

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 3, 1961

IN THE MATTER OF:

Application of Pan American Petroleum Corporation for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the oil production from the Drinkard and Paddock Pools from all wells presently completed on the Eva Owen B Lease, comprising the SW/4 of Section 34, Township 21 South, Range 37 East, Lea County, New Mexico, without separately metering the production from each pool.

) Case
) 2202

BEFORE:

Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: Hearing will come to order please, and take next Case 2202.

MR. MORRIS: Application of Pan American Petroleum Corporation for permission to commingle the production from two separate pools.

MR. NEWMAN: Kirk Newman, of Atwood & Malone, Roswell, New Mexico, appearing for the applicant. We have one witness.

(Witness sworn.)

WILLIAM J. SANDIDGE, JR.

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

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DIRECT EXAMINATION

BY MR. NEWMAN:

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

A William J. Sandidge, Jr. I am a petroleum engineer for Pan American Petroleum Corporation.

Q Have you previously testified before this Commission?

A I have.

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

MR. NUTTER: Yes, sir.

Q Would you briefly state the purpose of this application?

A Pan American is requesting approval of the Commission to commingle Drinkard and Paddock production on its Eva Owen B Lease. The Eva Owen B Lease is located in the SW/4 of Section 34, Township 21 South, Range 37 East of Lea County.

Q Would you refer to the booklet we have given out and state what is in this thing, right and left, and attachments?

A The booklet includes, on the right, a plat showing the location of the lease and a schematic diagram showing the manner in which the wells can be tested. On the left there is a general statement containing pertinent points regarding the application.

Q The matters on the left will be covered in oral testimony, is that correct?

A That's correct.

Q Will you refer to the first attachment, the plat of the area and show what is indicated on that plat?

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A This plat shows the locations of the five wells on the Eva Owen B Lease. Two of these wells are dual wells, Well No. 2 and No. 4.

Q How are those wells indicated?

A Well No. 2 is a Drinkard Tubb, dual well, and the Drinkard and the Tubb are indicated by blue and green symbols on the map. This well is located in the Northwest portion of the lease. Well No. 4 is a dual Drinkard Blinebry well. This is symbolized by green for Drinkard and brown for Blinebry. This well is located on the Southeast portion of the lease. In addition to the dual wells, Well No. 1 is a Drinkard well. This well is located in the Southwest portion of the lease. Well No. 3 is a Drinkard well located in the northeast portion of the lease, and Well No. 5 is a Paddock well located on the same proration unit with the dual Drinkard Tubb producer.

Q Is the production from all of these wells being commingled if this application is granted?

A No. There are separate storage facilities provided for the Tubb and Blinebry hydrocarbons, and that is not involved in this application in any way whatsoever. We are primarily interested in commingling the Drinkard and Paddock pool production.

Q Will any of the wells, the production from which is to be commingled, make their normal allowable?

A All of the wells to be commingled are marginal producers. The daily average is as indicated on the plat for each well. This



is based upon December, 1960, production.

Q For the record, would you state what, on each well, production from each pool, what the average daily production is?

A The Drinkard reservoir produced 808 barrels from the four wells involved in December. The Paddock well produced from the Paddock formation 553 barrels of oil in December.

MR. NUTTER: Out of how many wells?

A One Paddock well.

MR. NUTTER: And it made 553 barrels?

A Yes, sir. Eighteen barrels per day was the average.

Q (By Mr. Newman) Would you refer to the second attachment in the exhibit and state what that attachment shows, please, sir?

A The second attachment is a schematic diagram showing the flow on the lease after the commingling will be accomplished. The schematic diagram shows all of the flow lines coming into a test manifold, where, from the production, it can be diverted either through the treater and into the storage tanks or into the test separator. I have indicated in red Well No. 3, a Drinkard producer, producing on test through the test manifold into the test separator, then from the test separator into a separate tank where the production can be measured. If you will look at the diagram it is evident that any of the wells on there can be diverted through this test manifold through the test facilities into separate tankage. At the same time, the wells which are not on test, as indicated in green, will continue through the test manifold through the treating

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facilities and back into other tankage.

Q So that you can continuously produce all the wells while you are testing any one of them?

A All wells can be continuously produced while any well is on test.

Q The ownership of the working interests and royalty interests in the wells, the production from which is to be commingled is the same, is it not?

A Pan American's records show that the interests in both the Drinkard and Paddock reservoirs is the same under this lease.

