

CASE 3165: Application of PAN AMER.
for 2 unperfected oil well locations
and 2 non-perfected oil properties.

Case No.

2165

Application, Transcript,
Small Exhibits, Etc.

NEW MEXICO OIL CONSERVATION COMMISSION

Well Location and Acreage Dedication Plat

SECTION A.

Date **12-24-60**

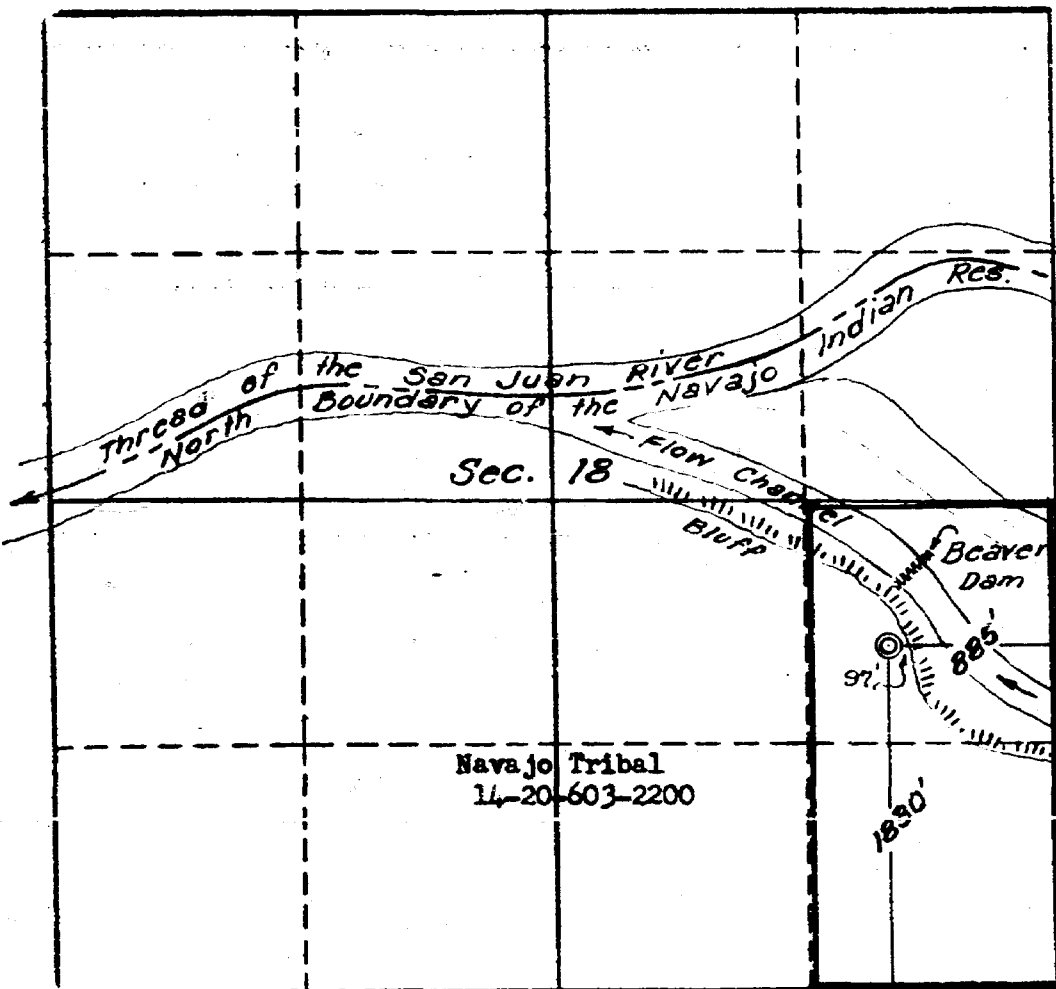
Operator **PAN AMERICAN PETROLEUM CORPORATION** Lease **Navajo Tribal G**
Well No. **5** Unit Letter **I** Section **18** Township **29-North** Range **14-West** N.M.P.M.
Located **1830** Feet From **the South** Line **885** Feet From **the East** Line
County **San Juan** G. L. Elevation ***** Dedicated Acreage **80** Acres
Name of Producing Formation **Gallup** Pool **Cha Cha Gallup**
***To be reported later.**

1. Is the Operator the only owner* in the dedicated acreage outlined on the plat below? Yes **X** No
2. If the answer to question One is "No," have the interests of all the owners been consolidated by communization agreement or otherwise? Yes No If answer is "Yes," Type of Consolidation
3. If the answer to question Two is "No," list all the owners and their respective interests below:

OWNER

LAND DESCRIPTION

SECTION B.



This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

Pan American Petroleum Corp.

(OPERATOR)
R. M. Bauer, Jr.
(REPRESENTATIVE)

Box 480, Farmington, N. Mex.

This is to certify that the well location shown on the plat in Section B was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed **12-22-60**

Four States Engineering Co.
FARMINGTON, NEW MEXICO

Conrad C. Chishawk
REGISTERED ENGINEER OR
LAND SURVEYOR

Certificate No. **1545**

NEW MEXICO OIL CONSERVATION COMMISSION
Well Location and Acreage Dedication Plat

SECTION A.

Date **12-24-60**

Operator Pan AMERICAN PETROLEUM CORPORATION

Lease Navajo Tribal E

Well No. **7** Unit Letter **X** Section **16**

Township **29-North** Range **14-West** NMPM

Located **250** Feet From **the South**

Line, 800 Feet From the West Line

County **San Juan**

G. L. Elevation

Dedicated Acreage 88.77

Acres

Name of Producing Formation

Gallup

Pool Cha Cha Gallup

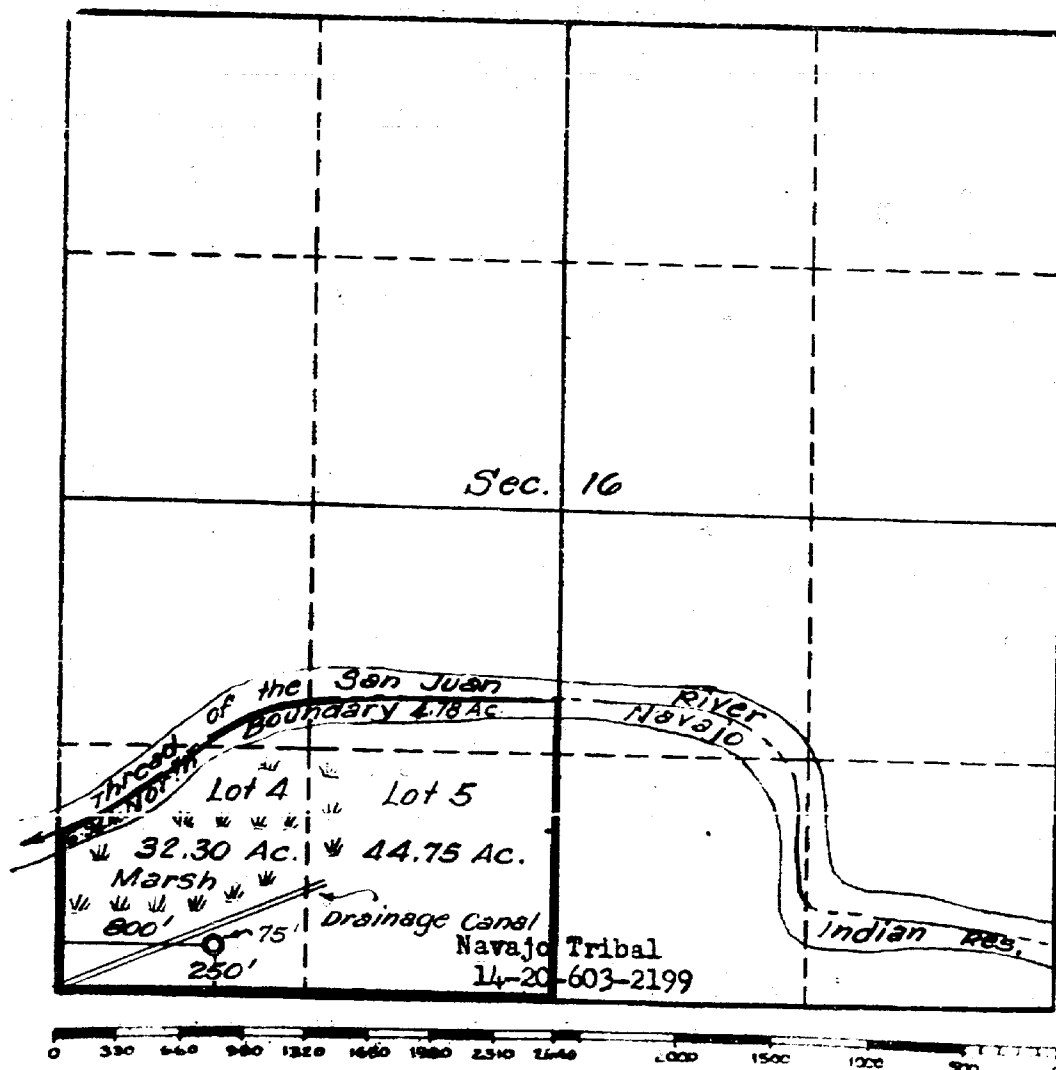
*To be reported later.

1. Is the Operator the only owner* in the dedicated acreage outlined on the plat below? Yes ☒ No ☐
2. If the answer to question One is "No," have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes ☐ No ☐ If answer is "Yes," Type of Consolidation _____
3. If the answer to question Two is "No," list all the owners and their respective interests below:

OWNER

LAND DESCRIPTION

SECTION 8.



EX-3

This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

Pan American Petroleum Corp.

R. M. Bauer, Jr.

Box 480, Farmington, N. Mex.

This is to certify that the well location shown on the plat in Section B was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed 12-23-60

Four States Engineering Co.
FARMINGTON, NEW MEXICO

Cornel D. E. H. L.
REGISTERED ENGINEER OR
LAND SURVEYOR

Certificate No **1545**

Case 2165

Heard. 1-25-61

1-26-61

Grant Pam Am's request for 2
NSL's and on NW 1/4 in Cha Cha -
Gallup-oil pool as follows:

1. Their Navajo Tribal "H" #5, located
1830' S, 885' E line of sec. 18-29N-14W.

~~It is necessary to locate these in~~

2. Their Navajo Tribal "E" #7, located
250' S, 800' W line of sec. 16-29N-14W.

3. It is necessary to locate these wells
in these locations in order to evade
the San Juan River channel. It is
necessary to locate in these 40
acre tracts in order to have a
better drainage radius for
initial and secondary recovery.

4. A NW 1/4 for their Navajo Tribal
#7 in order to give the well credit
for all acreage South of the
center of the San Juan River flow
channel which is a part of the
same lease. The acreage will con-
sist of all acreage in the SW 1/4 of
sec. 16-29N-14W which lies South
of the center of the S.J. River
Channel consisting of 88.77 acres.

5. If at any later date the Navajo
or Federal Land Office Survey
shows less acreage these surveys
will

PAN AMERICAN PETROLEUM CORPORATION

Box 480, Farmington, New Mexico
December 23, 1960

1960 DEC 27

File: B-2429-400.1

Subject: Request for Approval of
Non-Standard Well Location
Navajo Tribal "G" No. 5
Cha Cha Gallup Field

Case 2165

Mr. A. L. Porter (2)
New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Dear Sir:

Pan American Petroleum Corporation has staked the Navajo Tribal "G" No. 5 in the Cha Cha Gallup Field at a footage distance of 1830 feet from the south line and 885 feet from the east line of Section 18, T-29-N, R-14-W, San Juan County, New Mexico. The standard location in the NE/4 ~~NE/4~~ SE/4 of Section 18 falls in a beaver pond in a slough along the San Juan river which necessitated moving the site to the river bank at the unorthodox location.

