

CASE 2973: Application of PAN AM.  
for force-pooling in the Basin  
Dakota - San Juan County.

CASE No.  
2973

Application,  
TRANSCRIPTS,  
SMALL Exhibits  
ETC.

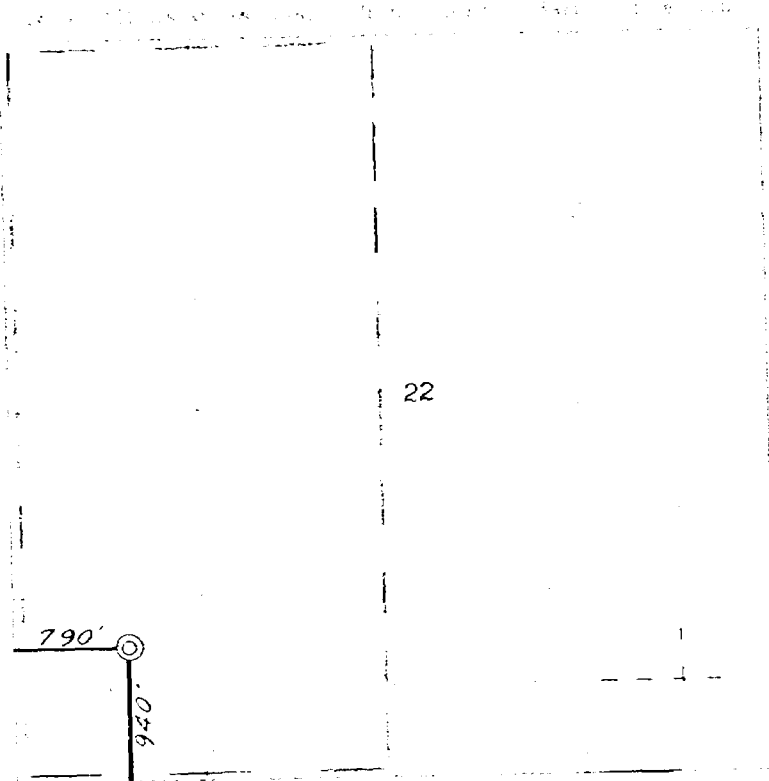
P. M. A. I. M. P. E. L. A. U. I. C. O. N. S. E. R. V. A. T. I. O. N.  
 1 22 720  
 940 the SOUTH REPORT LATER  
 SAN JUAN DAKOTA

10000 V. L. P. A. S. UNIT  
 28 NORTH 13 WEST,  
 the WEST  
 EAST DAKOTA

The following is a copy of the original  
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PAN AMERICAN PETROLEUM CORPORATION  
 F. H. Hollingsworth  
 Petrol. Engr.  
 Box 480  
 Farmington, New Mexico

BEFORE EXAMINER UTZ  
 OIL CONSERVATION COMMISSION  
 Exhibit NO. 2  
 CASE NO. 2973



12 SEPTEMBER 1963  
 James P. Luese N. Mex. Reg. No. 1463  
 San Juan Engineering Company

FORM 9 9-69

TO: 11.771.000 / 1 / 1 DATE

REMARKS Santa Fe, NM FLOOR NO. MAIN OFFICE OCC

FROM 1964 JUN 25 AM 7:38

# PAN AMERICAN PETROLEUM CORPORATION

P. O. Box 480, Farmington, New Mexico  
June 24, 1964

File: H-642-400.1

Subject: Schedule of Well Costs  
Totah Vista Gas Unit No. 1  
San Juan County, New Mexico

Mr. A. L. Porter, Jr.  
New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico

Dear Sir:

In accordance with the requirements of Force Pooling Order No. R-2643, we are listing below an itemized schedule which represents the total costs of drilling and equipping the Totah Vista Gas Unit No. 1 as shown by our records as of May 31, 1964.

