

Set for hearing
Rbm
PAN AMERICAN PETROLEUM CORPORATION

P. O. Box 480, Farmington, New Mexico
April 3, 1962

File: N-302-986.510.1

Case
2539
Subject: Reapplication for Administrative
Approval for Extension of Time to
File 1961 Deliverability Tests on
10 Basin Dakota Pool Wells Operated
By Pan American Petroleum Corporation
Under Provisions of Order R-2183

Mr. A. L. Porter, Jr. (3)
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Sir:

Your letter of March 2, 1962, denied an exception for 10 wells operated by Pan American Petroleum Corporation to permit the extension of the terminal date for the 1961 deliverability test period under the Administrative Provisions of Order R-2183. The group of Pan American wells so denied are all located in the Basin Dakota Gas Pool of San Juan County, New Mexico, and are further identified in your referenced letter. Pan American hereby respectfully requests that you reconsider its application for Administrative Exception for this group of wells on the basis of additional information being furnished herewith.

Attached is a letter from Southern Union Gas Company, the purchaser to whom this group of wells is connected, which explains their inability to schedule deliverability tests on these wells during 1961 even though Southern Union diligently tried to schedule all wells for test. It is stated that the various factors of pipeline pressures, weather conditions, pipeline capacity, and market demand limit the number of tests that can be conducted at a time and that the number of wells connected to Southern Union has increased to the extent that scheduling tests on all wells has become next to impossible. Further, Southern Union gives priority to the testing of new wells connected to their system which in effect places a lower priority on the older wells such as the ten Pan American wells in question. In light of the above, it is evident that the conditions which prevented the scheduling of tests on the ten Pan American wells were beyond the control of either Pan American or Southern Union. We believe that these conditions constitute a good and valid cause under the spirit of Order R-2183 for administrative relief and ask that you reconsider our application in light of these additional facts.

Booked
Entered
4/12/62
[Signature]

Mr. A. L. Porter, Jr.


-2-

April 3, 1962
N-302-986.510.1

If after reconsideration of these additional data you do not feel that an exception can be granted under the Administrative Provisions of Order R-2183, Pan American respectfully requests that this matter be set for hearing.

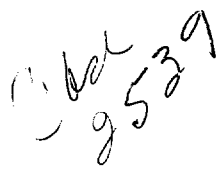
Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION


T. M. Curtis
District Superintendent

GWE:en
Attach.

cc: Mr. Emory C. Arnold
New Mexico Oil Conservation Commission
Aztec, New Mexico

[illegible]

The situation has been further strained by the increasing amount of unscheduled testing that arises from new well completions requiring deliverability tests before they can be legally produced. This in effect, gives testing priorities to new completions which we are obliged to accommodate within a nominal period after notice of completion and clearance for connection to our line. Thus, by reason of such priorities, together with the other factors we have mentioned, we have not been able to complete some of the annual deliverability tests scheduled for the year 1961.

Mr. T. M. Curtis

-2-

March 28, 1962

The above explanation particularly applies in connection with those of your wells that did not get tested during the year. Our field office reports that an all out effort was made throughout the last few months of the year to accommodate the scheduled and rescheduled tests, but for one or more of the reasons above enumerated and in spite of the determined consideration given to satisfying the tests, they could not do so.

Therefore, realizing that our inability to consummate these tests may result in curtailment of production allowables during the ensuing year, we wish to lend whatever assistance we can to help you get current allowables re-established for the wells. If you desire to use this letter in connection with this issue, please feel free to do so, and if further confirmation is needed, we will be happy to oblige.

Trusting we have clarified the matter to your entire satisfaction, we are

Yours very truly,



J. R. Bynum, Manager
Gas Contracts & Provisions

JRB:pem

Enclosure

SOUTHERN UNION GAS COMPANY

Schedule of wells operated by Pan American Petroleum Corporation
for which 1961 deliverability tests could not be accommodated.