It is respectfully requested that Pan American be granted administrative exception to Cha Cha Gallup Field oil well location requirements and approval of the non-standard location for Navajo Tribal "G" No. 5 due to the topographical situation described. These conditions are also illustrated on the attached copy of the location plat for the well. The ownership and royalty interest of all oil and gas leases within a 660-foot radius is common to that of the proposed location.

The drilling of Navajo Tribal "G" No. 5 in the NE/4 ~~NE/4~~ SE/4 of Section 18 is planned to permit orderly development of these properties. We would appreciate being notified of your decision on our request for approval of the non-standard location by collect wire in order to minimize rig delay.

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION

L. O. Speer, Jr.
L. O. Speer, Jr.
Area Superintendent

RMB:hh
Attach.

cc: Mr. E. C. Arnold
NMOCC - Aztec, N. M.

Mr. P. T. McGrath
USGS - Farmington, N. M.

NEW MEXICO OIL CONSERVATION COMMISSION

FORM C-198
REVISED 2/1/57

Well Location and Acreage Dedication Plat

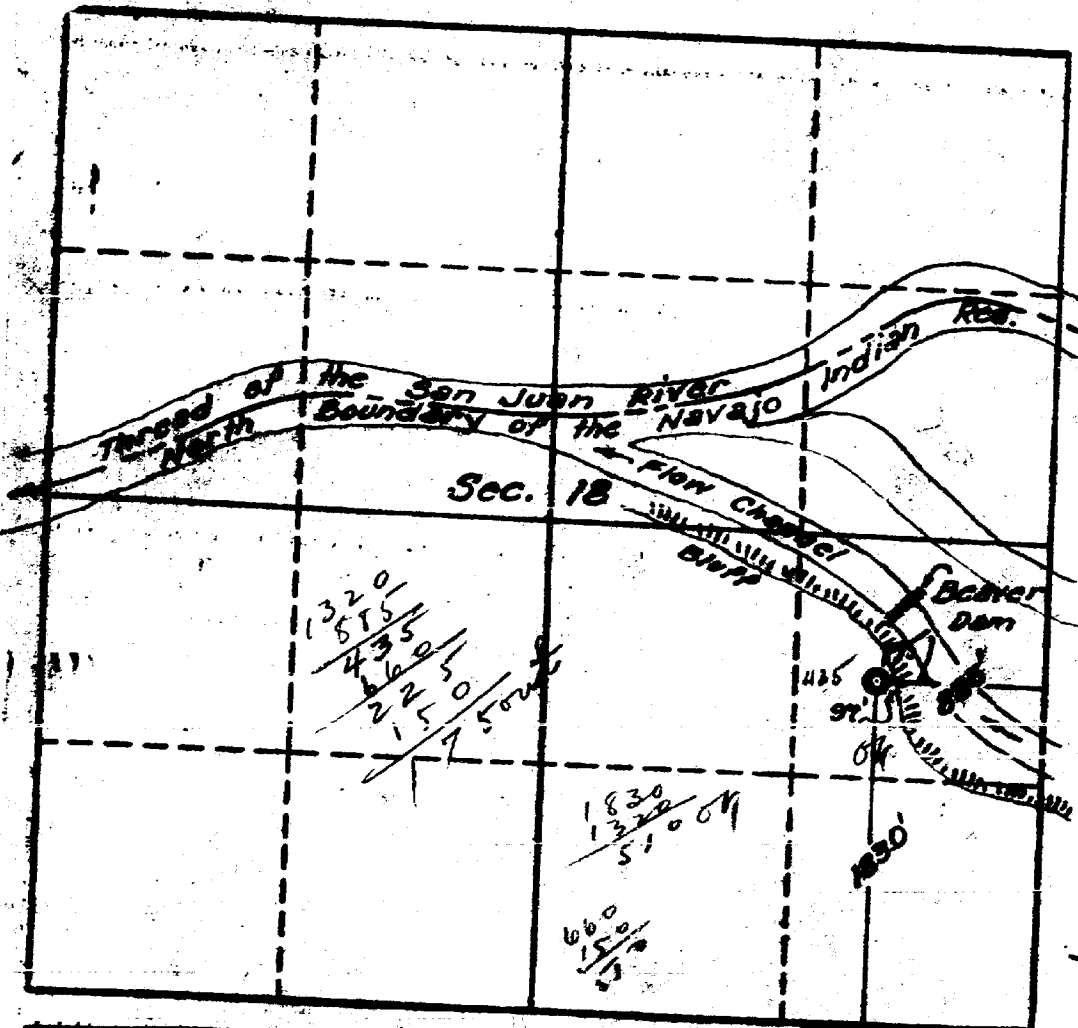
SECTION A.

Operator PAN AMERICAN PETROLEUM CORPORATION Date 12-21-60
Well No. 5 Unit Letter I Section 18 Lease Navajo Tribal C
Located 1830 Feet From the South Township 27-North Range 14-East NADPM
County San Juan G. L. Elevation _____ Feet From the East Line _____
Name of Producing Formation Gallup Dedicated Acreage _____
Pool One One Gallup

1. Is the Operator the only owner* in the dedicated acreage outlined on the plat below? Yes X No _____
2. If the answer to question One is "No," have the interests of all the owners been consolidated by communization agreement or otherwise? Yes _____ No _____. If answer is "Yes," Type of Consolidation _____
3. If the answer to question Two is "No," list all the owners and their respective interests below:

OWNER	LAND DESCRIPTION

SECTION B.



This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

(OPERATOR)

(REPRESENTATIVE)

This is to certify that the information shown on this plat was plotted from field notes of actual survey made by _____ under my supervision. This information is true and correct to the best of my knowledge and belief.

Date Surveyed 12-22-60
Four States Engineering Co.
FARMINGTON, NEW MEXICO

Tom V. Felt
REGISTERED ENGINEER OF
LAND SURVEYOR

Certificate No. 2545

PAN AMERICAN PETROLEUM CORPORATION

Box 480, Farmington, New Mexico
December 23, 1960

File: B-2429-400.1

Subject: Request for Approval of
Non-Standard Well Location
Navajo Tribal "Q" No. 5
Cha Cha Gallup Field

Mr. A. L. Porter (2)
New Mexico Oil Conservation Commission
Box 571
Santa Fe, New Mexico

Dear Sir:

Pan American Petroleum Corporation has staked the Navajo Tribal "Q" No. 5 in the Cha Cha Gallup Field at a footage distance of 1870 feet from the south line and 885 feet from the east line of Section 18, T-29-N, R-14-W, San Juan County, New Mexico. The standard location in the NE/4 NW/4 of Section 18 falls in a beaver pond in a slough along the San Juan river which necessitated moving the site to the river bank at the unorthodox location. SE/4

It is respectfully requested that Pan American be granted administrative exception to Cha Cha Gallup Field oil well location requirements and approval of the non-standard location for Navajo Tribal "Q" No. 5 due to the topographical situation described. These conditions are also illustrated on the attached copy of the location plat for the well. The ownership and royalty interest of all oil and gas leases within a 660-foot radius is common to that of the proposed location.

The drilling of Navajo Tribal "Q" No. 5 in the NE/4 NW/4 of Section 18 is planned to permit orderly development of these properties. We would appreciate being notified of your decision on our request for approval of the non-standard location by collect wire in order to minimize rig delay. SE/4

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION

L. O. Spear, Jr.
L. O. Spear, Jr.
Area Superintendent

RDB:hh
Attach.

cc: Mr. E. C. Arnold
NMOCC - Atee, N. M.

Mr. P. T. McGrath
USGS - Farmington, N. M.

COPY

NEW MEXICO OIL CONSERVATION COMMISSION
Well Location and Acreage Dedication Plot

FORM O-189
REVISED 8/1/57

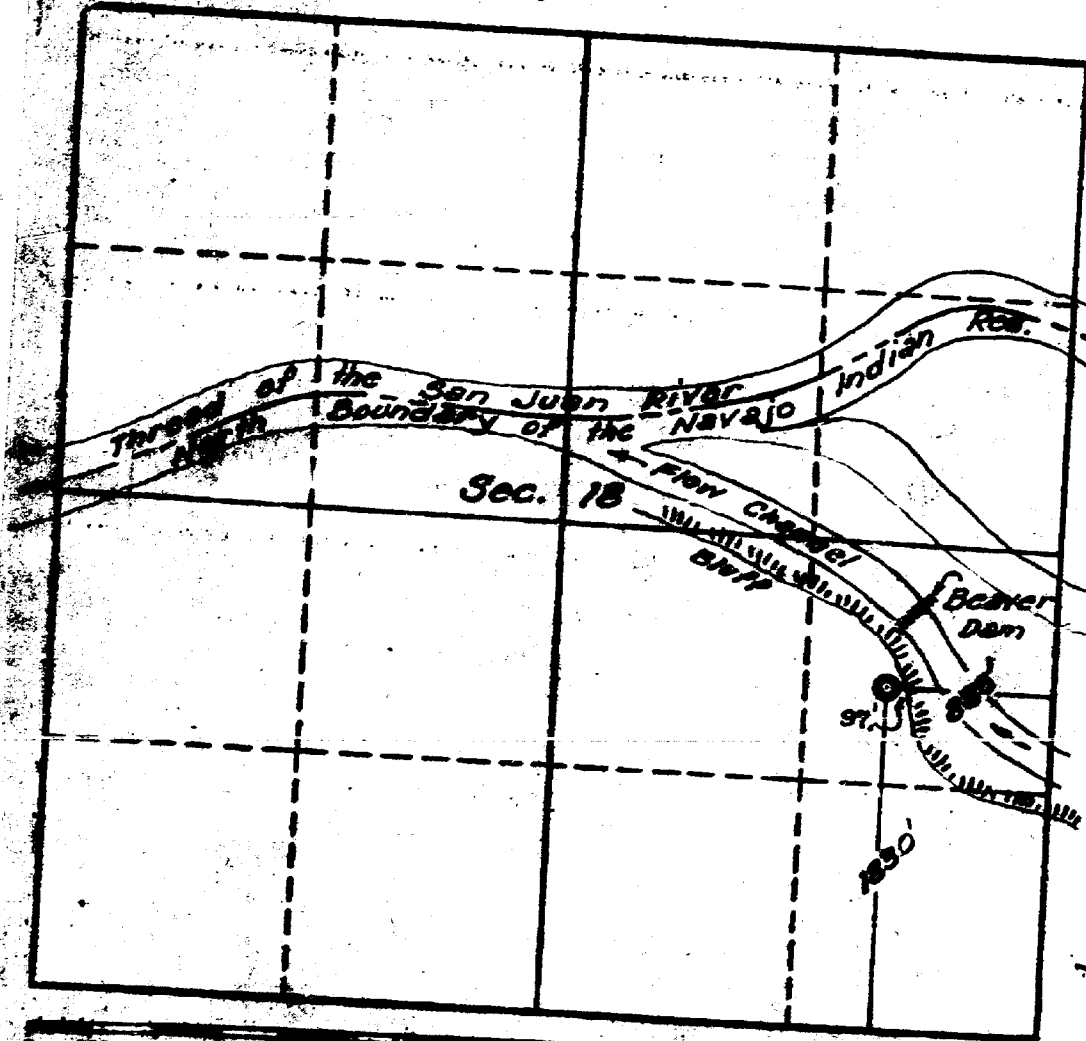
SECTION A.

Operator PAN AMERICAN PETROLEUM CORPORATION Date 12-24-60
Well No. 5 Unit Letter I Section 18 Lease Navajo Tribal G
Located 1430 Feet From the South Township 29-North Range 34-West NMPM
County San Juan Line, 885 Feet From the West Line
Name of Producing Formation Gallup G. L. Elevation _____ Dedicated Acreage _____ Acres
Pool One One Gallup

1. Is the Operator the only owner* in the dedicated acreage outlined on the plat below? Yes X No _____
2. If the answer to question One is "No," have the interests of all the owners been consolidated by communization, partnership or otherwise? Yes _____ No _____ If answer is "Yes," Type of Consolidation _____
3. If the answer to question Two is "No," list all the owners and their respective interests below:

OWNER	LAND DESCRIPTION

SECTION B.