## Drilling Costs

Daywork-Drilling Contract	\$ 4,066.44	
Turnkey Contract	22,560.00	
Truck and Service Equipment	1,068.59	
Drilling Mud and Related Material	507.61	
Bits and Rental Equipment	354.67	
Well Surveys and Test Services	1,623.38	
Acidizing, Shooting & Perforating	9,054.28	
Cementing Casing	5,893.81	
Geological and Engineering	99.79	
Other Labor--Company	520.86	
Other Labor--Contract	4,116.62	
Other Drilling Costs	<u>302.41</u>	
		\$50,168.46

## Well Equipment

Well Head	\$ 3,022.50	
Casing	9,329.06	
Tubing	3,077.92	
Noncontrollable Tangible Equipment	<u>872.98</u>	
		16,302.46

## Lease Equipment

General Lease Equipment	\$ 132.30	
Batteries	4,817.48	
Noncontrollable Tangible Equipment	69.70	
Valuation Reserve	<u>501.56</u>	
		5,521.04

- 2 - MAIN OFFICE OCC

Mr. A. L. Porter, Jr.

New Mexico Oil Conservation Commission

1964 JUN 25 AM 7:38

June 24, 1964

File: H-642-400.1

Other Operating Expense  
Administrative

\$ 317.65

317.65

Total

\$72,309.61

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION

*T. M. Curtis*

T. M. Curtis  
District Superintendent

JCG:ep

cc: Redfern Development Corp., P. O. Box 1747, Midland, Texas  
J. H. Herd, P. O. Box 121, Midland, Texas  
John J. Christman, 4th Floor, Great Plains Life Bldg., Lubbock, Texas  
Jack Markham, 4th Floor, Great Plains Life Bldg., Lubbock, Texas  
Vincent S. Mulford, Jr., 206 Daniel Bldg., Tulsa, Oklahoma  
Rodney P. Calvin, 202 Patterson Bldg., Denver 2, Colorado  
Weldon C. Julander, P. O. Box 44, Farmington, New Mexico

# PAN AMERICAN PETROLEUM CORPORATION

P. O. Box 480, Farmington, New Mexico

May 21, 1964

ROMNEY : : TH 1 15

File: H-160-400.1

Subject: Schedule of Well Costs  
 Lillywhite Gas Unit No. 1  
 San Juan County, New Mexico

*File  
 Case No 3173*

Mr. A. L. Porter, Jr.  
 New Mexico Oil Conservation Commission  
 P. O. Box 2088  
 Santa Fe, New Mexico

Dear Sir:

In accordance with requirements of Forced Pooling Order No. R-2642, we are listing below an itemized schedule which represents the total cost of drilling and equipping the Lillywhite Gas Unit No. 1 as shown by our records April 21, 1964:

## Drilling Costs

Daywork - Drilling Contract	\$ 304.50
Turnkey Contract	25,876.00
Truck & Service Equipment	4,913.19
Well Survey and Test Services	1,766.32
Acidize, Shoot & Perforate	10,740.16
Cementing Casing	5,623.98
Geological & Engineering	99.79
Material & Supplies - Other	786.60
Other Labor - Company	207.67
Other Labor - Contract	352.90
Other Drilling Costs	224.66
Fuel & Water	1,261.30
Drilling Mud	1,221.49
Bits & Equipment Rental	54.85
	<u>\$53,433.41</u>

## Well Equipment

Well Head	\$ 2,252.95
Casing	8,755.16
Tubing	6,153.21
Noncontrollable Tangible Material	1,040.82
Valuation Reserve	57.70
	<u>18,259.84</u>

Page 2  
Mr. A. L. Porter, Jr.

May 21, 1964  
File: H-160-400.1

Lease Equipment

General Lease Equipment - Construction	\$ 1,505.68	
Noncontrollable Tangible Material	1,236.17	
Valuation Reserve	(265.85)	
Batteries and Boiler Station	<u>6,860.00</u>	
		9,336.00

Other Drilling Expense

Administrative Overhead	\$ <u>338.52</u>
	<u>\$81,367.77</u>

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION

*T. M. Curtis*  
T. M. Curtis  
District Superintendent

JCG:bg

cc: Beta Development Co.  
Box 1659  
Midland, Texas

Tidewater Oil Co.  
Box 1960  
Durango, Colorado



FORM 9 9-49

TO: N.M.O.C.C.  
Box 2088  
REMARKS Santa Fe, N. Mex.  
FLOOR NO.  
FROM

FORM 9 5-49

DATE

TO:

N.M.O.C.C.

