

PAN AMERICAN PETROLEUM CORPORATION

SECURITY LIFE BUILDING
DENVER, COLORADO 80202

April 1, 1969

File: AMR-861-986.511

Re: Application of Pan American
Petroleum Corporation
For Non-Standard Gas Unit
Uskayahewood No. 1
Gallegos Gallup Oil Pool
San Juan County, New Mexico

C-18-261-110

Mr. A. L. Porter, Jr. (3)
New Mexico Oil Conservation Commission
P. O. Box 2088
Sante Fe, New Mexico 87501



Dear Mr. Porter:

Pan American Petroleum Corporation respectfully requests your administrative approval of a non-standard proration unit for its Uskayahewood No. 1, as an exception to Rule 2.(a) of the Special Rules and Regulations for the Gallegos Gallup Oil Pool as promulgated by Order No. R-3707, March 14, 1969. The subject well is located within the limits of the Gallegos Gallup Oil Pool as defined by Order No. R-1239 (dated August 14, 1958) as amended, and is presently producing as a gas well with a gas-liquid ratio above 30,000 cubic feet per barrel of liquid hydrocarbon.

As shown on the attached copies of Form C-128, the Uskayahewood No. 1 is located 660 feet from the North line and 1980 feet from the West line of Section 18, Township 26 North, Range 11 West, NMPM, San Juan County, New Mexico. As Pan American's Navajo Allotted Lease 14-20-603-1412 consists of only the Northwest quarter of Section 18, it is our desire to dedicate only that 158.91 acres to the well. The Uskayahewood No. 1 is a marginal gas well at a current producing rate of only 40 MCFPD with a cumulative production of 544,348 MCF of gas and 10,983 barrels of oil after 10 years of production. Therefore, it is estimated that the well is not draining an area of 320 acres and a smaller gas proration unit is in order. A map of the area of the well is also attached, showing all owners in the same section with the subject well and offsetting locations.

The Commission's Rule 2.(a) specifies that "each gas well shall be located on a tract consisting of approximately 320 acres;" and "between 316 and 324 contiguous surface acres shall be considered a standard gas unit". However, Rule 2 (b) under item no. 3 grants the Secretary - Director of the Commission authority to grant an exception to Rule 2 (a) without notice and hearing where the following facts exist and the following provisions are complied with:

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(a) "The proposed non-standard proration unit consists of less acreage than a standard proration unit". The proposed non-standard proration unit consists of 158.91 acres.

(b) "The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots". The proposed non-standard gas proration unit consists of four contiguous quarter-quarter sections.

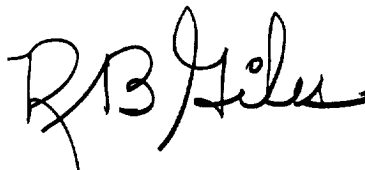
(c) "The non-standard gas proration unit lies wholly within a single governmental section". The proposed non-standard gas proration unit lies wholly within a single governmental section.

(d) "The entire non-standard gas proration unit may reasonably be presumed to be productive of gas from the undesignated gas pool." The proposed 158.91 acre proration unit may reasonably be presumed to be productive of gas from the undesignated gas pool.

In lieu of subparagraph (e) and as provided for by subparagraph (f) of the Special Rules, copies of this application are being sent by Registered Mail to the below listed operators who own interests in the same section in which the non-standard gas proration unit is situated and in acreage offsetting the non-standard gas proration unit. If no operator has made objection to formation of the non-standard gas proration unit as proposed by this application, within 30 days following the mailing of same, we respectfully request that you approve the non-standard gas proration unit for the Uskayahewood No. 1, Gallegos Gallup Oil Pool, San Juan County, New Mexico, without notice and hearing.

Very truly yours,

cc: Mr. E. C. Arnold (2)
New Mexico Oil Conservation Comm.
1000 Rio Brazos Road
Aztec, New Mexico



United States Geological Survey
P. O. Box 965
Farmington, New Mexico 87401

United States Geological Survey
Drawer 1857
Roswell, New Mexico

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cc: El Paso National Gas Products Company
Petroleum Club Plaza
Farmington, New Mexico

Depco Incorporated
Petroleum Club Building
Denver, Colorado

Husky Oil Company
1860 Lincoln Street
Denver, Colorado

Dugan Production
709 East Bloomfield Road
Farmington, New Mexico

Skelly Oil Company
3701 East Main Street
Farmington, New Mexico