This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

(OPERATOR)

(REPRESENTATIVE)

(ADDRESS)

This is to certify that the location shown on this plat in Section B was plotted from field notes or actual survey made by me or under my supervision and that same is true and correct to the best of my knowledge and belief.

Date Surveyed 12-24-60

Four States Engineering Co.
FARMINGTON, NEW MEXICO

Tammy V. Taylor
REGISTERED ENGINEER AND
LAND SURVEYOR

Certificate No. 1845

PAN AMERICAN PETROLEUM CORPORATION

Box 480, Farmington, New Mexico

December 23, 1960

File: B-2430-400.1

Subject: Request for Approval of
Non-Standard Well Location
Navajo Tribal "E" No. 7
Cha Cha Gallup Field

Mr. A. L. Porter (2)
New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Dear Bill:

Pan American Petroleum Corporation has staked the Navajo Tribal "E" No. 7 in the Cha Cha Gallup Field at a footage distance of 250 feet from the south line and 800 feet from the west line of Section 16, T-29-N, R-14-W, San Juan County, New Mexico. The standard location in Lot 4 of Section 16 falls in a marsh and overflow area in the river bottom adjacent to the present channel of the San Juan river which necessitated moving the site to higher ground at the unorthodox location.

It is respectfully requested that Pan American be granted administrative exception to Cha Cha Gallup Field oil well location requirements and approval of the non-standard location for Navajo Tribal "E" No. 7 due to the topographical situation described. These conditions are also illustrated on the attached copy of the location plat for the well. The ownership and royalty interest of all oil and gas leases within a 660-foot radius is common to that of the proposed location.

The drilling of Navajo Tribal "E" No. 7 in Lot 4 (corresponding to SW/4 SW/4) of Section 16 is planned to permit orderly development of these properties. We would appreciate being notified of your decision on our request for approval of the non-standard location by collect wire in order to minimize rig delay.

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION

L. O. Speer, Jr.
Area Superintendent

RMB: hh
Attach.

cc: Mr. E. C. Arnold
NMOCC - Aztec, N. M.

Mr. P. T. McGrath
USGS - Farmington, N. M.

cc: Mr
NE
Mr
US

NEW MEXICO OIL CONSERVATION COMMISSION

Well Location and Acreage Dedication Plot

SECTION A.

Date **12-24-60**

Operator **Pan AMERICAN PETROLEUM CORPORATION** Lease **Navajo Tribal E**
Well No. **7** Unit Letter **g** Section **16** Township **29-North** Range **14-West** NMPM
Located **250** Feet From **the South** Line, **800** Feet From **the West** Line
County **San Juan** G. L. Elevation _____ Dedicated Acreage _____ Acres
Name of Producing Formation **Gallup** Pool **Cha Cha Gallup**

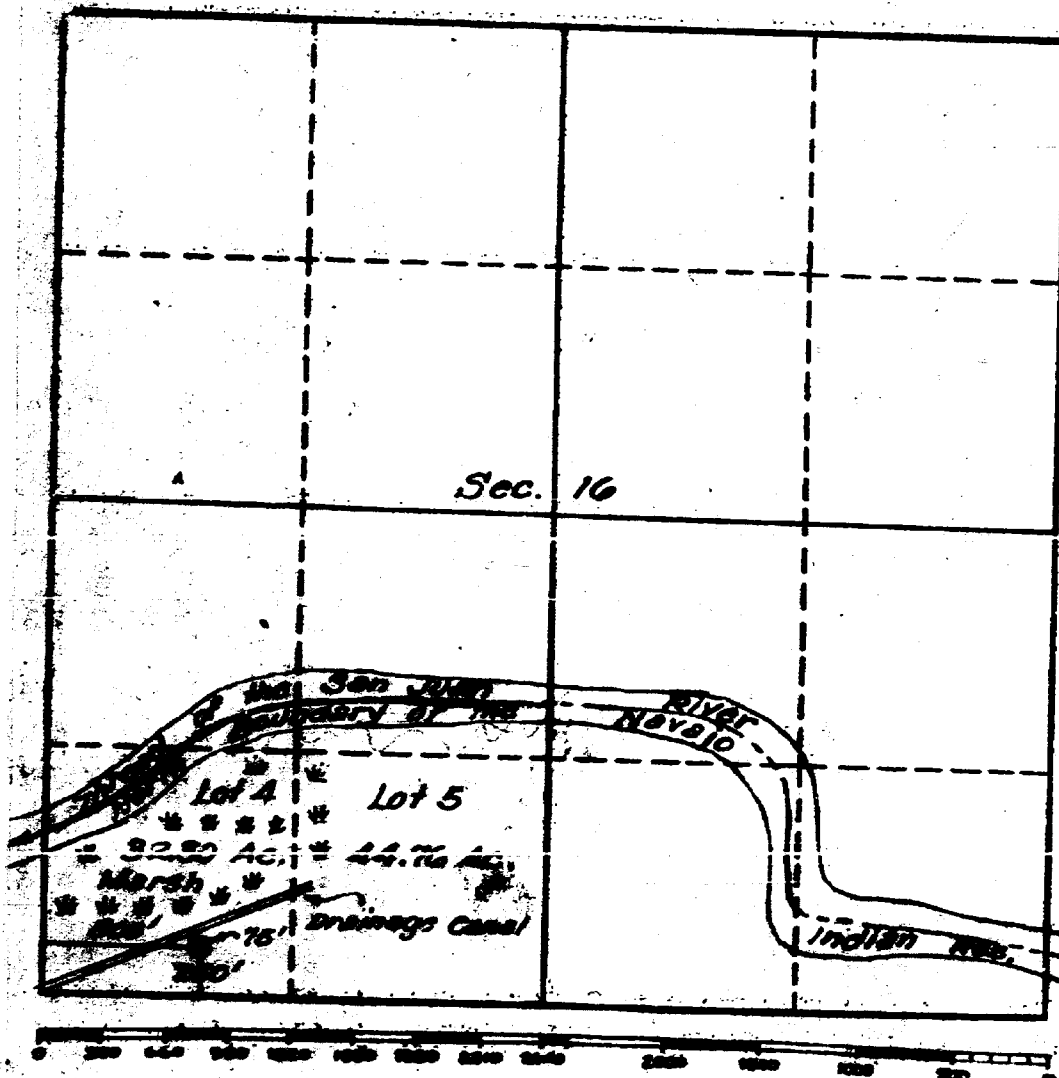
1. Is the Operator the only owner* in the dedicated acreage outlined on the plat below? Yes **X** No _____
2. If the answer to question One is "No," have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes _____ No _____. If answer is "Yes," Type of Consolidation _____

3. If the answer to question Two is "No," list all the owners and their respective interests below:

OWNER

LAND DESCRIPTION

SECTION B.



This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

(OPERATOR)

(REPRESENTATIVE)

(ADDRESS)

This is to certify that the information shown on the plat in Section B was plotted from the notes of actual survey made by me or under my supervision and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed **12-23-60**

Four States Engineering Co.
FARMINGTON, NEW MEXICO

Emmett V. Felt
REGISTERED ENGINEER OR
LAND SURVEYOR

Certificate No. **1515**

PAN AMERICAN PETROLEUM CORPORATION

Box 480, Farmington, New Mexico
December 23, 1960

File: B-2430-400.1

Subject: Request for Approval of
Non-Standard Well Location
Navajo Tribal "E" No. 7
Cha Cha Gallup Field

Mr. A. L. Porter (2)
New Mexico Oil Conservation Commission

Box 871

Albuquerque, New Mexico

Dear Sir:

Pan American Petroleum Corporation has staked the Navajo Tribal "E" No. 7 in the Cha Cha Gallup Field at a footage distance of 250 feet from the south line and 800 feet from the west line of Section 16, T-29-N, R-14-W, San Juan County, New Mexico. The standard location in Lot 4 of Section 16 falls in a marsh and overflow area in the river bottom adjacent to the present channel of the San Juan river which necessitated moving the site to higher ground at the unorthodox location.

It is respectfully requested that Pan American be granted administrative exception to Cha Cha Gallup Field oil well location requirements and approval of the non-standard location for Navajo Tribal "E" No. 7 due to the topographical situation described. These conditions are also illustrated on the attached copy of the location plat for the well. The ownership and royalty interest of all oil and gas leases within a 660-foot radius is common to that of the proposed location.

The drilling of Navajo Tribal "E" No. 7 in Lot 4 (corresponding to SW/4 SW/4) of Section 16 is planned to permit orderly development of these properties. We would appreciate being notified of your decision on our request for approval of the non-standard location by collect wire in order to minimize rig delay.

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION

L. O. Spear, Jr.
L. O. Spear, Jr.
Area Superintendent

RSB:hh
Attach.

cc: Mr. E. C. Arnold
NMCC - Altec, N. M.

Mr. P. T. McGrath
USGS - Farmington, N. M.

COPY

NEW MEXICO OIL CONSERVATION COMMISSION Well Location and Acreage Dedication Plot

Date 12-21-60

SECTION A.

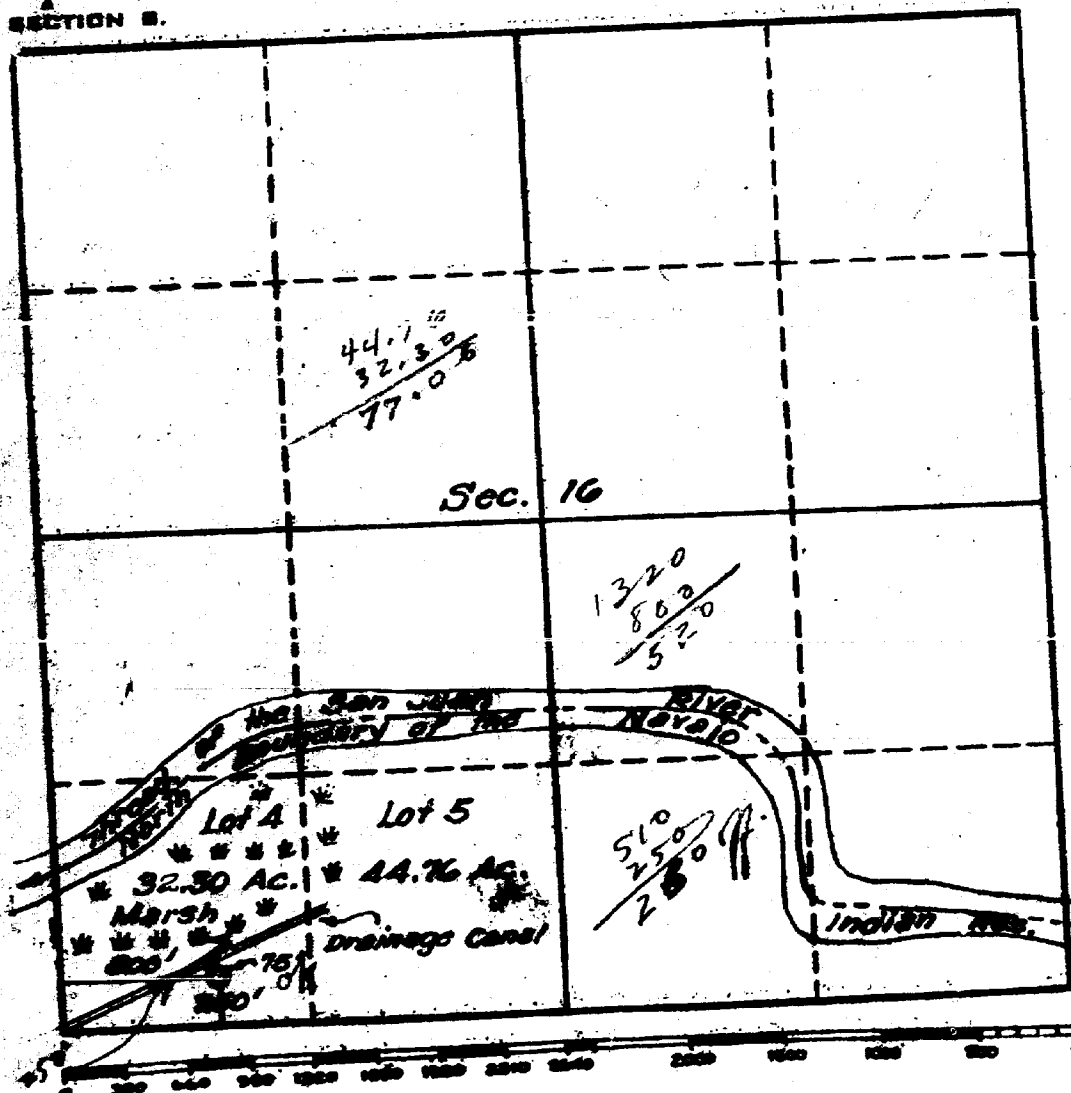
Operator Pan AMERICAN PETROLEUM CORPORATION Lease Navajo Tribal E
Well No. 7 Unit Letter X Section 16 Township 29-North Range 14-West NMPM
Located 250 Feet From the South Line, 800 Feet From the West Line
County San Juan G. L. Elevation _____ Dedicated Acreage _____ Acres
Name of Producing Formation Gallup Pool One Ch Gallup