Box 2088

REMARKS

Santa Fe, N. Mex.

FLOOR NO.

FROM

Page 2  
Mr. A. L. Porter, Jr.  
New Mexico Oil Conservation Commission

April 7, 1964  
File: H-583-400.1

Other Operating Expenses


Administrative	\$ 338.52	\$ 338.52
Grand Total		\$59,884.92

Subsequent to the completion of the well, we have recently installed lease equipment in order to initiate the sale of gas and condensate. The cost of this equipment and its installation is not available to this office at this time. In the near future we will furnish revised cost data which will include this equipment and any adjustments that may be necessary for cost settlement to February 29, 1964.

Note that the above figures are not final well costs as detailed in the force pooling order. It is impossible to give this information within the specified 30-day period. We respectfully request an extension of this date to facilitate the reporting of the final well costs.

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION

  
T. M. Curtis  
District Superintendent

JCG:ep

cc: Beta Development Co.  
Box 1659  
Midland, Texas

Tidewater Oil Co.  
Box 1960  
Durango, Colo.

# PAN AMERICAN PETROLEUM CORPORATION

P. O. Box 480, Farmington, New Mexico

April 7, 1964

File: H-583-400.1

Subject: Schedule of Well Costs  
 Lillywhite Gas Unit No. 1  
 San Juan County, New Mexico

Mr. A. L. Porter, Jr.  
 New Mexico Oil Conservation Commission  
 P. O. Box 2088  
 Santa Fe, New Mexico

Dear Sir:

In accordance with the requirements of Force Pooling Order No. R-2642, we are listing below an itemized schedule of well costs for the Lillywhite Gas Unit No. 1, which include all charges booked as of February 29, 1964.

## Drilling Costs

Daywork - Drilling Contract	\$ 304.50	
Turnkey Contract	25,876.00	
Truck and Service Equipment	264.61	
Well Survey and Test Services	1,663.32	
Acidize, Shoot & Perforate	10,740.16	
Cementing Casing	5,130.48	
Geological & Engineering	99.79	
Material & Supplies - Other	707.73	
Other Labor - Company	197.15	
Other Labor - Contract	151.52	
Other Drilling Costs	<u>83.43</u>	\$45,218.69

## Well Equipment

Well Head	\$ 2,252.95	
Casing	9,046.49	
Tubing	1,793.47	
Noncontrollable Tangible Material	<u>857.85</u>	\$13,950.76

## Lease Equipment

General Lease Equipment	\$ 222.11	
Noncontrollable Tangible Material	335.14	
Valuation Reserve	<u>(180.30)</u>	\$ 376.95

WORKING INTEREST OWNERS IN  
LILLYWHITE GAS UNIT

Beta Development Company  
P. O. Box 1659  
Midland, Texas

Tidewater Oil Company  
P. O. Box 1960  
Durango, Colorado

Pan American Petroleum Corporation  
P. O. Box 480  
Farmington, New Mexico

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

1964 MAR 6 AM 8:17

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

CASE No. 2973  
Order No. R-2642

APPLICATION OF PAN AMERICAN  
PETROLEUM CORPORATION FOR  
FORCE-POOLING, 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 22, 1964, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 24th day of January, 1964, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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 an order pooling all mineral interests in the Basin-Dakota Gas Pool underlying the W/2 of Section 13, Township 30 North, Range 12 West, NMPM, San Juan County, New Mexico.

(3) That the applicant has the right to drill and proposes to drill a well 1111 feet from the North line and 1850 feet from the West line of said Section 13 to be projected to the Dakota formation.

(4) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said proration unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in the Basin-Dakota Gas Pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(6) That the applicant should be designated the operator of the subject well and unit.

