have no objection to calling it the King Pool because that is more or less an established landmark.

Q (By Mr. Utz) You do have other alternative names such as Tonto, South Yates and East Jim which you would be happy with?

A Yes, sir.

Q If you find some objection to Bates?

A Yes, sir.

Q How about Laguna Tonto or something like that?

A That's another possibility. We have discussed this and it certainly would be agreeable with us.

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

MR. PORTER: I had one question.

CROSS EXAMINATION

BY MR. PORTER:

Q Of course, ordinarily a case of this nature is handled on the regular nomenclature case. Why was this a special application?

A The basis for it was that in filing this application we desired to expedite the granting of a discovery allowable. When we filed this application, it was not in sufficient time to get it on this month's nomenclature docket because I believe

it was closed a day or two early. Therefore, we asked that it be set for hearing to get a discovery allowable at an earlier date.

Q I believe this matter was discussed with our chief engineer when they decided to proceed this way?

A I believe so, yes.

MR. UTZ: Did you recommend any horizontal limits?

THE WITNESS: For the pool, itself?

MR. UTZ: Yes.

THE WITNESS: With the dry hole located to the south, my limits now would be the south half of Section 26 for the initial pool.

Q (By Mr. Porter) I did have another question. You had a potential there, I believe, of 137 barrels in three hours.

A Four hours, yes, sir.

Q Four hours. What was the date of completion on this well?

A The well was completed and ready for production on the 10th of May.

Q So, you don't have much producing history yet?

A We do have a recent test after a month's worth of production and it does pump in excess of 200 barrels per day

without any water production.

Q So, you feel that you do have a good chance of making your bonus in addition to the regular allowable?

A Yes, sir. The basic allowable being five. The bonus would be twenty-three barrels a day and we do have capacity at this time to produce it.

Q It's encouraging to get a few wells that will show a potential big enough to make the bonus.

MR. UTZ: Are there any other questions? The witness may be excused.

(Witness excused.)

MR. UTZ: The case will be taken under advisement. The hearing will be adjourned until 1:30.

I N D E X

<u>WITNESS</u>	<u>PAGE</u>
DAVID GEORGE WHITE	
Direct Examination by Mr. Ryan	2
Cross Examination by Mr. Utz	9
Cross Examination by Mr. Porter	11

<u>NUMBER</u>	<u>MARKED FOR IDENTIFICATION</u>	<u>OFFERED AND ADMITTED IN EVIDENCE</u>
# 1-7	2	9

STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

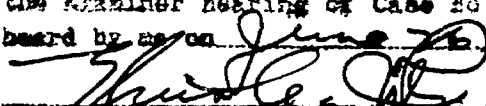
I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings,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

Witness my Hand and Seal this 6th day of July, 1968.


 NOTARY PUBLIC

My Commission Expires:

June 19, 1971

I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the Examiner hearing of Case No. 3295
 heard by me on June 7, 1968.

 Examiner
 New Mexico Oil Conservation Commission

APPLICATION FOR DISCOVERY ALLOWABLE AND CREATION OF A NEW POOL

Adopted 9-1-66

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

Operator Pan American Petroleum Corporation		Address Hobbs	
Lease Name Bate Federal		Well No. 1	County Lea
Well Location Unit Letter N 660 Feet from The South Line and 1980 Feet From the West Line of Section 26 Township 19S Range 33E NMPM			
Suggested Pool Names (List in order of preference) 1. Bate Yates 2. Tonto, South Yates 3. Gem, East Yates			
Name of Producing Formation Yates		Perforations 3350', 57, 61, 64, 74, 76, 78, 85, 88, 90	Date of Filing Form C-104 5-13-68
Was "Affidavit of Discovery" Previously Filed For This Well in this Pool? No		If Yes, Give Date of Filing 4-28-68	Date Compl. Ready to Prod. 5-10-68
Total Depth 3397'	Plugged Back Depth 3395'	Depth Casing Shoe 3397'	Tubing Depth 3393'
Elevation (Gr., DF, RKB, RT, etc.) 3603' RKB			
Oil Well Potential (Test to be taken only after all load oil has been recovered) 822 Bbls. Oil Per Day Based On 137 Bbls In 4 Hours; 18 Bbls Water Per Day Based On 3 Bbls In 4 Hours; Gas Production During Test: TSTM MCF; Gas-Oil Ratio: TSTM Method Of Producing: Swab Chk. Size			

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

Pool Name Tonto	Name of Producing Formation Seven Rivers	Top of Pay 3573'	Bottom of Pay 3586'	Currently Producing? No
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Pool 5900' NNW		Vertical Distance from Subject Discovery Zone to Producing Interval this Pool 187'		

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

Pool Name Gem Yates	Top of Pay 3243'	Bottom of Pay 3340'	Currently Producing? No
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Comparable Pool 14,600' West			

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

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

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

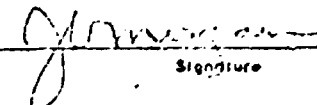
NAME	ADDRESS
H. H. Wright	P. O. Box 2312 Santa Fe, New Mexico
Sinclair Oil and Gas Company	P. O. Box 1470 Midland, Texas 79701
United States Smelting, Refining and Mining Co.	900 Wilco Bldg., P. O. Box 1877 Midland, Texas 79701
Allied Chemical Corp.	P. O. Box 2120 Houston, Texas
BEFORE EXAMINER UTZ OIL CONSERVATION COMMISSION EXHIBIT NO. 2 CASE NO. 3795	

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

Remarks:

CERTIFICATION

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

 Signature	Division Engr. Coordinator Position	5/29/68 Date
--	---	------------------------

Pan American Petroleum Corporation
Discovery Application
Bate Federal Well No. 1
Unit N, Section 26, T-19-S, R-33-E
Lea County, New Mexico

Potential: Swab 137 BO + 3 BW in 4 Hours

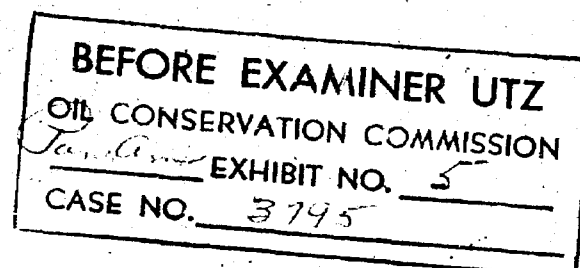
Gas-Oil Ratio: TSTM

BHP: 1209 PS²@ -230' Datum (Stabilized)

Crude Gravity: 34° API

Perforated Interval: 3350', 57, 61, 64, 74, 76, 78, 85,
88 & 90

Total Depth: 3397'



PAN AMERICAN PETROLEUM CORPORATION

OIL AND GAS BUILDING P. O. BOX 1410
FORT WORTH, TEXAS-76101

May 29, 1968

File: GHF-277-986.510.1

Subject: Discovery Allowable
Pan American Petroleum
Corporation's Bate Federal
Well No. 1, Undesignated Field
Lea County, New Mexico

OFFSET OPERATORS
(Addressee List Attached)

Gentlemen:

As an offset operator, you are being notified of Pan American Petroleum Corporation's application for discovery allowable and creation of a new pool for our Bate Federal Well No. 1 located in Unit N, Section 26, T19S, R33E, Lea County, New Mexico. Attached is a copy of the New Mexico Oil Conservation Commission's Form C-109.

Yours very truly,

Neil S. Whitmore

Neil S. Whitmore
District Production Superintendent

DGW:mp
Attachment

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
Case	EXHIBIT NO. <u>7</u>
Case	NO. <u>3795</u>