1. Is the Operator the only owner* in the dedicated acreage outlined on the plat below? Yes X No _____
2. If the answer to question One is "No," have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes _____ No _____. If answer is "Yes," Type of Consolidation _____
3. If the answer to question Two is "No," list all the owners and their respective interests below:

OWNER

LAND DESCRIPTION

SECTION B.



This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

(OPERATOR)

(REPRESENTATIVE)

ADDRESS

This is to certify that the information shown on the plat above was plotted from a true and accurate survey made by me or under my supervision and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed 12-23-60

Four States Engineering Co.
FARMINGTON, NEW MEXICO

Emmett E. Felt
REGISTERED ENGINEER OR
LAND SURVEYOR

Certificate No. 1514

DOMESTIC SERVICE	
Check the class of service desired; otherwise this message will be sent as a fast telegram	
TELEGRAM	<input checked="" type="checkbox"/>
DAY LETTER	<input type="checkbox"/>
NIGHT LETTER	<input type="checkbox"/>

WESTERN UNION TELEGRAM

1206 (4-55)

INTERNATIONAL SERVICE	
Check the class of service desired; otherwise the message will be sent at the full rate	
FULL RATE	<input type="checkbox"/>
LETTER TELEGRAM	<input type="checkbox"/>
SHORE-SHIP	<input type="checkbox"/>

W. P. MARSHALL, PRESIDENT		CHARGE TO THE ACCOUNT OF		TIME FILED
NO. NOS.-CL. OF SVC.	PD. OR COLL.	CASH NO.		10:00 A.M.
COLLECT				12/27/60

Send the following message, subject to the terms on back hereof, which are hereby agreed to

THE AMERICAN PETROLEUM CORPORATION
P. O. BOX 420
ALBUQUERQUE, NEW MEXICO
ATTENTION: MR. L. O. SPENCER, JR.

OUR CBA-CALLED POOL RULES PURPOSELY DO NOT PROVIDE FOR ADMINISTRATIVE
APPROVAL OF WORKING LOCATIONS. WE WILL SET BOTH APPLICATIONS FOR
HEARING ON JANUARY 28 IF YOU SO DESIRE.

A. L. PORTER, JR.
OIL CONSERVATION COMMISSION

Case 2165

ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

To guard against mistakes or delays, the sender of a message should order it repeated, that is, telegraphed back to the originating office for comparison. For this, one-half the unrepeatable message rate is charged in addition. Unless otherwise indicated on its face, this is an unrepeatable message and paid for as such, in consideration whereof it is agreed between the sender of the message and the Telegraph Company as follows:

1. The Telegraph Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the unrepeatable message rate beyond the sum of five hundred dollars; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the repeated message rate beyond the sum of five thousand dollars, unless specially valued; nor in any case for delays arising from unavoidable interruption in the working of its lines.
2. In any event the Telegraph Company shall not be liable for damages for mistakes or delays in the transmission or delivery, or for the non-delivery, of any message, whether caused by the negligence of its servants or otherwise, beyond the actual loss, not exceeding in any event the sum of five thousand dollars, at which amount the sender of each message represents that the message is valued, unless a greater value is stated in writing by the sender thereof at the time the message is tendered for transmission, and unless the repeated message rate is paid or agreed to be paid and an additional charge equal to one-tenth of one per cent of the amount by which such valuation shall exceed five thousand dollars.
3. The Telegraph Company is hereby made the agent of the sender, without liability, to forward this message over the lines of any other company when necessary to reach its destination.
4. The applicable tariff charges on a message destined to any point in the continental United States listed in the Telegraph Company's Directory of Stations cover its delivery within the designated city or community limits of the destination point. Beyond such limits and to points not listed in the Telegraph Company's Directory of Stations, the Telegraph Company does not undertake to make delivery but will endeavor to arrange for delivery by any available means as the agent of the sender, with the understanding that the sender authorizes the collection of any additional charge from the addressee and agrees to pay such additional charge if it is not collected from the addressee.
5. No responsibility attaches to the Telegraph Company concerning messages until the same are accepted at one of its transmitting offices; and if a message is sent to such office by one of the Telegraph Company's messengers, he acts for that purpose as the agent of the sender; except that when the Telegraph Company sends a messenger to pick up a message, the messenger in that instance acts as the agent of the Telegraph Company in accepting the message, the Telegraph Company assuming responsibility from the time of such acceptance.
6. The Telegraph Company will not be liable for damages or statutory penalties when the claim is not presented in writing to the Telegraph Company, (a) within ninety days after the message is filed with the Telegraph Company for transmission in the case of a message between points within the United States (except in the case of an intrastate message in Texas) or between a point in the United States on the one hand and a point in Alaska, Canada, Mexico, or St. Pierre-Miquelon Islands on the other hand, or between a point in the United States and a ship at sea or in the air; (b) within 95 days after the cause of action, if any, shall have accrued in the case of an intrastate message in Texas; and (c) within 180 days after the message is filed with the Telegraph Company for transmission in the case of a message between a point in the United States and a foreign or overseas point other than the points specified above in this paragraph; provided, however, that this condition shall not apply to claims for damages or overcharges within the purview of Section 415 of the Communications Act of 1934, as amended.
7. It is agreed that in any action by the Telegraph Company to recover the tolls for any message or messages the prompt and correct transmission and delivery thereof shall be presumed, subject to rebuttal by competent evidence.
8. Special terms governing the transmission of messages according to their classes, as enumerated below, shall apply to messages in each of such respective classes in addition to all the foregoing terms.
9. No employee of the Telegraph Company is authorized to vary the foregoing.

4-44

CLASSES OF SERVICE

DOMESTIC SERVICES

TELEGRAM

The fastest domestic service.

DAY LETTER (DL)

A deferred same-day service, at low rates.

NIGHT LETTER (NL)

Expedient overnight service, delivered up to 2 A. M. the following morning, at rates lower than the Telegram or Day Letter rates.

INTERNATIONAL SERVICES

FULL RATE (FR)

The fastest overseas service. May be written in code, cipher, or in any language expressed in Roman letters.

LETTER TELEGRAM (LT)

For overnight plain language messages, at half-rate. Minimum charge for 32 words applies.

SHIP RADIOGRAM

For messages to and from ships at sea.

CLASS OF SERVICE
This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

SYMBOLS
DL=Day Letter
NL=Night Letter
LT=International Letter Telegram

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

1201

LA147 SSB312
L FRA062 DL PD=WUX FARMINGTON NMEX 3 157P MST
A L PORTER, NEW MEXICO OIL CONSERVATION COMMISSION

MAIN OFFICE OCC
1961 JAN 3 PM 2:18

REFERENCE IS TO PAN AMERICAN'S APPLICATIONS FOR UNORTHODOX LOCATIONS IN CHA CHA GALLUP OIL POOL DATED DECEMBER 23, 1960, FOR NAVAJO TRIBAL G NO. 5, OUR FILE: B-2429-400.1, AND NAVAJO TRIBAL E NO. 7, OUR FILE: B-2430-400.1, AND TO YOUR WIRE REPLY DATED FOR DECEMBER 27, 1960. PAN AMERICAN HEREBY RESPECTFULLY REQUESTS THAT THESE APPLICATIONS FOR UNORTHODIX LOCATIONS FOR THESE TWO WELLS BE SET FOR HEARING AT THE JANUARY 25TH COMMISSION EXAMINER HEARING.

Case 2/65

PAN AMERICAN PETROLEUM CORP J B JENKINS DISTRICT
SUPERINTENDENT FARMINGTON NEW MEXICO

ING ITS SERVICE

CLASS OF SERVICE
This is a fast message
unless its deferred char-
acter is indicated by the
proper symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

SYMBOLS
DL=Day Letter
NL=Night Letter
LT=International
Letter Telegram

1220
(R 11-54)

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

LA019 SSA068

1961 JAN 6 AM 8 15

L FRA003 DL PD=WUX FARMINGTON NMEX 6 749A MST=
A L PORTER, NEW MEXICO OIL CONSERVATION COMMISSION=
SANTA FE NMEX=

REFERENCE IS TO PAN AMERICAN'S APPLICATION FOR HEARING
TO CONSIDER UNORTHODOX LOCATIONS IN CHA CHA GALLUP OIL
POOL FOR ITS NAVAJO TRIBAL "G" NO. 5 AND NAVAJO TRIBAL
"E" NO. 7 DATED JANUARY 3, 1961. PAN AMERICAN DESIRES
TO AMEND THIS APPLICATION TO CONSIDER, IN ADDITION TO
UNORTHODOX LOCATIONS, A NON-STANDARD UNIT FOR THE
NAVAJO TRIBAL "E" NO. 7. IT IS RESPECTFULLY REQUESTED
THAT OUR APPLICATION BE AMENDED TO INCLUDE CONSIDERATION
OF A NON-STANDARD UNIT CONSISTING OF 88.77 ACRES, BEING
ALL OF THE ACREAGE IN THE SW/4 SECTION 16, T29N, R14W,
LYING SOUTH OF THE MID CHANNEL OF THE SAN JUAN RIVER,
WHICH IS ALSO ALL OF THE ACREAGE IN THE SW/4 OF SECTION
16 WITHIN THE NAVAJO INDIAN RESERVATION=
PAN AMERICAN PETROLEUM CORP J B JENKINS
DISTRICT SUPERINTENDENT FARMINGTON NEW MEXICO==

MAIN OFFICE OCC

1961 JAN 15 AM 8:57

Case 2165

G 5 E 7 3 1961 E 7 88.77 SW/4 16 T29N R14W SW/4 16=.

ATWOOD & MALONE
LAWYERS

1961 JUN 1 11 20

TELEPHONE MAIN 2-6221
ROSWELL PETROLEUM BUILDING
ROSWELL, NEW MEXICO

JEFF D. ATWOOD (1883-1960)
ROSS L. MALONE
CHARLES F. MALONE
E. KIRK NEWMAN
RUSSELL D. MANN
PAUL A. COOTER
BOB F. TURNER

January 18, 1961

New Mexico Oil Conservation Commission
Post Office Box 871
Santa Fe, New Mexico

RE: Case No. 2165 - Application of Pan American
Petroleum Corporation

Gentlemen:

We are resident counsel for Pan American Petroleum Corporation
in the captioned case and as such wish to enter our appearance therein.
It is anticipated that the presentation of the case before the Commission
will be made by either Mr. Guy Buell, an employee of Pan American
Petroleum Corporation and a member of the State Bar of Texas.

