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Sec. 449.

Post Office Box 68
Hobbs, New Mexico

November 13, 1961

File: VES-544-400 x 986,510.1

Subject: Application To Commingle
Oil Production - Southland
Royalty Company "A" 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 the commingling of oil and condensate production from the following wells and pools:

Southland Royalty Co. "A" No. 2 located in Unit B, Section 9, T-21-S, R-37-E, NMPM, Lea County, New Mexico. This well is dually completed in the Drinkard (oil) and Tubb (gas) pools.

Southland Royalty Co. "A" No. 3 located in Unit V, Section 4, T-21-S, R-37-E, NMPM, Lea County, New Mexico. This well is dually completed in the Drinkard (oil) and Tubb (oil) pools. Application for dual completion submitted through administrative channels November 3, 1961.

Southland Royalty Co. "A" No. 4 located in Unit X, Section 4, T-21-S, R-37-E, NMPM, Lea County, New Mexico. This well is dually completed in the Drinkard (oil) and Tubb (gas) pools.

Southland Royalty Co. "A" No. 5 located in Unit Q, Section 4, T-21-S, R-37-E, NMPM, Lea County, New Mexico. This well is dually completed in the Drinkard (oil) and Blinbry (gas) pools.

Southland Royalty Co. "A" No. 6 located in Unit H, Section 9, T-21-S, R-32-E, NMPM, Lea County, New Mexico. This well is dually completed in the Drinkard (oil) and Blinbry (gas) pools.

In support of our request for exception approval without notice and hearing to Rule 303 (a) to permit the commingling in common facilities of the commonly owned production from two or more common sources of supply, the following is submitted:


1. The oil production from each common source will be measured separately utilizing A. O. Smith T-6 temperature compensated meters. The BS&W content will be periodically determined by centrifugal testing procedures. At present, the Drinkard is producing approximately 2% BS&W while the other zones are producing water **free**.
2. The A. O. Smith T-6 meters will be proved monthly in the existing 500 bbl. stock tanks.
3. Testing wells from each source of supply will be performed as follows: (a) Drinkard oil wells will be tested utilizing a test separator; (b) the Tubb oil well will be on test daily. If more than one Tubb well is completed, the wells will be tested by shutting-in all but one well and testing. If production losses occur when utilizing the above procedure, a test separator will be installed for testing the Tubb wells; (c) the Blinebry-Tubb condensate well test will be performed by shutting-in all but one well and testing.
4. Detailed data of liquid hydrocarbons:

<u>Pools</u>	<u>Average Gravity (°API) Based On Last 12 Months</u>	<u>Value/Bbl. Based On Last 12 Months</u>	<u>Estimated Annual Production</u>
A. Tubb (oil)	39.5	2.9900	22,265
B. Drinkard (oil)	37.8	2.9660	38,325
C. Blinebry-Tubb (Condensate)	46.9	2.9475	22,385
D. Commingled Production	40.7	3.010	82,975

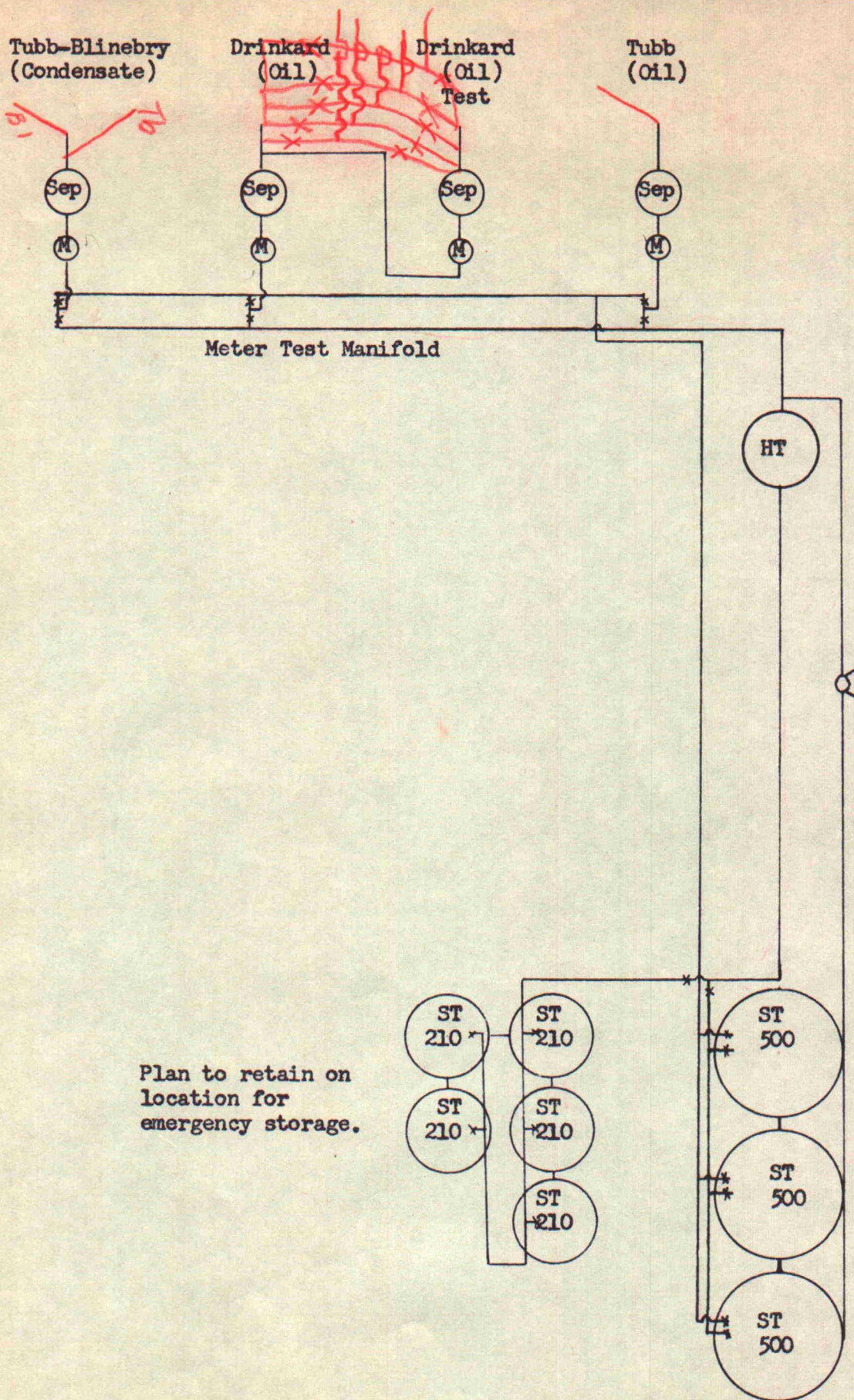
The commercial value of the commingled production will be more than the sum of the production from each common source of supply by approximately \$3530 per year.

5. Schematic diagram of proposed installation is attached. Tank battery facility to be located in SW/4 NE/4 Section 9, T-21-S, R-37-E, Lea County, New Mexico.
6. Plat showing the location of all wells on the Southland Royalty Company "A" Lease and the pools from which each well is producing is attached.

Yours very truly,


V. E. Staley
Area Superintendent

Attachments



PAN AMERICAN PETROLEUM CORPORATION

Schematic diagram of proposed battery installation - Southland Royalty Co.
 "A" Lease, SW/4 NE/4 Section 9, T-21-S, R-37-E, Lea County, New Mexico

SCALE:

DRG.
 No.

LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE