

CASE 2226: Application of PAN AMER.  
for a non-standard oil proration  
unit and unorthodox oil well loc.

1-asa No.

2222

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Application, Transcript,  
and Exhibits, Etc.

CASE 2225:

Application of Pan American Petroleum Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Hugh Corrigan Well No. 2, located in Unit I, Section 33, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Wantz-Abo Pool and the production of oil from the Brunson-Ellenburger Pool through parallel strings of 2 3/8-inch tubing.

CASE 2226:

Application of Pan American Petroleum Corporation for a non-standard oil proration unit and an unorthodox oil well location. Applicant, in the above-styled cause, seeks the establishment of a 51.86-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool, San Juan County, New Mexico, consisting of Lots 9 and 10 of Section 17, plus the remaining acreage in the SE/4 of said Section 17 which lies South of the mid-channel of the San Juan River, Township 29 North, Range 14 West. Applicant seeks approval of an unorthodox oil well location in said pool at a point 310 feet from the South line and 2030 feet from the East line of said Section 17 which would serve as the unit well for the proposed non-standard proration unit.

CASE 2227:

Application of Franklin, Aston & Fair, Inc. for an unorthodox oil well location. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location in the Loco Hills-Abo Pool for its McIntyre Federal Well No. 5-A at a point 990 feet from the South line and 250 feet from the East line of Section 20, Township 17 South, Range 30 East, Eddy County, New Mexico.

CASE 2228:

Application of the Oil Conservation Commission on its own motion to consider the establishment of non-standard gas proration units for the Basin-Dakota Pool in Townships 29, 30, 31 and 32 North, Ranges 4, 5, 6, 7, 8, 9, 11, 12, 13 West. Said non-standard units are necessitated by irregular sections resulting from survey corrections in the United States Public Lands Survey.

# PAN AMERICAN PETROLEUM CORPORATION

P. O. Box 480, Farmington, New Mexico  
February 14, 1961

File: E-151-986.510.1

Subject: Application for Hearing to  
Consider Unorthodox Well Location  
And Nonstandard Unit  
Cha Cha Gallup Pool  
San Juan County, New Mexico

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


Dear Sir:

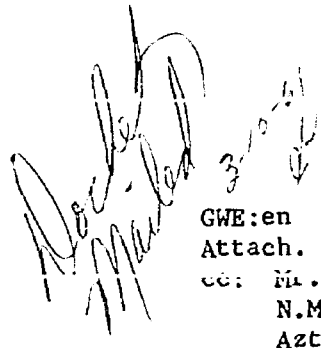
Pan American Petroleum Corporation hereby makes application for a hearing to consider an unorthodox well location for its Navajo Tribal "G" No. 6 which has been staked 310 feet from the south line and 2030 feet from the east line of Section 17, T-29-N, R-14-W, Cha Cha Gallup Pool, San Juan County, New Mexico. The standard location in Lot 10 of Section 17 falls in the San Juan River channel and the maximum orthodox alternate location is on the edge of the river at the bottom of the river bank. These conditions necessitated moving the drill site to an unorthodox location on higher ground adjacent to the river bottom land. The terrain conditions resulting in this request are illustrated on the attached copy of Form C-128, Well Location Plat, for the Navajo Tribal "G" No. 6.

Pan American also makes application for a hearing to consider a nonstandard proration unit for its Navajo Tribal "G" No. 6 consisting of Lots 9 and 10 plus the remaining acreage in the Navajo Tribal "G" Lease in the SE/4 of Section 17, being the S/2 of the San Juan River channel. Lot 9 of Section 17 contains 18.31 acres, Lot 10 contains 25.30 acres and the S/2 of the river channel contains 8.25 acres making a total of 51.86 acres in the nonstandard unit. The acreage to be dedicated to the Navajo Tribal "G" No. 6, as described above, is also shown on the attached copy of Form C-128, Well Location Plat.

It is respectfully requested that application for the nonstandard unit and the unorthodox location be set for hearing at the earliest possible date.

Yours very truly,

  
Fred L. Nabors  
District Engineer

  
GWE:en  
Attach.

cc: Mr. Emery C. Arnold  
N.M.O.C.C.  
Aztec, New Mexico

NEW MEXICO OIL CONSERVATION COMMISSION  
Well Location and Acreage Dedication Plot

Case 2226

## SECTION A.

Date February 14, 1961

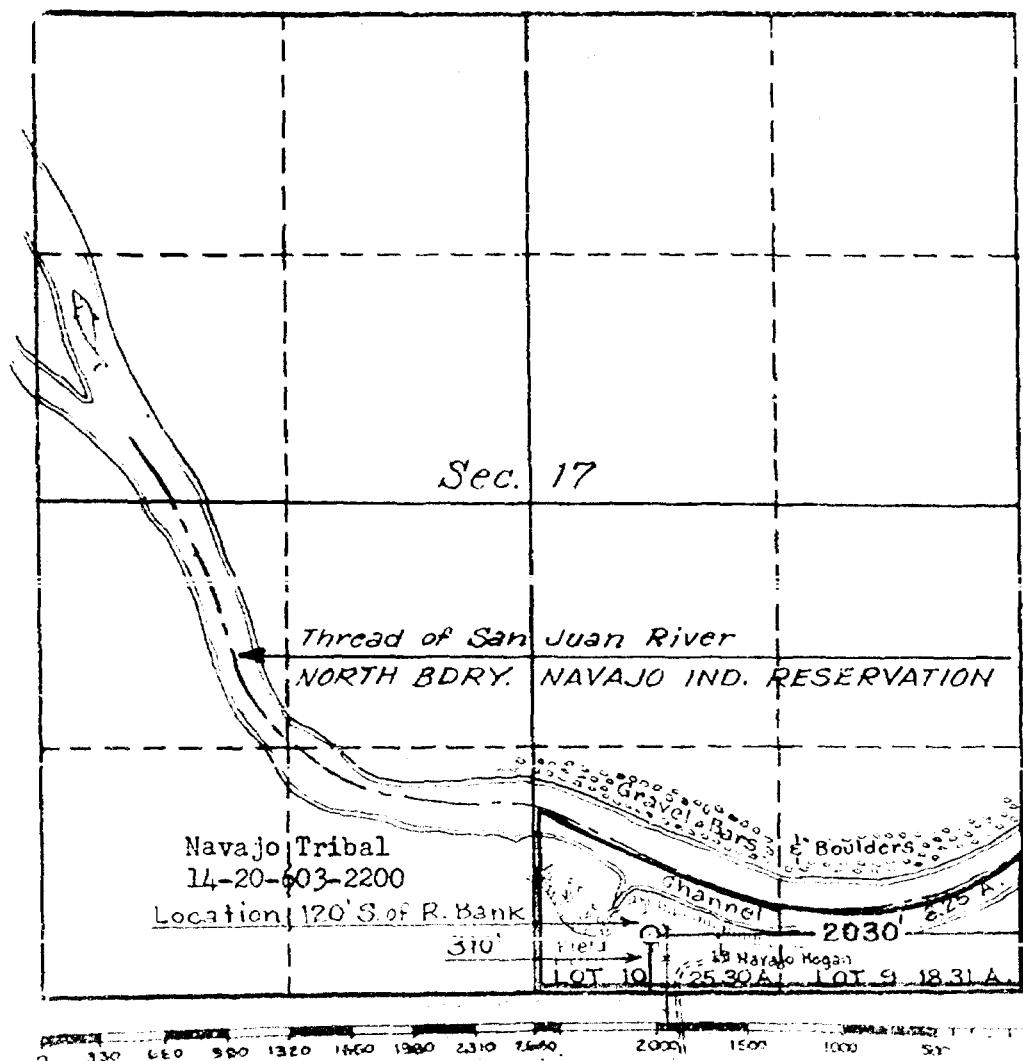
Operator **PAN AMERICAN PETROLEUM CORPORATION** Lease **Navajo Tribal "G"**  
 Well No **6** Unit Letter **0** Section **17** Township **29N** Range **14W** NMPM  
 Located **310** Feet From **South** Line **2030** Feet From **East** Line  
 County **San Juan** G. L. Elevation **To be reported later** Dedicated Acreage **51.86** Acres  
 Name of Producing Formation **Gallup** Pool **Cha Cha Gallup**

1. Is the Operator the only owner in the dedicated acreage outlined on the plot 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 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.

NEW MEXICO

Box 480, Farmington, New Mexico

This is to certify that the well location shown on the plot in Section B was plotted from field 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 2-10-61

Four States Engineering Co.  
 FARMINGTON, NEW MEXICO

*[Signature]*  
 REGISTERED ENGINEER OR  
 LAND SURVEYOR

Certificate No 1545

*pm 3/24*  
*3/24*  
*3/27*

DRAFT

RSM/esr  
March 24, 1961

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. 2226

Order No. R- 1926

*3/27*

APPLICATION OF PAN AMERICAN PETROLEUM  
CORPORATION FOR AN UNORTHODOX OIL WELL  
LOCATION, AND FOR A NON-STANDARD OIL  
PRORATION UNIT, CHA CHA-GALLUP OIL  
POOL, SAN JUAN COUNTY, NEW MEXICO.

*3/27*

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 22, 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 March, 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, seeks the establishment of a 51.86-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool, consisting of Lots 9 and 10 of Section 17, plus the remaining acreage in the SE/4 of said Section 17 which lies South of the mid-channel of the San Juan River, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico.

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

(4) That the applicant seeks approval of an unorthodox oil well location in said pool at a point 310 feet from the South line and 2030 feet from the East line of said Section 17,

to which well ~~would be dedicated~~ the above-described non-standard oil proration unit *would be dedicated.*

(5) That the proposed unorthodox location is necessitated by topographical conditions, *as well as by the smallness and shape of the non-standard unit.* ~~and by the applicant's desire to develop its acreage on a uniform pattern.~~

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

IT IS THEREFORE ORDERED:

(1) That a 51.86-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool, consisting of Lots 9 and 10 of Section 17, plus the remaining acreage in the SE/4 of said Section 17 which lies South of the mid-channel of the San Juan River, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico, is hereby established.