Yours very truly,

ATWOOD & MALONE

BY: *E. Kirk Newman*

EKN:sam

cc: Mr. J. K. Smith
Mr. Guy Buell

DOCKET: EXAMINER HEARING - WEDNESDAY, JANUARY 25, 1961
OIL CONSERVATION COMMISSION - 9 a.m., CONFERENCE ROOM - STATE LAND OFFICE
BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz Examiner, or Oliver E. Payne, attorney, as alternate examiner:

CASE 2159: Application of Continental Oil Company for three non-standard gas proration units. Applicant, in the above-styled cause, seeks the establishment of the following-described non-standard gas proration units in the Jalmat Gas Pool, Lea County, New Mexico:

A 320-acre non-standard gas proration unit consisting of the W/2 E/2 and E/2 W/2 of Section 19, Township 25 South, Range 37 East, to be dedicated to the Sholes B-19 Well No. 1, located in the center of the SE/4 SW/4 of said Section 19.

A 320-acre non-standard gas proration unit consisting of the E/2 and NE/4 NW/4 of Section 1, Township 25 South, Range 36 East, to be dedicated to the Wells B-1 Well No. 1, located in the center of the NE/4 NE/4 of said Section 1.

A 360-acre non-standard gas proration unit consisting of the SE/4, E/2 W/2 and SW/4 SW/4 of Section 29, Township 22 South, Range 36 East, to be dedicated to the Meyer A-29 Well No. 3, located in the center of the SE/4 SW/4 of said Section 29.

CASE 2160: Application of Continental Oil Company for a quadruple completion. Applicant, in the above-styled cause, seeks an order authorizing the quadruple completion of its North-east Haynes-Apache 9 No. 1 Well, located in the NW/4 SW/4 of Section 9, Township 24 North, Range 5 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of hydrocarbons from the Greenhorn formation through a string of 2 7/8-inch casing, the production of hydrocarbons from the Dakota formation through 2 3/8-inch tubing installed within a string of 4 1/2-inch casing, the production of hydrocarbons from the Mesaverde formation through the 2 3/8 x 4 1/2-inch annulus of the latter casing string, and the production of hydrocarbons from the Gallup formation through 2 3/8-inch tubing installed within a second string of 4 1/2-inch casing, the three strings of casing being cemented in a common well bore.

CASE 2161:

Application of Texaco, Inc. for a triple completion. Applicant, in the above-styled cause, seeks an order authorizing the triple completion of the C. H. Weir "B" Well No. 4, located in Unit I, Section 11, Township 20 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Eumont Gas Pool, the production of oil from the Skaggs-Glorieta Pool and the production of oil from the Skaggs-Drinkard Pool through the casing-tubing annulus, through 2 3/8-inch tubing, and through 2 3/8-inch tubing respectively.

CASE 2162:

Application of The Atlantic Refining Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to install an automatic custody transfer system to handle the commingled Justis Tubb-Drinkard and Justis-Blinbry production from the following-described leases:

Langlie Federal Lease, N/2 SE/4 of Section 14

Langlie Federal "A" Lease, S/2 NE/4 of Section 14

Langlie Federal "B" Lease, N/2 NE/4 of Section 14

all in Township 25 South, Range 37 East, Lea County, New Mexico.

CASE 2163:

Application of Yates Drilling Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to install an automatic custody transfer system to handle the Pennsylvanian formation production from all wells presently completed or hereafter drilled on Federal Lease NM 03283, comprising the W/2 of Section 31, Township 8 South, Range 37 East, Roosevelt County, New Mexico.

CASE 2164:

Application of Hudson and Hudson for an exception to Rule 506 (A) of the Commission Rules and Regulations and for permission to transfer allowables. Applicant, in the above-styled cause, seeks an exception to Rule 506 (A) by increasing the limiting gas-oil ratio for the West Tonto Yates Seven Rivers Pool, Lea County, New Mexico, from 2,000 to 6,000 cubic feet of gas per barrel of oil. Applicant further seeks permission to shut-in one well in said pool and transfer its allowable to another well.

CASE 2165:

Application of Pan American Petroleum Corporation for two unorthodox oil well locations and a non-standard oil proration unit. Applicant, in the above-styled cause, seeks approval of two unorthodox oil well locations in the Cha Cha-Gallup Oil Pool, San Juan County, New Mexico, said locations to be as follows:

Navajo Tribal "E" Well No. 7, to be located 250 feet from the South line and 800 feet from the West line of Section 16.

Navajo Tribal "G" Well No. 5, to be located 1830 feet from the South line and 885 feet from the East line of Section 18, both in Township 29 North, Range 14 West.

Applicant also seeks an 88.7-acre non-standard oil proration unit in said pool comprising that portion of the SW/4 of Section 16, within the Navajo Reservation lying South of the mid-channel of the San Juan River, Township 29 North, Range 14 West, to be dedicated to said Navajo Tribal "E" Well No. 7.

CASE 2166:

Application of Pan American Petroleum Corporation for permission to take interference tests and transfer allowables. Applicant, in the above-styled cause, seeks permission to take interference tests in the Cha Cha-Gallup Oil Pool, San Juan County, New Mexico, by shutting in its Navajo Tribal "E" Well No. 3, located in the NE/4 SW/4 of Section 21, Township 29 North, Range 14 West and transferring the allowable of said well in equal parts to the other five wells on the said Navajo "E" Lease.

CASE 2167:

Application of Chambers & Kennedy for a 200-acre non-standard gas proration unit and for an unorthodox gas well location. Applicant, in the above-styled cause, seeks the establishment of a 200-acre non-standard gas proration unit in the Eumont Gas Pool, Lea County, New Mexico, comprising the NE/4 NE/4, S/2 NE/4, and the N/2 SE/4 of Section 34, Township 19 South, Range 37 East. Said unit is to be dedicated to the Monument State Well No. 1, located on an unorthodox location at a point 1649 feet from the South line and 2197 feet from the East line of said Section 34.

CASE 2168: Application of Continental Oil Company for permission to shut-in one well and transfer its allowable to other wells. Applicant, in the above-styled cause, seeks permission to shut-in its Wilder Well No. 20, located 1980 feet from the South and East lines of Section 26, Township 26 South, Range 32 East, El Mar-Delaware Pool, Lea County, New Mexico, and transfer its allowable to the following offset wells in said Section 26: Wilder Lease Well Nos. 17, 18, 22 and 25.

CASE 2169: Application of Gulf Oil Corporation for a salt water disposal well. Applicant, in the above-styled cause, seeks an order authorizing the disposal of produced salt water into the Grayburg and San Andres formations through its J. F. Janda "F" Well No. 17, located in Unit A, Section 4, Township 22 South, Range 36 East, Lea County, New Mexico, with the proposed injection interval from 3999 feet to 5650 feet.

CASE 2170: Application of Amerada Petroleum Corporation for an amendment of Order R-1750. Applicant, in the above-styled cause, seeks an amendment of Order No. R-1750, which authorized the triple completion of its Wimberly Well No. 13, located in Unit M, Section 24, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, to substitute an undesignated oil pool, probably Paddock, for the Langlie-Mattix which was previously authorized. Applicant also proposes to use three parallel strings of tubing rather than two as provided in Order R-1750.

GOVERNOR
JOHN BURROUGHS
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
MURRAY E. MORGAN
MEMBER



P. O. BOX 871
SANTA FE

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY DIRECTOR

February 8, 1961

Atwood & Malone
Box 867
Russell, New Mexico

Re: Case No. 2168
Order No. B-1867
Applicant:
Pan American Petroleum Corp.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.,
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC X
Artesia OCC
Aztec OCC X

Other Mr. Guy Duell - Fort Worth, Texas

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 25, 1961

EXAMINER HEARING

IN THE MATTER OF:

Application of Pan American Petroleum Corporation for two unorthodox oil well locations and a non-standard oil proration unit. Applicant, in the above-styled cause, seeks approval of two unorthodox oil well locations in the Cha Cha-Gallup Oil Pool, San Juan County, New Mexico, said locations to be as follows:

Case
2165

From Navajo Tribal "E" Well No. 7, to be located 250 feet from the South line and 800 feet from the West line of Section 16.

Navajo Tribal "G" Well No. 5, to be located 1830 feet from the South line and 885 feet from the East line of Section 18, both in Township 29 North, Range 14 West.

Applicant also seeks an 88.7-acre non-standard oil proration unit in said pool comprising that portion of the SW/4 of Section 16, within the Navajo Reservation lying South of the mid-channel of the San Juan River, Township 29 North, Range 14 West, to be dedicated to said Navajo Tribal "E" Well No. 7.

BEFORE:

Elvin A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: 2165.

MR. PAYNE: Application of Pan American Petroleum Corporation for two unorthodox oil well locations and a non-standard oil proration unit.



NEW MEXICO OIL CONSERVATION COMMISSION
Well Location and Acreage Dedication Plot

SECTION A.

Date 12-24-60

Operator PAN AMERICAN PETROLEUM CORPORATION Lease Navajo Tribal G
Well No. 5 Unit Letter I Section 18 Township 29-North Range 14-West NMPM
Located 1830 Feet From the South Line 885 Feet From the East Line
County San Juan G. L. Elevation * Dedicated Acreage 80 Acres
Name of Producing Formation Gallup Pool Cha Cha Gallup

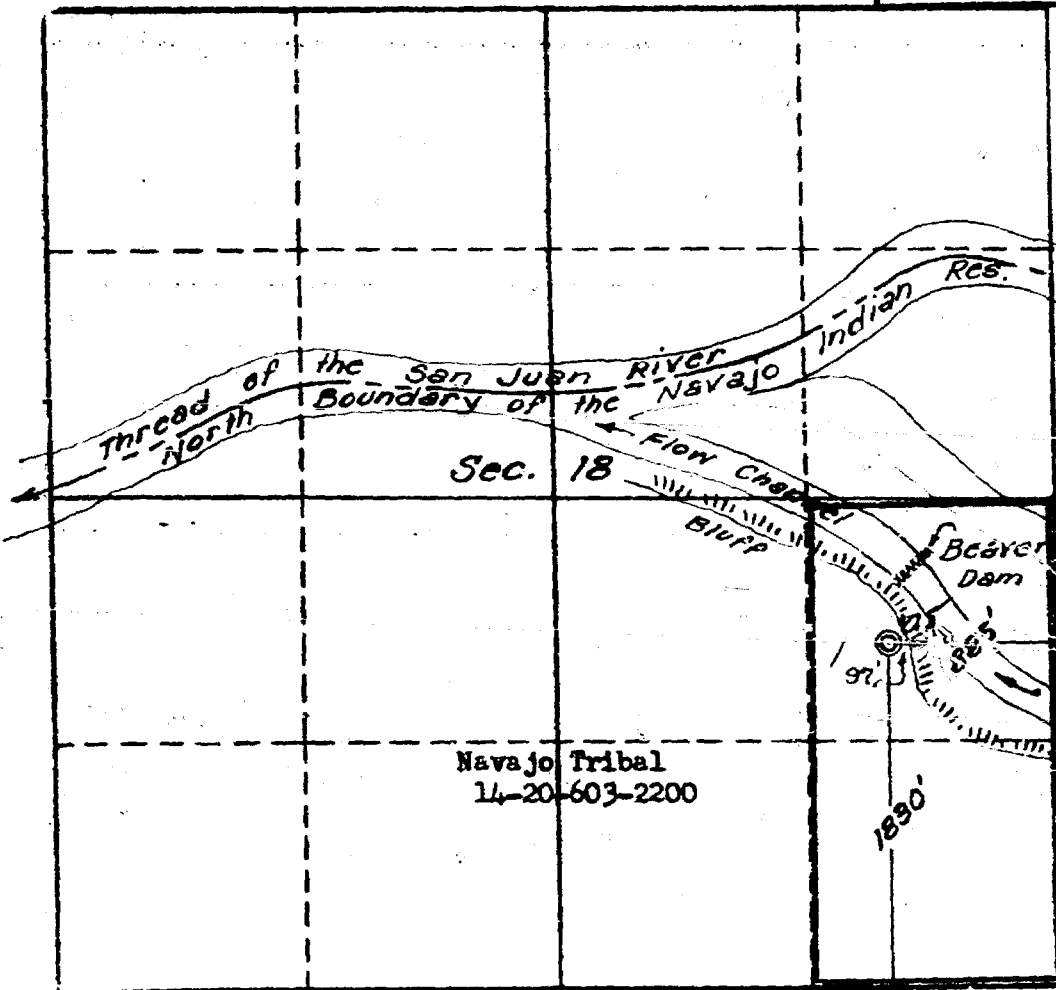
*To be reported later.

