

Case 2291

PAN AMERICAN PETROLEUM CORPORATION

P. O. Box 268
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.

Yours very truly,

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

CCB:ak

NEW
5/14
23-21-67

W. M. M. M. M.

EXHIBIT

PAN AMERICAN PETROLEUM CORPORATION
PROPOSAL TO COMMINGLE 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

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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