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.

(2) That the applicant, Pan American Petroleum Corporation, is hereby authorized to locate an oil well at an unorthodox location in the Cha Cha-Gallup Oil Pool at a point 310 feet from the South line and 2030 feet from the East line of said Section 17, <sup>non-standard</sup> to which well the above-described/oil proration unit shall be dedicated.

(3) That the allowable which will be assigned to said well shall bear the same ratio to a standard allowable in the Cha Cha-Gallup Oil Pool as 51.86 bears to 80.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

DOCKET: EXAMINER HEARING - WEDNESDAY, MARCH 22, 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 2218:      Application of Shell Oil Company for an exception to Rule 309 (a) and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to transport oil from its McKinley "A" lease, S/2 of Section 19, to its McKinley "B" lease, SW/4 of Section 20, and to commingle the production from the two leases after separate metering and to install an automatic custody transfer system to handle said commingled production. Both leases are located in Township 18 South, Range 36 East, Lea County, New Mexico, and the production involved is all from the Hobbs Pool.

CASE 2219:      Application of Shell Oil Company for an exception to Rule 309 (a) and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to transport oil from its Turner Lease, W/2 NE/4 of Section 34, to its Sanger Lease, Section 27, prior to measurement, and after measurement and commingling of production from the two leases, to transport it to the Grimes Lease, SW/4 of Section 28, for treatment. Applicant also desires to transport oil from its State "B" Lease, N/2 NW/4 of Section 33, to the said Grimes lease prior to measurement, and then, after measurement and treatment thereof, to commingle such production with the production from the other three leases, at which time the commingled production from the four leases is proposed to be handled by automatic custody transfer facilities. All leases are located in Township 18 South, Range 36 East, Lea County, New Mexico, and the production involved is all from the Hobbs Pool.

CASE 2220:      Application of Shell Oil Company for an exception to Rule 303 (a) and Rule 309 (a). Applicant, in the above-styled cause, seeks permission to commingle the production from the Drinkard, Wantz-Abo and Blinebry Oil Pools from all wells presently completed or hereafter drilled on the Carl H. Livingston Lease comprising 320 acres in Sections 3 and 4, Township 21 South, Range 37 East, Lea County, New Mexico, allocating the production from the various pools on the basis



CASE 2220: (Continued)

of continuous metering of the Blinebry production and periodic well tests of the Wantz-Abo and Drinkard production. Applicant also seeks permission to install an automatic custody transfer system to handle said commingled production.

CASE 2221:

Application of Shell Oil Company for an exception to Rule 303 (a) and Rule 309 (a). Applicant, in the above-styled cause, seeks permission to commingle the production from the Vacuum and Vacuum-Abo Pools from all wells presently completed or hereafter drilled on the Shell State "T" Lease comprising the SE/4 of Section 33, Township 17 South, Range 35 East, Lea County, New Mexico. Applicant also seeks permission to install an automatic custody transfer system to handle said commingled production.

CASE 2222:

*Cont.*  
*at 2222*  
Application of Continental Oil 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 Vacuum Pool production from all wells presently completed or hereafter drilled on its State "H" Lease, SE/4 SE/4 of Section 34 and E/2 NW/4 and NE/4 of Section 35, all in Township 17 South, Range 34 East, Lea County, New Mexico.

CASE 2223:

*ABR*  
Application of Sinclair Oil & Gas Company for a 240-acre non-standard gas proration unit, and for an order force-pooling all mineral interests therein, and for an unorthodox gas well location. Applicant, in the above-styled cause, seeks the establishment of a 240-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the NE/4 NE/4 of Section 33 and the NW/4 and NW/4 NE/4 of Section 34, Township 19 South, Range 37 East, Lea County, New Mexico, and for an order force-pooling all mineral interests therein including those of Robert Roy Taylor, a minor, whose guardian is Johnnie S. Taylor, Jal, New Mexico. Applicant proposes to dedicate said unit to the J. H. Williams Well No. 3, located on an unorthodox location 1980 feet from the North line and 660 feet from the West line of said Section 34.

CASE 2224:

*JGR*  
Application of Len Mayer for an unorthodox gas well location. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location in the Atoka-Pennsylvanian Gas Pool at a point 1650 feet from the South line and 990 feet from the West line of Section 28, Township 18 South, Range 26 East, Eddy County, New Mexico.

CASE 2225:

Application of Pan American Petroleum Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Hugh Corrigan Well No. 2, located in Unit I, Section 33, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Wantz-Abo Pool and the production of oil from the Brunson-Ellenburger Pool through parallel strings of 2 3/8-inch tubing.

CASE 2226:

Application of Pan American Petroleum Corporation for a non-standard oil proration unit and an unorthodox oil well location. Applicant, in the above-styled cause, seeks the establishment of a 51.86-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool, San Juan County, New Mexico, consisting of Lots 9 and 10 of Section 17, plus the remaining acreage in the SE/4 of said Section 17 which lies South of the mid-channel of the San Juan River, Township 29 North, Range 14 West. Applicant seeks approval of an unorthodox oil well location in said pool at a point 310 feet from the South line and 2030 feet from the East line of said Section 17 which would serve as the unit well for the proposed non-standard proration unit.