1. Is the Operator the only owner* in the dedicated acreage outlined on the plat below? Yes X No
2. If the answer to question One is "No," have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes No If answer is "Yes," Type of Consolidation
3. If the answer to question Two is "No," list all the owners and their respective interests below:

OWNER

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
Pan Am EXHIBIT NO. 2
CASE NO. 2165

SECTION B.



This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

Pan American Petroleum Corp.

R. M. Bauer, Jr.
R. M. Bauer, Jr.
(REPRESENTATIVE)

Box 480, Farmington, N. Mex.
(ADDRESS)

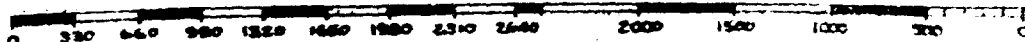
This is to certify that the well location shown on the plat in Section B was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed 12-20-60

Four Stores Engineering Co.
FARMINGTON, NEW MEXICO

James V. Chishawk
REGISTERED ENGINEER OR
LAND SURVEYOR

Certificate No. 1545



NEW MEXICO OIL CONSERVATION COMMISSION
Well Location and Acreage Dedication Plot

FORM O-120
REVISED 5/1/57

SECTION A.

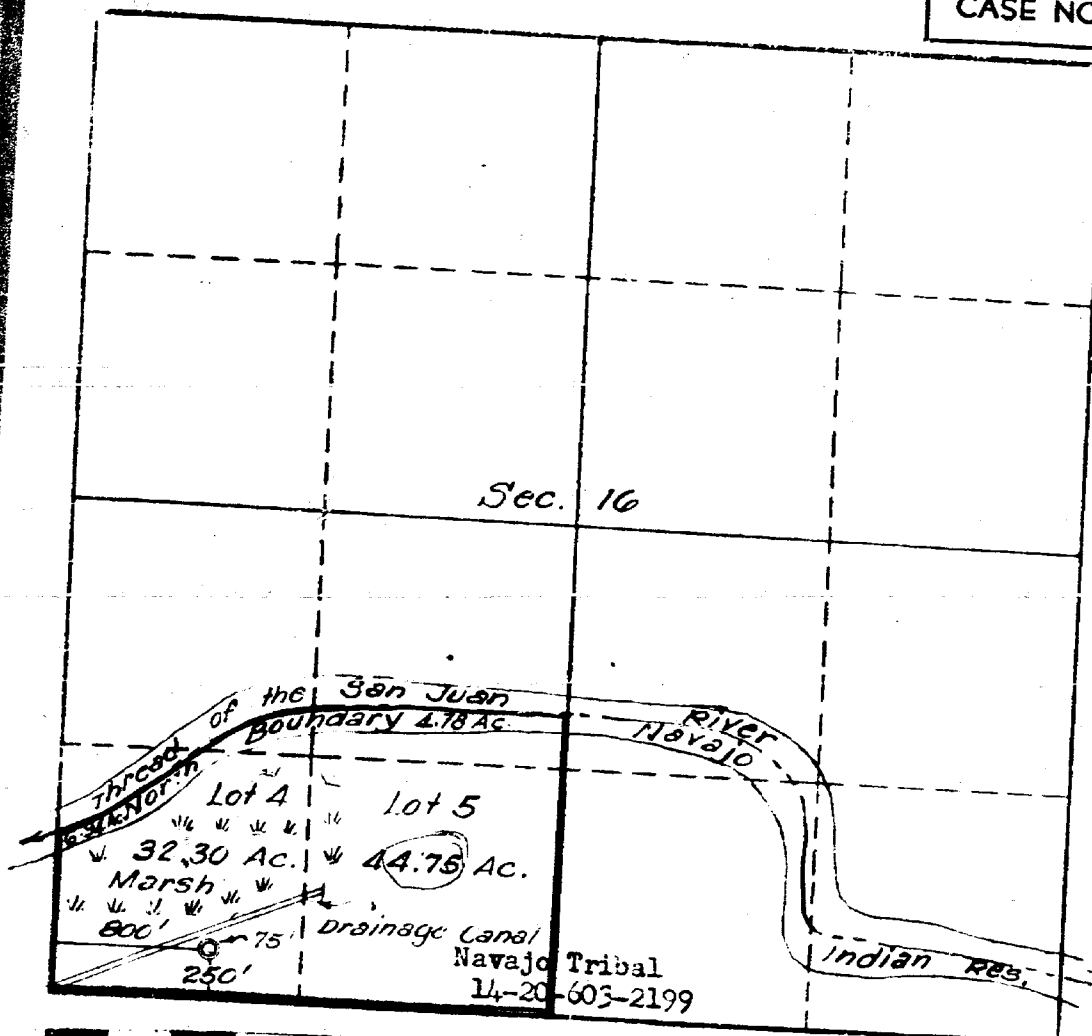
Operator Pan AMERICAN PETROLEUM CORPORATION Date 12-24-60
Well No. 7 Unit Letter M Section 16 Lease Navajo Tribal E
Located 250 Feet From the South Township 29-North Range 14-West NMPM
County San Juan G. L. Elevation * Line 800 Feet From the West Line
Name of Producing Formation Gallup Dedicated Acreage 88.97 Acre
Pool Cha Cha Gallup

1. Is the Operator the only owner in the dedicated acreage outlined on the plot below? Yes X
2. If the answer to question One is "No," have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes No If answer is "Yes," Type of Consolidation
3. If the answer to question Two is "No," list all the owner in their respective interests below:

OWNER

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
PAN AM EXHIBIT NO. 3
CASE NO. 2165

SECTION B.



This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

Pan American Petroleum Corp.

R. M. Bauer, Jr.
R. M. Bauer, Jr.

Box 480, Farmington, N. Mex.

This is to certify that the information shown on the plot in Section B was prepared from field notes of actual survey made by me or under my supervision and that the same is true to the best of my knowledge and belief.

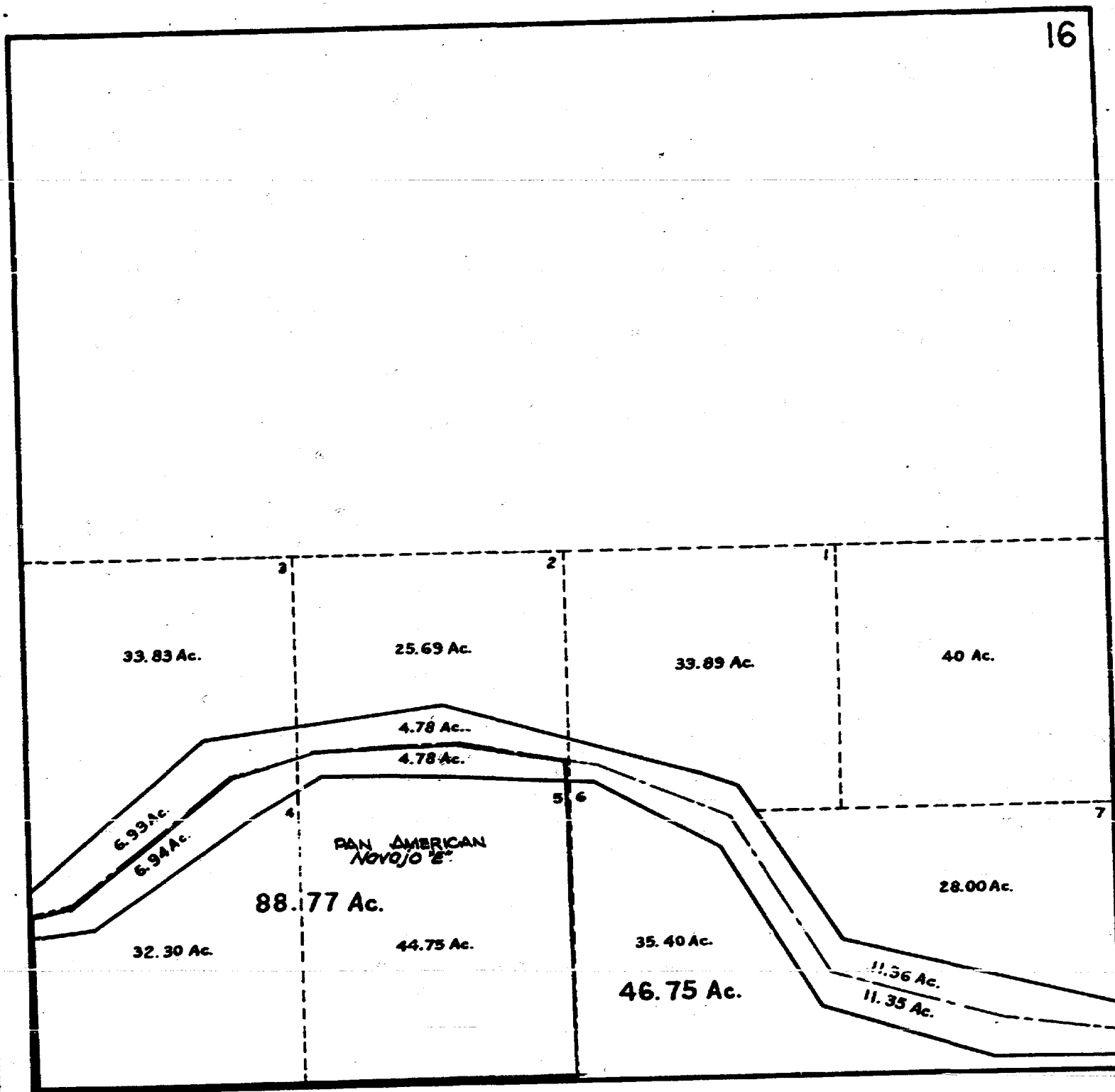
Date Surveyed 12-23-60

Four States Engineering Co.
FARMINGTON, NEW MEXICO

Conrad E. G. Hank
CONRAD E. G. HANK
SURVEYOR

Certified No. 1545

16



T 29 N - R 14 W

BEFORE EXAMINER UTZ
 OIL CONSERVATION CO. DIVISION
 PAN AM EXAMINER NO. 4
 CASE NO. 2165

MR. BUELL: May it please the Examiner, we have one witness, Mr. Eaton.

(Witness sworn.)

MR. UTZ: Other appearances in this case? Proceed.

GEORGE W. EATON, JR.

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. BUELL:

Q Mr. Eaton, will you state your complete name, please, by whom you are employed, in what capacity and in what location?

A George W. Eaton, Jr., Senior Petroleum Engineer for Pan American Petroleum Corporation, in Farmington, New Mexico.

Q You have testified at a prior Commission hearing, have you not?

A Yes, I have.

Q And your qualifications as a petroleum engineer are a matter of public record, are they not?

A Yes, sir, they are.

MR. UTZ: His qualifications are acceptable.

Q (By Mr. Buell) I direct your attention now, Mr. Eaton, to what has been marked as Pan American's Exhibit No. 1. What does that exhibit reflect?