(7) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(8) That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 25% thereof as a reasonable charge for the risk involved in the drilling of the well.

(9) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that said actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(10) That following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(11) That \$75.00 per month should be fixed as the reasonable cost of operating the subject well and each non-consenting working interest owner should be assessed with his share of such cost, to be paid out of production.

(12) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Basin-Dakota Gas Pool underlying the W/2 of Section 13, Township 30 North, Range 12 West, NMPM, San Juan County, New Mexico, are hereby pooled to form a 320-acre gas proration unit to be dedicated to a well to be located 1111 feet from the North line and 1850 feet from the West line of said Section 13.

(2) That Pan American Petroleum Corporation is hereby designated the operator of the subject well and unit.

(3) That the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized

schedule of estimated well costs within 30 days following the date of this order.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs.

(B) As a charge for the risk involved in the drilling of the well, 25% of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs.

(6) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(7) That the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of actual well costs within 30 days following completion of the well; that if no objection to the actual well costs is received by the Commission and the Commission has not objected within 60 days following completion of the well, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 60-day period, the Commission will determine reasonable well costs after public notice and hearing.

(8) That within 30 days following determination of reasonable well costs any non-consenting working interest owner that has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(9) That \$75.00 per month is hereby fixed as the reasonable cost of operating the subject well, and the operator is hereby



-4-

CASE No. 2973  
Order No. R-2642

authorized to withhold from production the proportionate share of such cost attributable to each non-consenting working interest.

(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in San Juan County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Commission of the name and address of said escrow agent within 90 days from the date of this order.

(13) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

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

S E A L

esr/

OIL CONSERVATION COMMISSION  
P. O. BOX 871  
SANTA FE, NEW MEXICO

March 13, 1964

VIA AIR MAIL

Mr. Lowell C. Davis  
Attorney at Law  
Box 218  
Sidney, Nebraska

Dear Mr. Davis:

As you requested during our telephone conversation today, I am enclosing herewith the October, 1963, edition of the Natural Resources Journal containing Mr. Morris' article concerning compulsory pooling in New Mexico. As this is our only copy, I would appreciate your returning it at your earliest convenience.

Very truly yours,

J. M. DURRETT, Jr.  
Attorney

JMD/esr  
Enclosure

OIL CONSERVATION COMMISSION  
P. O. BOX 871  
SANTA FE, NEW MEXICO

March 11, 1964

Mr. Lowell C. Davis  
Attorney at Law  
Box 218  
Sidney, Nebraska

Dear Mr. Davis:

Thank you for your letter of March 4, 1964, enclosing the material we loaned you from our Case No. 2973 and your application in Case No. 64-6 before the Nebraska Commission.

I am not aware of any legal authority which would authorize the Commission to allocate interests within a pooled unit on the basis of subsurface characteristics. The question has not been raised in New Mexico as Section 65-3-14(c) specifically provides that "For the purpose of determining the portions of production owned by the persons owning interests in the pooled oil or gas, or both, such production shall be allocated to the respective tracts within the unit in the proportion that the number of surface acres included within each tract bears to the number of surface acres included in the entire unit."

An article entitled Compulsory Pooling of Oil and Gas Interests in New Mexico by Mr. Richard S. Morris in the October 1963 edition of the Natural Resources Journal published by the University of New Mexico School of Law, 1915 Roma, N.E., Albuquerque, New Mexico, may be helpful to you. Mr. Morris was formerly the attorney for the New Mexico Commission.

OIL CONSERVATION COMMISSION  
P. O. BOX 871  
SANTA FE, NEW MEXICO

-2-

March 11, 1964

Mr. Lowell C. Davis  
Attorney at Law  
Sidney, Nebraska

You also will want to consider Sims v. Mechem, 72 N.M. 186, 382 P.2d 183 (1963), which held that a compulsory pooling order issued by the New Mexico Commission was void as it contained no finding as to the existence of waste or that pooling would prevent waste based upon evidence to support such a finding.