CASE 2227:

Application of Franklin, Aston & Fair, Inc. for an unorthodox oil well location. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location in the Loco Hills-Abo Pool for its McIntyre Federal Well No. 5-A at a point 990 feet from the South line and 250 feet from the East line of Section 20, Township 17 South, Range 30 East, Eddy County, New Mexico.

CASE 2228:

Application of the Oil Conservation Commission on its own motion to consider the establishment of non-standard gas proration units for the Basin-Dakota Pool in Townships 29, 30, 31 and 32 North, Ranges 4, 5, 6, 7, 8, 9, 11, 12, 13 West. Said non-standard units are necessitated by irregular sections resulting from survey corrections in the United States Public Lands Survey.

Case 2226

Heard 3-22-61

Rec. 3-23-61

1. Grant Pan Am's request for a NSP and NSL for Lita Karajo. Trubal #6, located 310/S, 2030/E lines of sec. 17, 429 N-14 W.
2. The NSP is ~~in~~ necessitated by the fact that the San Juan River flows thru the SW/4 of sec. 17. The operator would rather take a small unit rather than go through the red tops of communizing with non-Indian land.
3. The NSL is necessitated by the necessary in order to clear the river bank and a swampy area.

Thurston

GOVERNOR  
EDWIN L. MECHEM  
CHAIRMAN

State of New Mexico  
Oil Conservation Commission

LAND COMMISSIONER  
E. S. JOHNNY WALKER  
MEMBER

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

P. O. BOX 971  
SANTA FE

March 28, 1961

Mr. Kirk Newman  
Atwood & Malone  
Box 867  
Roswell, New Mexico

Re: Case No. 2226  
Order No. R-1926  
Applicant:  
Pan American Pet. Corp.

Dear Sir:

Enclosed herewith are <sup>CAC</sup>two copies of the above-referenced  
Commission order recently entered in the subject case.

Very truly yours,

*A. L. Porter, Jr.*  
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 Buell

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

1201

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

LA027 SSA020

1961 MAR 28 AM 8 35

L FRA002 DL PD=WUX FARMINGTON NMEX 28 807A MST=  
NEW MEXICO OIL CONSERVATION COMMISSION=  
SANTA FE NMEX=

ATTN MR. A. L. PORTER, JR;

CASE NO. 2226 BEING PAN AMERICAN PETROLEUM CORPORATION'S APPLICATION FOR A NON-STANDARD OIL PRORATION UNIT AND AN UNORTHODOX OIL WELL LOCATION WELL LOCATION IN THE CHA CHA GALLUP OIL POOL, SAN JUAN COUNTY, NEW MEXICO, WAS HEARD ON MARCH 22, 1961, BEFORE NMOCC EXAMINER ELVIS UTZ. OUR WITNESS STATED THAT IT WAS HIS UNDERSTANDING THAT THE N/2 OF THE SAN JUAN RIVER CHANNEL IN THE AREA OF THE CHA CHA GALLUP OIL POOL WAS UNLEASED. THIS IS TO ADVISE THAT PAN AMERICAN'S WITNESS WAS UNAWARE OF

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

1201

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

THE FACT THAT PAN AMERICAN DOES HAVE UNDER LEASE AND DOES CLAIM LOT 8 AND THE N/2 OF THE SAN JUAN RIVER CHANNEL IN THE SE/4 OF SECTION 17, T-29-N, R-14-W. WE RESPECTFULLY REQUEST THAT THIS TELEGRAM BE PLACED IN THE NMOCC'S RECORD OF THIS HEARING SO THAT THE COMMISSIONS'S FILES ACCURATELY REFLECT PAN AMERICAN'S ACREAGE IN THIS AREA OF THE CHA CHA GALLUP OIL POOL=  
FRED L NABORS PAN AMERICAN PETROLEUM CORP FARMINGTON==

2226 22 1961 8 N/2 SE/4 17 T-29-N R-14-W=...

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

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. 2226  
Order No. R-1926

APPLICATION OF PAN AMERICAN PETROLEUM  
CORPORATION FOR AN UNORTHODOX OIL WELL  
LOCATION, AND FOR A NON-STANDARD OIL  
PRORATION 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 March 22, 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 28th day of March, 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, seeks the establishment of a 51.86-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool, consisting of Lots 9 and 10 of Section 17, plus the remaining acreage in the SE/4 of said Section 17 which lies South of the mid-channel of the San Juan River, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico.

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

(4) That the applicant seeks approval of an unorthodox oil well location in said pool at a point 310 feet from the South line and 2030 feet from the East line of said Section 17, to which well the above-described non-standard oil proration unit would be dedicated.

-2-  
CASE No. 2226  
Order No. R-1926

(5) That the proposed unorthodox location is necessitated by topographical conditions as well as by the smallness and shape of the non-standard unit.