A Our Exhibit No. 1 is a map of the northwest portion of the Cha Cha Callup oil pool in San Juan County, New Mexico.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DEARNLEY-MEIER REPORTING SERVICE, Inc.
ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691

Q What data are reflected on that exhibit with respect to the Cha Cha-Gallup reservoir itself?

A The lines on Exhibit No. 1 are isopachs of the net Gallup thickness in the northwest portion of the Cha Cha-Gallup Pool.

Q What is your contour interval there?

A The contour interval is two feet.

Q Are the regular Cha Cha wells just shown with the conventional blue dot?

A Yes, sir. The Cha Cha wells are shown with the conventional blue dot. The two large green dots in the northwest portion of the contoured area are the two unorthodox locations which are the subject of this hearing.

Q Which one of those would you prefer to discuss first, Mr. Eaton?

A The location for Navajo "G" No. 5, which is located in the southeast quarter of Section 18, Township 29 North, Range 14 West.

Q Would you locate that well specifically with relation to distances from line?

A That location is 1830 feet from the south line and 885 feet from the east line of Section 18.

Q Why is it unorthodox?

A It is unorthodox because the distance from the east line is 885 feet. The orthodox location would be no more than 810 feet from the east line.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

Q I direct your attention now to what has been marked as Pan American's Exhibit No. 2. What does that exhibit reflect?

A Exhibit No. 2 is a copy of Form C-128, which is acreage dedication plat and well location for the Navajo "G" No. 5 location.

Q Looking at that unit which Pan American proposes to assign to this well, and particularly to the north half of that unit, is it physically possible to make an orthodox location there, Mr. Eaton?

A Yes, sir. It would be physically possible to do so, but it would be highly impractical to do so.

Q Why would it be impractical?

A You will note that the regular location in the north half of the unit would fall immediately on the bank of what has been labelled "flow channel of the San Juan River." You will also note that immediately north of the well location there is a structure called "beaver dam."

Q Is that the name of the dam, or is it a dam made by beavers?

A It is a dam made by beavers.

Q What have those beavers done there to affect an orthodox location?

A The fact that that dam is across that portion of the flow channel has resulted in water backing up behind that dam and it is quite a deep cut down to the water level, with the body of the water being some 20, 30 feet in width.

Q The terrain features that are reflected on Exhibit No. 2,



did you draw those terrain features on there, yourself, Mr. Eaton?

A No, sir. Those features were drawn on by the surveyor.

Q Did you make an on-the-ground survey of this area, all the area covered by this application, yourself?

A Yes, sir. I went out and made a visual observation of the location and I found that the map or plat drawn by the surveyor accurately describes the conditions that prevail.

Q Let's move to the south half of that unit, Mr. Eaton. Could you make an orthodox location there?

A Yes, sir, it would be possible to make an orthodox location in the south part of that unit, although I would like to point out this, there are some Indian dwellings in the south part of that south half of the unit.

Q Other than the dwellings that might be on the south half, is there any reason, from a reservoir standpoint, that you, as a reservoir engineer, would not recommend a location in the southern half of the unit?

A As a reservoir engineer my recommendation was to drill the Navajo "G" 5 in the north half of that unit simply from the standpoint of providing an orderly and uniform development pattern. You will note that --

Q You are going back to Exhibit 1 now?

A Yes, sir. You will note from Exhibit 1 that there is a well known as the Pan American Navajo "G" No. 4 located in the southwest southwest of Section 17. Now, a well drilled in the



southeast southeast of Section 18 would be an immediate offset to that existing well, so from the standpoint of providing a uniform development pattern in this area it was my recommendation that the well be drilled in the north half of that unit.

Q Are you of the opinion that the 80 acres that Pan American proposes to attribute to that well, in your opinion, is each and every acre of that 80 productive?

A It is my opinion that the entire 80 acres is productive from the Cha Cha-Gallup Pool.

Q It would seem to me, Mr. Eaton, just looking at your plat there and where that well is located in the northwestern portion of that unit, if that well is a producer, it seems pretty conclusive to me, looking at it, that all would be productive?

A That is my opinion too. If that well is a producer from the Cha Cha-Gallup Pool, then the entire unit is definitely productive.

Q Let's go to the other unorthodox location, Navajo "E" 7. Would you locate that well for the record?

A The location for the Navajo "E" 7 is 250 feet from the south line and 800 feet from the west line of Section 16, Township 20 North, Range 14 West.

Q Why is that location unorthodox?

A That location is unorthodox because it is located only 250 feet from the south line of that section. To be orthodox it would have to be located at least 510 feet from the south line.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

Q I direct your attention to what has been marked Pan American's Exhibit 3. What does that particular Exhibit 3 reflect?

A Exhibit No. 3 is a copy of NMOCC Form C-128 showing the acreage dedication and the well location for Navajo "E" No. 7.

Q Mr. Eaton, would it be physically possible to make an orthodox location in the western half of this unit?

A It would be physically possible to do so, but, again, it would be highly impractical.

Q Why would it be impractical, Mr. Eaton?

A It would be impractical to do so because of the terrain features existing in the northern part of the west half of that proposed unit.

Q Would you briefly point out what those terrain difficulties are?

A Referring you again to Exhibit 3 you will note immediately north of the proposed location there is a feature called "drainage canal." Immediately north of that is marsh land, overgrown with sage brush and at the time I was out there, a good part of this was covered with ice and snow.

Q Did it appear to you that was probably the flood plain of the San Juan River?

A Yes. The flood plain of the San Juan River in this particular area is quite large. You can tell that in time of high water, spring run-offs, the river actually occupies a considerably wider area than it does during times like now, where run-off is really



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

low, and there is not much water flowing down that river channel.

Q Did you, yourself, draw these terrain features on Exhibit 3?

A No. These terrain features were drawn by the surveyor. However, I did make a visual observation on the ground and on the basis of that observation I believe that the map accurately reflects the condition that prevailed around this location.

Q That drainage canal depicted on Exhibit 3 appears to be very straight and uniform, Mr. Eaton. Did that appear to you to be man-made?

A It appeared to me to be a man-made canal, possibly used for irrigation purposes. Of course, at the time I was out there it was partly filled with snow and what little water was in it was hard and frozen. It did not appear to be in use right at the present time.

Q You wouldn't be irrigating in San Juan County at this time of year, would you?

A No, sir.

Q It did appear to you that the Indians were using that for drainage purposes or irrigation purposes?

A It appeared to be a canal that was in use at least during portions of each year.

Q Let's go now to the east half of that unit. Could you physically make an orthodox location there?

A Yes, sir, it would be possible to make an orthodox location



DEARNLEY-MEIER REPORTING SERVICE, Inc.
ALBUQUERQUE, NEW MEXICO
PHONE CH 3-6691

in the east half of that unit. However, again, as in the case of the Navajo "G" No. 5, and referring again to our Exhibit No. 1, you can see that to follow the uniform development pattern which exists in this immediate area the location should actually be placed in the west half.

Q Do you have anything else to say with respect to the unorthodox location of Navajo "G" No. 7?

A I believe not.

Q Let's go on, then, to the other phase, rather, the last phase of this hearing, the request for a non-standard proration unit which we propose to assign to the Navajo "G" No. 7. Let me direct your attention to what has been marked Exhibit No. 4. What does it reflect, Mr. Eaton?

A Exhibit No. 4 is a plat of that portion of the Navajo "G" lease lying in Section 16, Township 29 North, Range 14 West.

Q Would you describe the proposed non-standard proration unit that we are asking authority to form?

A The proposed non-standard proration unit is outlined on Exhibit No. 4 by the red line. It would consist of the Lot No. 4 in the southwest southwest Section 16, containing 32.30 acres, and that portion of the Navajo Reservation lying in the south half of the San Juan River Channel immediately to the North of Lot 4, containing 6.94 acres; Lot 5 of Section 16, containing 44.75 acres, and that portion of the Navajo Reservation lying in the south half of the San Juan River Channel containing 4.78 acres, lying imme-



diately north of Lot 5. The total acreage in the non-standard unit is 88.77 acres.

Q Would this be a non-standard unit, not only due to size but also to shape, Mr. Eaton?

A Yes, sir, it would be.

Q I wonder, Mr. Eaton, in looking at this acreage in this northern end of the Navajo Reservation, and particularly the combination of parcels that we have in this proposed unit, could you visualize how it could be possible, or if it would be possible, to use any combinations of these parcels and form a standard unit?

A No, sir, it would not be.

Q Do you feel that the recommended unit, as reflected on your Exhibit 4, is a sound and practical solution to this problem that we have here?

A I believe that our recommended non-standard unit is a practical solution to this rather unique situation. It is unique because of the irregular boundary on the north side of the Navajo Indian reservation.

Q Do you feel that all the acreage contained within this proposed unit is productive from the Cha Cha-Gallup Pool?

A Yes, sir. I do believe that it is all productive, and that the evidence that it is productive was shown by Exhibit 1.

Q In your opinion, as a reservoir engineer, Mr. Eaton, if a well in a reservoir will drain 80 acres, would you feel that it would also drain 88.77?



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

A I would have no fear that the remaining 8.77 acres would not be drained.

Q When you analyze all three phases of this hearing, the two unorthodox locations as well as the non-standard unit, do you feel that if the Commission should approve these requests that it will serve conservation as well as protect the correlative rights of all owners of interests?

A Yes, sir, I do.

Q Do you have anything else you would like to add?

A No, sir, I don't believe so.

MR. BUELL: That is all we have, Mr. Examiner, at this time.

MR. UTZ: Do you want to offer your exhibits at this time?

MR. BUELL: May I formally offer Pan American's Exhibits 1 through 4?

MR. UTZ: Without objection Pan American's Exhibits 1 through 4 will be entered into the record in this case.

BY MR. UTZ:

Q Mr. Eaton, these are contours on the top of the Gallup zone?

A They are contours on the net sand thickness.

Q They are isopachs, then?

A Isopachs, yes, sir.

Q So the zero isopach just barely cuts the corner of your unit in Section 18, right?

A Yes, sir. I might add this, the zero sand thickness does



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

not necessarily mean that that is also the productive limits. As you know, the Gallup consists of sand, sandy shales and shaly sand, and this map correctly, I believe, reflects that clean sand, but it would be possible, as in many other areas, to make a producing Gallup well out of one of these shaly sands or sandy shale members. I am convinced the entire 80 acres in Section 18 is productive from the Cha Cha-Gallup Pool.

Q I was going to ask you what control have you got for your zero contour?

A We actually do not have any well in the Cha Cha-Gallup Pool which has zero sand in it, so for that portion of the isopach on the southwest flank below six feet is simply extrapolation. Excuse me, four feet. There is the Navajo "G" No. 4, located in the southwest southwest section of 17 which only had four feet, so the two foot and the zero line are extrapolations. On the north side, northeast side of the field the two foot and the zero foot are also extrapolations.

Q And this doesn't represent that shaly productive portion of the pool?

A No, sir. This only represents the clean sand.

Q You are asking for this location to be 175 feet off of the standard location in the north half of this unit?

A Yes, sir; that's correct.

Q In view of your drainage pattern, it would be better to be 175 feet off center, or off from the standard unit, rather than



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

to move to the south end of the unit or conduct offshore operations in the beaver pond?

A Yes, sir.

Q In the interests of a consistent spacing pattern?

A Yes, sir.

Q You believe you will recover more oil by spacing in this manner?

A Let me say this: It is my opinion that this pool, like a number of the other Gallup pools, will be subjected to secondary recovery operations, and in secondary recovery operations it might be far more important to have uniform pattern for injection purposes than it would be for primary production. I am looking down the road to that extent.

Q And the same question and the same answers in regard to your non-standard location in Section 16 would hold true?

A Yes, sir.

Q Now, in regard to your non-standard unit, what is your survey source for your 4.78 and your 6.94 acres on the north edge of these two 40-acre plats?