Q Have you obtained the approval of the pipeline purchasers for this commingled production?

A That has been verbally discussed with Shell Pipeline, who takes this production, and they are in agreement with this proposal.

Q Will the granting of this application prevent waste?

A In my opinion it will because it will extend the economic life of this marginal lease and thereby allow us to recover additional production.

Q Since the ownership is common, is there any way correlative rights could be affected by the granting of the application?

A I think correlative rights will be protected.

Q Were these exhibits and the attachments therein prepared by you?

A They were.

MR. NEWMAN: We would like to offer this exhibit.



MR. NUTTER: Is this one exhibit?

MR. NEWMAN: One exhibit with two attachments.

MR. NUTTER: Pan American's Exhibit No. 1 will be admitted.

MR. NEWMAN: That is all the direct examination.

MR. NUTTER: Does anyone have any questions?

BY MR. PAYNE:

Q Could you give me the gravities of both the Paddock and Drinkard?

A Based on statistical data published by the Commission, the gravity of the Drinkard is 37 degrees API, and of the Paddock it is 38 degrees API.

Q So the commingling will not change the value of the hydrocarbons?

A It will reduce it somewhat.

Q Could you tell us how much?

A Approximately 53¢ per day.

Q Is this a State lease, Federal, or fee lease?

A This is a fee lease.

Q Does Pan American contemplate drilling any additional Drinkard or Paddock wells on this lease?

A There are none contemplated at this time.

Q Were these wells ever top allowable?

A It appears on here these wells were top allowable.

Q So it is possible, at least, if you did drill additional Paddock or Drinkard wells they might be top allowable?



A I am not entirely in agreement with your statement, Mr. Payne. As you well know, this is an old field. It is in a fairly advanced stage of depletion, and I think if an additional well were drilled it would not be top allowable.

Q You are saying these wells in here drain more than 40 acres?

A I am saying the wells will drain the 40 acres they are on.

Q Does Pan American contemplate reworking any of these wells?

A Our experience reworking these wells has not been too successful. While we can obtain some production increase by reworking we just about get our money back, and we are back where we started. At this time we do not contemplate reworking the wells.

Q Assuming Pan American does drill additional wells, or rework, capable or producing top unit allowable, would Pan American at that time be willing to install meters?

A If we had top allowable wells we would be happy to install meters.

BY MR. NUTTER:

Q Pan American will notify the Santa Fe Office of the Commission if any of the wells become capable of making top allowable?

A Yes, sir, if so requested by the Commission.

REDIRECT EXAMINATION

BY MR. NEWMAN:

Q This figure you gave of 53¢ a day, was that based on the published API, or do you have any other information?

A That is based upon the data published by the Commission



in their December statistical data report. Actually, our people in the field have estimated, based on the gravities not being exactly 37.0 and 38.0, being some tints in there, the difference in price will only be 12¢ per day.

BY MR. PAYNE:

Q Will this installation cut down shrinkage?

A I think it will because the oil will not remain in the stock tanks so long. Therefore, you will lose less from evaporation.

Q In all probability there will not actually be a loss?

A That is a matter of speculation. We hope there will not be.

MR. NUTTER: Any further questions? He may be excused.

Do you have anything further, Mr. Newman?

MR. NEWMAN: That is all.

MR. NUTTER: Does anyone have anything to offer in this case? Take the case under advisement.

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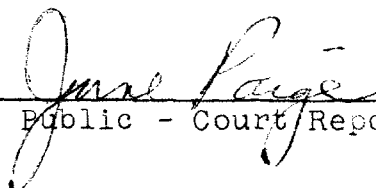
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STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, JUNE PAIGE, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 9th day of March, 1961.


 Notary Public - Court Reporter

My Commission expires:
 May 11, 1964.

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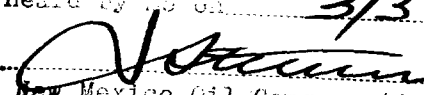
WITNESS

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E X H I B I T S

<u>NUMBER</u>	<u>EXHIBIT</u>	<u>IDENTIFIED</u>	<u>OFFERED</u>	<u>ADMITTED</u>
Ex.#1	Booklet	2	5	6

I do hereby certify that the foregoing is
a complete record of the proceedings in
the hearing of Case No. 2202,
heard by me on 3/3, 1961.

J. H. Newman, Examiner
New Mexico Oil Conservation Commission



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