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

IT IS THEREFORE ORDERED:

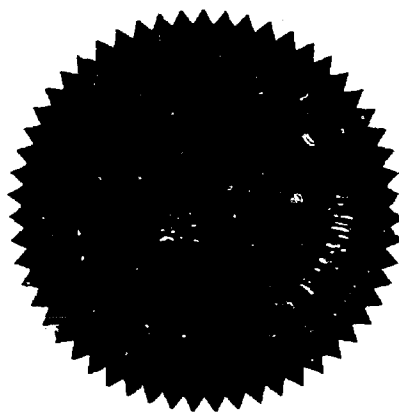
(1) That a 51.86-acre non-standard oil proration unit in the Cha Cha Gallup Oil Pool, consisting of lots 9 and 10 of Section 17, plus the remaining acreage in the SE/4 of said Section 17 which lies South of the mid-channel of the San Juan River, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico, is hereby established.

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.

(2) That the applicant, Pan American Petroleum Corporation, is hereby authorized to locate an oil well at an unorthodox location in the Cha Cha-Gallup Oil Pool at a point 310 feet from the South line and 2030 feet from the East line of said Section 17, to which well the above-described non-standard oil proration unit shall be dedicated.

(3) That the allowable which will be assigned to said well shall bear the same ratio to a standard allowable in the Cha Cha-Gallup Oil Pool as 51.86 bears to 80.

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



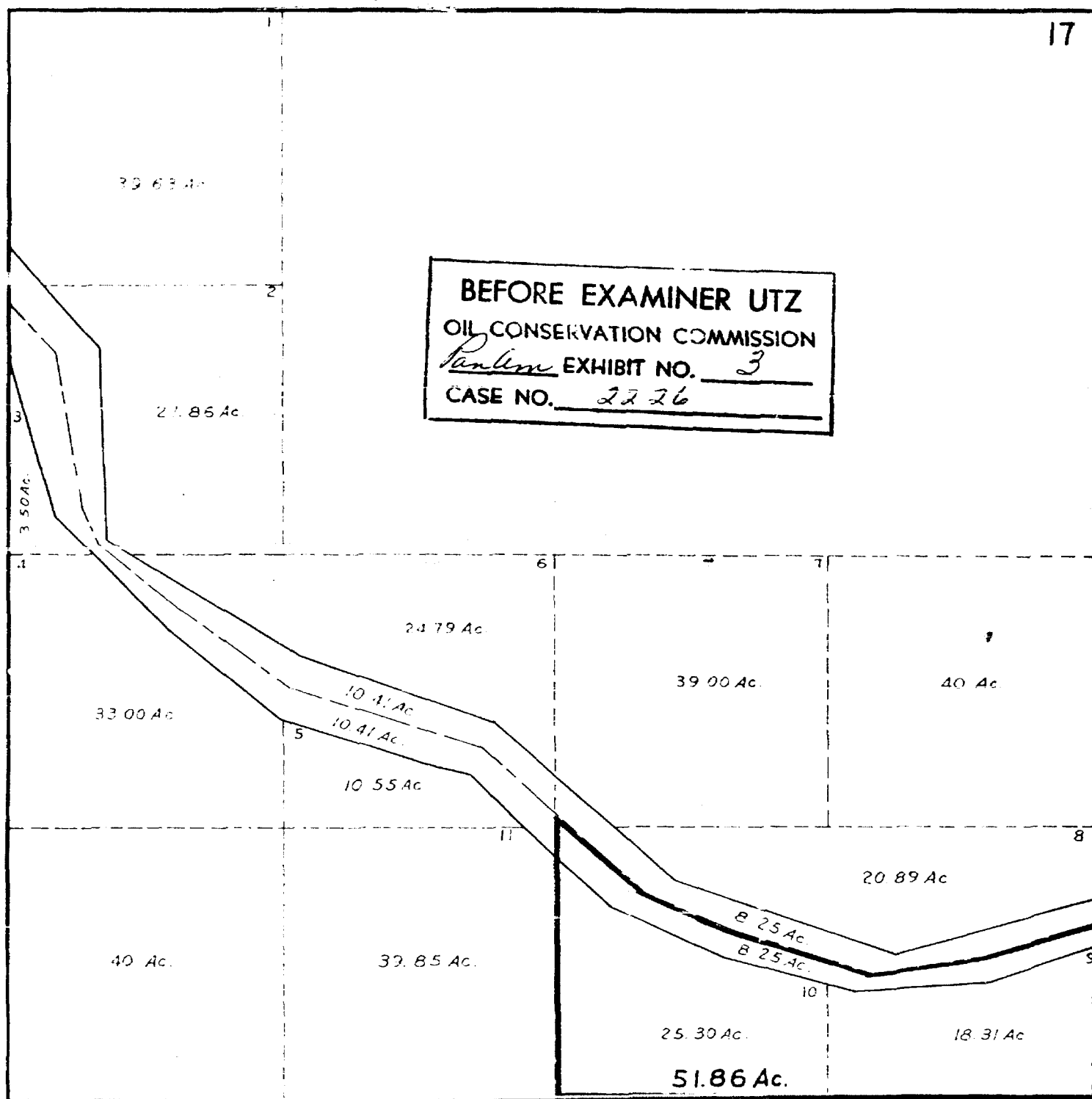
esr/

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

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



T29N-R14W



NEW MEXICO OIL CONSERVATION COMMISSION  
Well Location and Acreage Dedication Plat

