New Mexico Oil Conservation Commission 1000 RIO BRAZOS ROAD AZTEG, NEW MEXICO

October 23, 1959

Pan American Petroleum Corporation Box 487 Farmington, New Mexico

Attn: Mr. L.O. Speer, Area Superintendent

Dear Sir:

Reference is made to your letter of October 9, 1959 requesting exemption from directional survey requirements for your J.J. Lommori "A" well #6, Horseshoe Gallup Field. From studying the exhibits submitted we believe conclusive proof has been established that the well is bottomed on the same proration unit as the surface location.

As you are aware from the enclosed letter from Mr. Porter, the Commission has previously rules on a similar case as follows: "Quote", a directional survey is unnecessary on any well which has a deviation from the vertical provided that Totco or other deviational surveys are made throughout the course of drilling the well, and the cumulative drift according to such deviational surveys if assumed to be all in one direction and toward the nearest outer boundary of the proration unit on which the well is located shows conclusively that the bottom of the hole is on the same tract as the surface location. You are therefore in compliance with Rule III on your J.J. Lommori "A: #6 well.

The larger problem you mention and which I had previously discussed with Mr. Roy Bauer of your office, of assuming a direction deviation in this area related to structure in lieu of conducting directional surveys would, I am sure, require a hearing before the Commission for a special pool or area rule. I am referring to those cases where the total deviation if assumed to be in the direction of the nearest lease line, would locate the bottom of the well off the tract on which the surface of the well is located.

We will be glad to discuss the matter further with you at any time.

Yours very truly

ECA:ks
cc: Oil Conservation Commission
Santa Fe, N.M.

Emery C. Arnold
Supervisor, District #3

New Mexico Oil Conservation Commission :000 RIC BRAZOS ROAD AZTED, NEW MEXICO

October 23, 1959

lan imerical isonilean logaracian iar All Iarmington, Aun ianco

Atta: .ir. 1.5. Ipcer, Arca Superincendons

+TE - 1DOG

Reference is made to your letter of Sovaber 9, 1959 reguesting exerction from aireactional survey requirements for your J.J. Loudors for well of, Morseshoe Laller Wills, Thom binifers the cantilite valuations conclusive proof has been established that the well is becaused in the came processor unit so the earfice looking.

As you are where from the envioued letter from his four this Committee has presidently rules on a storier case is followed "buote", a directional enres; is unnecessary on any well which has a deriction from the mentical process that the food or other destablement currence in which throughout the course of infilling the well, and the course of infilling the bell; and the outside of the course of the course of the reservant of the following of the first in one air course that the meaning a souther of the unit on which the well is social choose conclusions; and the bottom of the hole to on the some track is the surface location. For one the other of the complement of the c

The larger grobics you her had and which i had previously discussed with his lay somethor of your offices of assauding a direction disciplin in this area related to crimature to less of conducting direction disciple would. I as sure, require a hearing lesson the loss of the loss of sure required a hearing lesson the loss is sure; referring to those cases over the loss of action of accused to be in the fitted on of the world to the recessor of the loss and it is some of the wolf off the trace on the recessor of the wolf of the cold of the co

we still be giad to discuss the mutter juriber with you at any fine.

Fours pery brudy

SAN AND

cot : /] Veneraroatións donnarias es Aunto P. W. W.

Emery C. Armid Reservicer, District #3