

DISCUSSION

Pan American Petroleum Corporation respectfully requests that the New Mexico Oil Conservation Commission grant permission to triple complete its Southland Royalty "A" No. 2, an existing dual well in the Drinkard (oil), Tubb (gas) Pools with the Blinebry (oil) Pool of Lea County, New Mexico.

The Southland Royalty "A" No. 2 is located 660 feet from the north line and 1980 feet from the east line, Section 9, T-21-S, R-37-E, which is approximately four miles north of Eunice, New Mexico.

This well is located in a multipay area as indicated by Attachment I, a plat of the area. The east offset and south offset to the Southland Royalty "A" No. 2 are Pan American's Southland Royalty "A" Nos. 7 and 1, respectively, both dual Blinebry-Drinkard (oil) wells. The well offset is the Continental USA-W. C. Hawk B-9 Well No. 3, a Tubb (gas)-Drinkard dual. Blinebry (gas) for the subject well is currently committed to the Pan American Southland Royalty "A" No. 6, a diagonal southeast offset. Subject acreage is to be removed from the proration Unit Well No. 6 if the Southland Royalty "A" No. 2 is successfully triply completed in the Blinebry (oil).

Attachment II is a diagrammatic sketch showing the mechanical aspects of the proposed triple completion. This is a "conventional" triple completion utilizing separate tubing strings to produce each zone separately and packers to maintain separation in the well bore. This installation will permit safe and efficient production of oil from these three reservoirs.

Attachment III is an Electrical Log of the Southland Royalty "A" No. 2 with top and bottom of the producing zones and the perforated intervals marked in red.

For convenience, Attachment IV is a copy of Pan American's application for multiple completion of the Southland Royalty "A" No. 2. A copy of the application was furnished each offset operator.