## SECTION A.

Date February 14, 1961

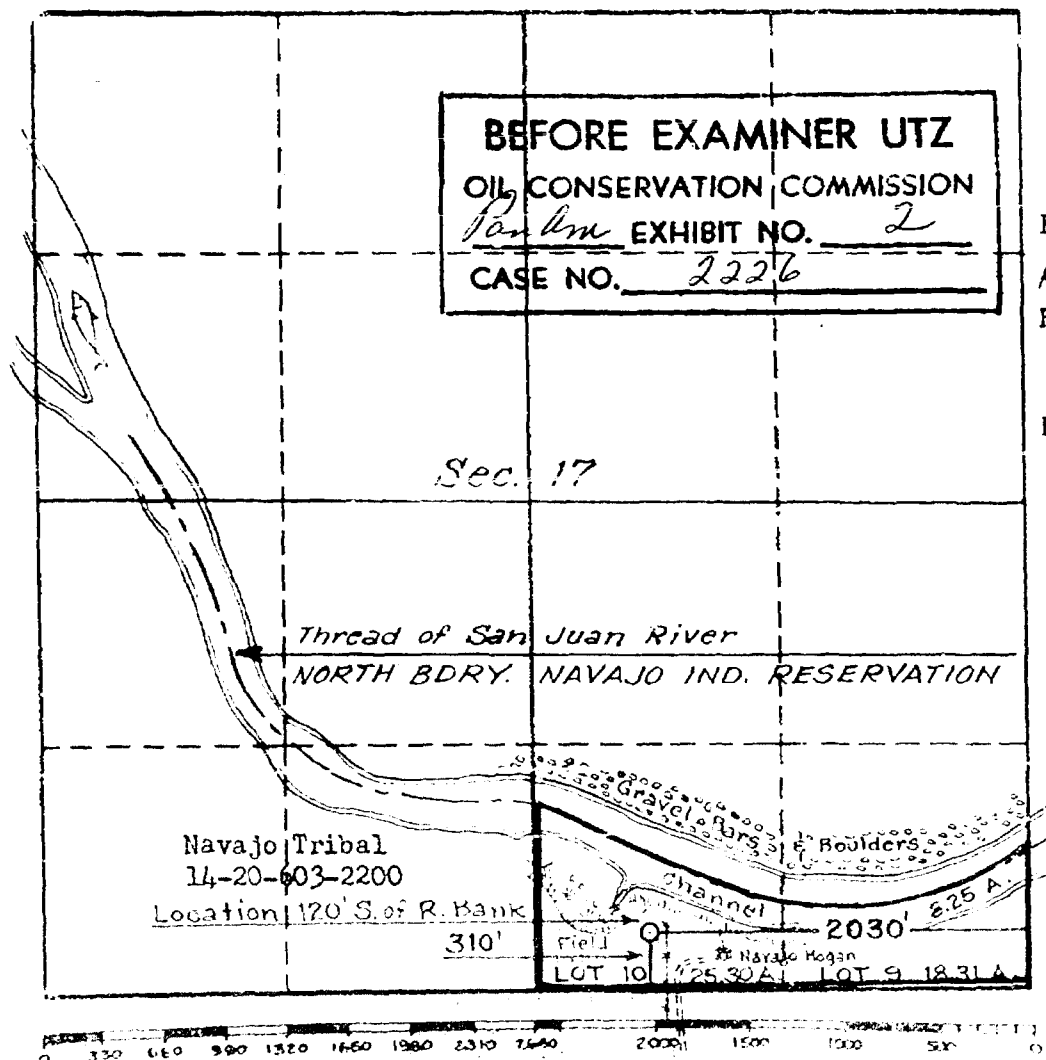
Operator **PAN AMERICAN PETROLEUM CORPORATION** Lease **Navajo Tribal "G"**  
 Well No **6** Unit Letter **0** Section **17** Township **29N** Range **14W** NMPM  
 Located **310** Feet From **South** Line **2030** Feet From **East** Line  
 County **San Juan** G. L. Elevation **To be reported later** Dedicated Acreage **51.86** 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

Pan American Petroleum Corp.