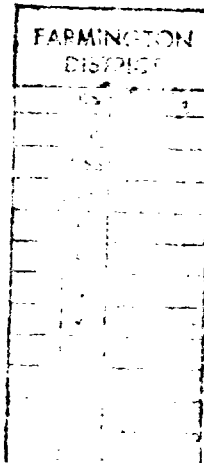
WELL NAME

LOCATION

T27N, R10W

Johnson Gas Unit "B" # 1, Unit H, Section 21	H-21-27-10
Fred Feasel "G" # 1	K- 2-27-10
Fred Feasel "H" # 1	H-33-28-10
J. F. Day "E" # 1	L-17-28-10
R. P. Hargrave "H" # 1	B- 9-27-10
E. H. Pipkin # 5	B-36-28-11
Davidson Gas Unit "F" # 1	M-28-28-10
Davidson Gas Unit "G" # 1	H-21-28-10
Fred Feasel "J" # 1	G-34-28-10
M. N. Galt "H" # 1	L- 1-27-10

March 21, 1962



ILLEGIBLE

Mr. J. M. Curtis, District Superintendent
American Petroleum Corporation
P. O. Box 444
Farmington, New Mexico

BEFORE EXAMINER UTZ

OIL CONSERVATION COMMISSION

app EXHIBIT NO. *2*

CASE NO. *2539*

Dear Mr. Curtis:

In response to your letter of March 13, we believe that the best way to explain our inability to accomplish deliverability tests for the (10) of your wells connected to our pipelines in Northwest New Mexico, is to summarize the recurring circumstance that prevented us from doing so. The referenced wells are identified on the separate sheet attached.

First of all, the number of wells connected to our lines has increased to the extent that the amount of annual well testing to be accomplished within the time permitted for the area has become next to impossible. In a fluctuating market such as ours, the various factors of pipeline pressures, pipeline capacity, weather conditions, and market demand have a decided influence on the number of tests that can be completed in a time unit, of course, testing procedures are governed accordingly. The principal difficulty is in re-scheduling of testing operations to suit the variations of production, facilities, and market demand which are competitive at the specified time.

During peak periods, when under appropriate conditions large scale testing might be performed, only token testing can be consummated because most of the wells which are in service to satisfy the prevailing high market demand. Also, seasonal peaks in demand times often must be interrupted in order to meet the existing high consumer demand for gas, leaving the tests for rescheduling as and when conditions warrant. Conversely, during those periods when consumer demand is low, production requirements are insufficient to accommodate deliveries from the large number of wells still to be tested, thereby giving rise to additional rescheduling and programming to afford as much testing as possible within the limits of market demand and within the remaining time available for completing the programmed test.

The situation has been further strained by the increasing amount of unscheduled testing that arises from new well completions requiring deliverability tests before they can be legally produce. This in effect, gives testing priorities to new completions which we are obliged to accommodate within a nominal period after notice of completion and clearance for connection to our line. Thus, by reason of such priorities, together with the other factors we have mentioned, we have not been able to complete some of the annual deliverability tests scheduled for the year 1961.

Mr. T. M. Curtis

-2-

March 28, 1962

The above explanation particularly applies in connection with those of your wells that have not yet been tested during the year. Our field office reports that in all cases effort was made throughout the last few months of the year to accommodate the scheduled and rescheduled tests, but for one or more of the reasons above mentioned and in spite of the maximum consideration given to satisfying the owner, this could not be done.

Therefore, realizing that our inability to demonstrate these wells may result in a curtailment of production allowances during the coming year, we wish to lend whatever assistance we can so that you get current allowances re-established for the wells. If you desire to use this letter in connection with this cause, please feel free to do so, and if further confirmation is needed, we will be happy to oblige.

Trusting we have clarified the matter to your entire satisfaction, we are

Yours very truly,

J. R. Bynum

J. R. Bynum, Manager
Gas Generators Corporation

JB:win

Enclosure

ILLEGIBLE

AMERICAN UNION GAS COMPANY

Schedule of wells operated by American Union Gas Corporation
for which it is claimed its costs could not be recovered.

WELLS

DATE

Johnson Gas Well "B" # 1 -

11-21-27-10

Prod. Pool "G" # 1 - 212 6

11-2-27-10

Prod. Pool "H" # 1

11-23-28-10

J. T. Day "B" # 1

11-17-23-10

10

P. H. Hargrove "H" # 1 - 186

11-1-27-10

M. H. Childs # 1

11-26-28-11

Devilson Gas Well "I" # 1 - 1412

11-1-21-10

Devilson Gas Well "G" # 1 - 1447

11-21-26-10

Prod. Pool "J" # 1

11-28-28-10

M. H. Childs "H" # 1

11-1-27-10

Johnson Gas Well

Devilson Gas Well

180,500 ft. deep.

750.

ILLEGIBLE