A This plat shown in Exhibit No. 4 was drawn by Pan American's Title Survey Department from a public land survey conducted and accepted by the appropriate bodies in 1882, accepted by the General Land Office in 1882. While I am not sure how those acreages were determined I feel sure that it was by differences. In other words, this is a regular section. The Lots 2, 3, 4 and 5 are



areages described by that public land survey. By differences it can be determined how much acreage lies in the channel of the San Juan River, and description of the Navajo lease describes it as existing to the mid-channel of the San Juan River.

Q In other words, they don't give you the acreage that is in the channel; they give you the acreage on both sides of it, and you arrive at the channel acreage by dividing that acreage in half?

A The public land survey simply gives the acreage in the lots, yes, sir, and I feel sure that our Title Survey Department determined acreage in the river channel by differences. I really don't know.

Q Mr. Eaton, you are aware that under the Cha Cha-Gallup rules you can drill on either 40 of the 80-acre unit?

A Yes, sir.

Q Actually, your application is not, in reality, based on topography as such for the non-standard locations, inasmuch as you can drill a standard location?

A That is true. In each case we could drill a standard location. It would simply not follow the uniformity of development.

Q As to your well in Section 18, is your application to any extent there based on structure?

A No, sir.

Q In other words, you feel you get just as good a well from the south end of the 80 as the north end?

A ~~It is my opinion it would be a better location in the~~
south end.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

Q You are getting closer to the zero contour line?

A Yes, sir; also getting closer to an existing well. It would be a safer location, let me put it that way. You see, that contour is all extrapolated to the northwest there, and it is a shorter extrapolation to a location in the south half of the unit than it is to the north half so, for that reason, I believe the location in the south half actually would be probably safer.

Q Referring to your other unit, Section 16, and your proposed well there. Is your proposed location closer to that existing well, or would it be closer on a standard location in the east half of that 80?

A It doesn't appear to be too much different. I will scale it off.

Q Do you own the lease on the north side of that river? Is that a flow channel, or is that a river bed the beaver pond is in?

A It is a flow channel.

Q Side channel?

A Yes, sir. Its size, in comparison to the river bed, is small, to the regular flow channel of the river, but there is water flowing down it. It has the appearance of being a permanent, not an intermittent, flow channel, but a permanent flow channel.

BY MR. PAYNE:

Q Did you scale that off, Mr. Eaton?

A Yes, sir. There is no appreciable difference, maybe a hundred feet closer to regular location in the east half of the non-



standard unit, but I would say no appreciable difference.

Q Does Pan American control the acreage in Section 21?

A Yes, sir.

Q So you are not crowding anybody but yourself with that well?

A That's right. As a matter of fact, Section 21 and the Navajo acreage in Section 16 are one and the same common lease, royalty and working interests are all the same.

MR. PAYNE: Thank you.

MR. UTZ: Any other questions?

BY MR. NUTTER:

Q Mr. Eaton, it is my understanding that the Navajo Tribal Council is, at the present time, and has for sometime in the past, been conducting surveys of the Reservation. In the event the survey of this north boundary of the Reservation would show the acreage which is being applied for to be attributed to this well in Section 16 is not correct, Pan American would be willing to have this acreage adjusted; is that correct?

A Yes, sir.

MR. UTZ: Any other questions?

MR. BUELL: I have one.

REDIRECT EXAMINATION

BY MR. BUELL:

Q Mr. Eaton, did I understand you to say, or what you said led me to believe or put this interpretation on it, in developing this Cha Cha Gallup Field not a single dry hole has been drilled?



A That is correct.

Q Isn't that rather unique in your experience?

A Yes. Usually the fields are defined by dry holes. In this particular case none have been drilled yet.

MR. UTZ: Witness may be excused. Any statements in this case? Case will be taken under advisement. Hearing adjourned to 1:30.

(Whereupon the hearing was adjourned until 1:30 P.M.)

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, JUNE PAIGE, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 1st day of February, 1961.

June Paige
Notary Public - Court Reporter

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



I N D E XWITNESSPAGE

GEORGE W. EATON, JR.
 Direct Examination by Mr. Buell
 QUESTIONS by Mr. Utz
 QUESTIONS by Mr. Payne
 QUESTIONS by Mr. Nutter
 Redirect Examination by Mr. Buell

2
 11
 15
 16
 17

E X H I B I T SNUMBEREXHIBITIDENTIFIEDOFFEREDADMITTED

Ex.#1 Map
 Ex.#2 Form C-128
 Ex.#3 Form C-128
 Ex.#4 Plat

2
 4
 7
 9
 11
 11
 11
 11

I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the Examiner hearing of case No. 2165
 heard by me on Jan. 25, 1966.

[Signature]
 Examiner
 New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DRAFT

RSM/esr
February 2

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

RSM
2/2
OK
2/3
2-7-61
IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2165
Order No. R-1867

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR TWO UNORTHODOX OIL WELL
LOCATIONS AND A NON-STANDARD OIL PRORA-
TION UNIT, CHA CHA-GALLUP OIL POOL,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
January 25, 1961, at Santa Fe, New Mexico, before Elvis A. Utz,
Examiner duly appointed by the Oil Conservation Commission of New
Mexico, hereinafter referred to as the "Commission," in accordance
with Rule 1214 of the Commission Rules and Regulations.

NOW, on this _____ day of February, 1961, the Commission,
a quorum being present, having considered the application, the
evidence adduced, and the recommendations of the Examiner, Elvis A.
Utz, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Pan American Petroleum Corporation,
proposes to locate its Navajo Tribal "E" Well No. 7 at an unorthodox
location in the Cha Cha-Gallup Oil Pool at a point 250 feet from
the South line and 800 feet from the West line of Section 16,
Township 29 North, Range 14 West, NMPM, San Juan County, New
Mexico.

(3) That the applicant further proposes to locate its
Navajo Tribal "G" Well No. 5 at an unorthodox location in the
Cha Cha-Gallup Oil Pool at a point 1830 feet from the South line
and 885 feet from the East line of Section 18, Township 29 North,
Range 14 West, NMPM, San Juan County, New Mexico.

(4) That the proposed unorthodox locations are necessitated
by topographical conditions and by the applicant's desire to
develop ^{its} ~~these~~ acreage on a uniform pattern.

(5) That the applicant further seeks an order establishing an 88.7-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool consisting of that portion of the SW/4 of Section 16, Township 29 North, Range 14 West, lying South of the mid-channel of the San Juan River, which unit is to be dedicated to the above-described Navajo Tribal "E" Well No. 7.

(6) That the proposed non-standard oil proration unit can reasonably be presumed to be productive of oil from the Cha Cha-Gallup Oil Pool.

(7) That establishment of the above-described non-standard oil proration unit and approval of the unorthodox oil well locations will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Pan American Petroleum Corporation, is hereby authorized to locate its Navajo Tribal "E" Well No. 7 at an unorthodox location in the Cha Cha-Gallup Oil Pool at a point 250 feet from the South line and 800 feet from the West line of Section 16, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico.

(2) That the applicant is hereby authorized to locate its Navajo Tribal "G" Well No. 5 at an unorthodox location in the Cha Cha-Gallup Oil Pool at a point 1830 feet from the South line and 885 feet from the East line of Section 18, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico.

(3) That an 88.7-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool consisting of that portion of the SW/4 of Section 16, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico, lying South of the mid-channel of the San Juan River, is hereby established, which unit is to be dedicated to the above-described Navajo Tribal "E" Well No. 7.

PROVIDED HOWEVER, That in the event ^{an official} ~~the~~ ~~survey~~ ~~changes~~ the amount of acreage in the ^{tract designated as the} unit, the acreage to be allocated to the unit for allowable purposes shall correspond to the change.

-3-

CASE No. 2165

(4) That the allowable which will be assigned to the said Navajo Tribal "E" Well No. 7 shall bear the same ratio to a standard allowable in the Cha Cha-Gallup Oil Pool as 88.7 bears to 80.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2165
Order No. R-1867

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR TWO UNORTHODOX OIL WELL
LOCATIONS AND A NON-STANDARD OIL PRODA-
TION UNIT, CHA CHA-GALLUP OIL POOL,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
January 25, 1961, at Santa Fe, New Mexico, before Elvis A. Utz,
Examiner duly appointed by the Oil Conservation Commission of New
Mexico, hereinafter referred to as the "Commission," in accordance
with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 8th day of February, 1961, the Commission,
a quorum being present, having considered the application, the
evidence adduced, and the recommendations of the Examiner,
Elvis A. Utz, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Pan American Petroleum Corporation,
proposes to locate its Navajo Tribal "E" Well No. 7 at an unortho-
dox location in the Cha Cha-Gallup Oil Pool at a point 250 feet
from the South line and 800 feet from the West line of Section
16, Township 29 North, Range 14 West, NMPN, San Juan County,
New Mexico.

(3) That the applicant further proposes to locate its
Navajo Tribal "G" Well No. 5 at an unorthodox location in the
Cha Cha-Gallup Oil Pool at a point 1830 feet from the South line
and 885 feet from the East line of Section 18, Township 29 North,
Range 14 West, NMPN, San Juan County, New Mexico.

(4) That the proposed unorthodox locations are necessitated
by topographical conditions and by the applicant's desire to
develop its acreage on a uniform pattern.

(5) That the applicant further seeks an order establishing
an 88.7-acre non-standard oil production unit in the Cha Cha-Gallup

CASE No. 2163
Order No. R-1867

Oil Pool consisting of that portion of the SW/4 of Section 16, Township 29 North, Range 14 West, lying South of the mid-channel of the San Juan River, which unit is to be dedicated to the above-described Navajo Tribal "E" Well No. 7.

(6) That the proposed non-standard oil proration unit can reasonably be presumed to be productive of oil from the Cha Cha-Gallup Oil Pool.

(7) That establishment of the above-described non-standard oil proration unit and approval of the unorthodox oil well locations will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Pan American Petroleum Corporation, is hereby authorized to locate its Navajo Tribal "E" Well No. 7 at an unorthodox location in the Cha Cha-Gallup Oil Pool at a point 250 feet from the South line and 800 feet from the West line of Section 16, Township 29 North, Range 14 West, MNPN, San Juan County, New Mexico.

(2) That the applicant is hereby authorized to locate its Navajo Tribal "G" Well No. 5 at an unorthodox location in the Cha Cha-Gallup Oil Pool at a point 1830 feet from the South line and 885 feet from the East line of Section 18, Township 29 North, Range 14 West, MNPN, San Juan County, New Mexico.

(3) That an 88.7-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool consisting of that portion of the SW/4 of Section 16, Township 29 North, Range 14 West, MNPN, San Juan County, New Mexico, lying South of the mid-channel of the San Juan River, is hereby established, which unit is to be dedicated to the above-described Navajo Tribal "E" Well No. 7.

PROVIDED HOWEVER, That in the event an official survey changes the amount of acreage in the tract designated as the unit, the acreage to be allocated to the unit for allowable purposes shall correspond to the change.

(4) That the allowable which will be assigned to the said Navajo Tribal "E" Well No. 7 shall bear the same ratio to a standard allowable in the Cha Cha-Gallup Oil Pool as 88.7 bears to 80.

-3-
CASE No. 2165
Order No. R-1867

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E. L. Nechem

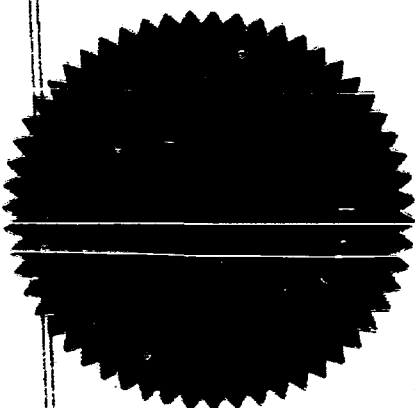
EDWIN L. NECHEM, Chairman

E. S. Walker

E. S. WALKER, Member

A. L. Porter, Jr.

A. L. PORTER, JR., Member & Secretary



SEE/