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

REGISTERED ENGINEER

Box 480, Farmington, New Mexico

REGISTERED

This is to certify that the well location shown on the plat in Section B was plotted from field 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 2-10-61

Four States Engineering Co.  
 FARMINGTON, NEW MEXICO

*W. C. Anderson*  
 REGISTERED ENGINEER OR  
 LAND SURVEYOR

Certificate No. 1545

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
MARCH 22, 1961

-----  
IN THE MATTER OF  
:

CASE 2226: Application of Pan American Petroleum Corpora- :  
tion for a non-standard oil proration unit and :  
an unorthodox oil well location. Applicant, in :  
the above-styled cause, seeks the establishment :  
of a 51.86-acre non-standard oil proration unit :  
in the Cha Cha-Gallup Oil Pool, San Juan County, :  
New Mexico, consisting of Lots 9 and 10 of Sec- :  
tion 17, plus the remaining acreage in the SE/4 :  
of said Section 17 which lies South of the mid- :  
channel of the San Juan River, Township 29 :  
North, Range 14 West. Applicant seeks approval :  
of an unorthodox oil well location in said pool :  
at a point 310 feet from the South line and 2030 :  
feet from the East line of said Section 17 which :  
would serve as the unit well for the proposed :  
non-standard proration unit. :  
:

-----  
BEFORE:

Elvis A. Utz, Examiner.

T R A N S C R I P T     O F     P R O C E E D I N G S

MR. UTZ: Case 2226.

MR. MORRIS: Application of Pan American Petroleum Cor-  
poration for a non-standard oil proration unit and an unorthodox  
oil well location.

MR. NEWMAN: Kirk Newman of Atwood & Malone in Roswell,  
New Mexico, representing the applicant, and we have one witness to

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6891

ALBUQUERQUE, NEW MEXICO



be sworn.

(Witness sworn)

G. W. EATON, JR.,

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

DIRECT EXAMINATION

BY MR. NEWMAN:

Q Would you state your name and your employment?

A G. W. Eaton, Jr., senior petroleum engineer for Pan American Petroleum Corporation in Farmington, New Mexico.

Q Have you previously testified before this Commission?

A Yes, sir, I have.

MR. NEWMAN: Are the witness' qualifications acceptable?

MR. UTZ: He's qualified.

Q (By Mr. Newman) Would you state briefly the purpose of this application?

A This application is to obtain an unorthodox well location, and a non-standard unit in the northwest end of the Cha Cha-Gallup Pool where the northern boundary of the Navajo Indian Reservation is bounded by the San Juan River. It is Pan American's desire to fully develop its property in the Cha Cha-Gallup Pool on the Navajo Reservation. In order to do so in this section of irregular lots where the Reservation boundary is defined by the San Juan River, it's impossible to form orthodox proration units. The non-standard location or unorthodox location is occasioned by the fact that the

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



flood plain of the River covers quite an area in that part of the Reservation and the location is set so that it will be on high ground, not subject to flooding.

Q Will you refer to the plat, which will be offered as Exhibit 1, and state what is shown on that plat, and the various symbols?

(Whereupon, Pan American's Exhibit No. 1 was marked for identification.)

A Pan American's Exhibit No. 1 is a map of the northern -- northwest portion of the Cha Cha-Gallup Oil Pool in San Juan County, New Mexico. The contour lines shown on Exhibit No. 1 are isopach lines depicting pay thickness in the Cha Cha-Gallup sand. The contour interval is two feet toward the northern boundary of the Navajo Indian Reservation. I call your attention to the fact that a certain portion of the acreage in the southeast quarter of Section 17 is colored in red. That is the non-standard unit which is the subject of Case 2226. Note further, the acreage in the southwest quarter of Section 16, which is bounded by a red line. This is a non-standard unit which was granted under New Mexico Oil Conservation Commission Order R-1867.

The yellow arrows in Section 16 and in Section 18, Township 29 North, Range 14 West point to unorthodox locations which were granted under Order R-1867.

Q What is the acreage in the unorthodox unit?

A The acreage requested in this unorthodox unit is all of

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that portion of the southeast quarter of Section 17 lying within the Navajo Indian Reservation. It totals 51.86 acres. The green dot on that tract, that is depicted as the unorthodox unit, is the unorthodox location to which this non-standard unit will be dedicated.

Q Referring to your isopach map and the information in this area, is it reasonable to assume and is it your assumption that the entire unorthodox unit will be productive?

A Yes, sir. I believe that the isopach map together with the well completions in the area show that the entire unit will be productive of oil from the Cha Cha-Gallup Pool. You'll note that there are completed oil wells on three sides of the requested unorthodox unit.

Q Is it your opinion that with this unorthodox location and the other existing wells that the entire unit will be adequately drained?

A Yes, sir, I do.

Q Would you state whether the ownership of the acreage surrounding this unorthodox unit is both working interest and royalty?

A The stippled acreage on this map is all on the Navajo Indian Reservation, and is under lease to Pan American Petroleum Corporation. That acreage lies to the west, to the south, and to the east of the unorthodox unit and location.

Q The royalty is all owned by the Navajo Tribe?

A Yes, sir, that is correct.

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(Whereupon, Pan American's Exhibit No. 2 was marked for identification)

Q Would you now refer for more detail concerning the unorthodox location of the well on the unit to the plat and Report Form that we will refer to as Exhibit 2, and state what's shown there?

A Exhibit 2 is a copy of Commission Form C-128, which was prepared by the surveyor to schematically show the terrain conditions which necessitated the unorthodox location. The standard location in the southwest of the southeast of Section 17 falls in the San Juan River channel. Moving a hundred fifty feet south, which is the maximum distance which might be moved under the Cha-Cha-Gallup Pool rules and still be an orthodox location, puts the location immediately on the bank of the San Juan River. The location, as shown on Exhibit 2, the Form C-128, is one hundred twenty feet south of the cutback of the San Juan River. You'll note that immediately to the west of the unorthodox location there was a marshy piece of ground approximately a hundred and twenty to one hundred thirty feet west of the location, and slightly greater distance to the east is an Indian dwelling.

Q Is this location such that you will have room to keep your mud pits and so on out of the stream and have a place for them without unduly interfering with the use of the surface?

A Yes. That is really the point in moving the location one hundred twenty feet south of the cutback of the River. That's so

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that the rig and the derrick can be laid down in that direction, and so that the mud pits and the slush pits and the drilling pits, reserve pits can be located south of the location to avoid any contamination of the San Juan River.

(Whereupon, Pan American's Exhibit No. 3 was marked for identification.)

Q Would you now refer to the third plat, which will be offered as Exhibit 3, and state what that shows?

A Exhibit 3 is a daily plat showing the acreage which will be dedicated to the Navajo Tribal "G" No. 2, which is the well that is the subject of this application. This Exhibit No. 3 shows that the non-standard unit will consist of 51.86 acres, being all of the acreage in the southeast quarter of Section 17, lying within the Navajo Indian Reservation. That acreage, to be specific, consists of Lot 9, containing 18.31 acres; Lot 10, containing 25.30 acres, and the south half of the San Juan River channel lying immediately north of Lots 9 and 10, containing 8.25 acres.

Q Mr. Eaton, will the granting of this application in any way cause waste?

A No, sir, it will not.

Q Could the granting of this application in any way adversely affect correlative rights?

A No, sir.

Q Were these Exhibits prepared by you or under your direction?

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A Only Exhibit No. 1 was actually prepared by me. Exhibit No. 2 was prepared by Mr. Eckelhoff, the surveyor. Exhibit No. 3 was prepared by Pan American Title Survey Department from the official general land office plat, applying to this particular area.

MR. NEWMAN: We would like to offer these Exhibits in evidence.

MR. UTZ: Without objection, Exhibits 1, 2 and 3 will be entered into the record.

(Whereupon, Pan American's Exhibits Nos. 1, 2 and 3 were received in evidence.)

MR. NEWMAN: That's all the direct.

MR. UTZ: Are there questions of the witness?

MR. PAYNE: Yes.

CROSS-EXAMINATION

BY MR. PAYNE:

Q Mr. Eaton, looking at this from the standpoint of orderly development in this entire area, what is dedicated to the well in the southwest of the southwest of 17?

A 80 acres.

Q The south half of the southwest quarter?

A Yes, sir.

Q Now, does Pan America contemplate drilling a well in the northwest of the southwest?

A I have so recommended. I expect that action will be

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taken on that recommendation this week.

Q Is it correct, Mr. Eaton, that there's some problem of communitizing Indian land with State land?

A There's some problem involved.

Q So that in the east half of Section 17, it may be that Pubco and Pan American will not be able to communitize there to form any sort of standard unit?

A In the east half of Section 17?

Q Yes, sir. Section 16, rather. I'm sorry.

A Let me say something else about Section 16, now. At the same time when I recommended development of the remaining acreage in Section 17, being -- it's hard to describe this.

MR. NEWMAN: Everything else but the south half of the southwest?

A Yes, and Lots 3, 4 and 5 in the remaining south half of the River channel. I also recommended development of the Navajo acreage in the southeast quarter of Section 16, the Navajo acreage contained in Lots 6 and 9 of Section 18. That's all.

Q (By Mr. Payne) Mr. Eaton, how do your leases read, do they say that they are to the mid-point of the channel?

A Yes, sir.

Q Do you have any State leases in this area?

A No, sir.

Q As I understand it, the State says that the lease doesn't

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extend to the south half of the channel, as far as they're concerned, their half?

A I understand that there are -- is a question about the ownership of the north half of the River channel. The only thing that I do know is that the Indians claim the south half of the River channel.

Q In any event, Pan American is not claiming the north half?

A No, sir.

MR. PAYNE: Thank you.

MR. UTZ: Any other questions?

MR. MORRIS: No questions.

BY MR. UTZ:

Q This pool currently is operating under a temporary order, is that correct?

A That is correct.

Q So you will have a unit here actually less than a standard unit --

A Yes, sir.

Q -- under the temporary order?

A Yes, sir.

MR. UTZ: Any other questions of the witness? If not, the witness may be excused.

(Witness excused)

MR. UTZ: Any statement in this case? The case will be taken under advisement, and the hearing is adjourned.

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STATE OF NEW MEXICO )  
 ) ss  
 COUNTY OF BERNALILLO )

I, ADA DEARNLEY, Court Reporter, in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in machine shorthand and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this, the 22<sup>th</sup> day of March, 1961, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ada Dearnley  
 NOTARY PUBLIC

My Commission expires:

June 19, 1963

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of 2226 heard by me on March 22, 1961  
Emilio W. [Signature] Examiner  
 New Mexico Oil Conservation Commission

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