I hope this information will be helpful to you. Please advise me if we can be of any further assistance.

Very truly yours,

J. M. DURRETT, Jr.  
Attorney

JMD/esr

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# PAN AMERICAN PETROLEUM CORPORATION

P. O. Box 480, Farmington, New Mexico.  
February 10, 1964

File: H-540-400

Subject: Force Pooling Order  
No. R-2642 - Lillywhite  
Gas Unit

Force Pooling Order  
No. R-2643 - Totah  
Vista Gas Unit

Mr. A. L. Porter, Jr. (2)  
New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico


Dear Sir:

In accordance with the provision of the subject orders we are forwarding herewith the Commission copy of the estimated well cost estimates previously furnished each known working interest owner for each of the wells. You will note we have indicated on each of our Forms 850 an estimated additional \$10,000 will be required for surface equipment.

A schedule of actual well costs incurred will be furnished the Commission and each known working interest owner of the respective units on completion of the wells.

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION

  
T. M. Curtis  
District Superintendent

GLH:en

Attachments - 2 (Forms 850)

# AMERICAN PETROLEUM CORPORATION

## WELL AUTHORIZATION

OPERATOR **Pan American Petroleum Corp.**

BUDGET ITEM NUMBER

☒ DRILL ☐ RECOMPLETE ☐ REPAIR  
☐ DUAL COMPLETE ☐ CANCEL ☐ SUPPLEMENT NO.

☒ DEVELOPMENT WELL  
☐ EXPLORATORY WELL

LEASE NO. \_\_\_\_\_ NAME **Lillywhite Gas Unit** WELL NO. **1** FIELD **Basin Dakota**  
COUNTY **San Juan** STATE **New Mexico** AREA **Farmington**  
LOCATION **N4/4 Section 13, T-30-N, R-12-W**

DEPTH **6700** FORMATION **Dakota** SPACING PATTERN ACRES/WELL **320**

OIL OUTLET \_\_\_\_\_ GAS OUTLET \_\_\_\_\_  
LOCATION MEETS ☐ STATE REGULATIONS ☒ FIELD RULES ☐ EXCEPTION REQUIRED ESTIMATED ALLOW./CAL. DAY **250 MCF & 4 BC** ☒ PRORATED ☐ NONPRORATED

PAN AMERICAN'S INTEREST: BEFORE ROYALTY **0.781** AFTER ROYALTY \_\_\_\_\_ OTHER WORKING INTERESTS \_\_\_\_\_

**Tidewater Oil Company - 0.123 & Rate Development Corporation - 0.096**

LEASE EXP. DATE **3-18-64** MUST COMMENCE ☐ OPERATIONS ☐ DRILLING BY \_\_\_\_\_ 19\_\_\_\_

QUARTER TO START \_\_\_\_\_ QUARTER TO COMPLETE \_\_\_\_\_ TIME REQ'D TO MEET LAND DEPT. REQUIREMENTS \_\_\_\_\_

☐ FEDERAL LEASE OR UNIT EXECUTIVE ORDER 10925 ☐ IS ☐ IS NOT APPLICABLE

### Southwest Prod.

### DATA ON OFFSET OR NEARBY WELLS

### Tidewater Oil Company

COMPANY, LEASE, AND WELL **K. Standage No. 1** **M.L.R. Wright Gas Unit No. 1**  
PAY, THICKNESS, AND PROD. INTERVAL **Dakota 6515' (34')** **Dakota 6427' (20')**

	POTENTIAL	LATEST TEST	POTENTIAL	LATEST TEST
DATE	<b>3-2-61</b>	<b>July, 1963</b>	<b>2-1-63</b>	<b>May, 1963</b>
ALLOWABLE <input type="checkbox"/> BBLs <input type="checkbox"/> MCF				
PROD. — OIL — WATER — GAS	<b>Prorated on Del. &amp; Acreage</b>	<b>Prorated on Del. &amp; Acreage</b>	<b>Prorated on Del. &amp; Acreage</b>	<b>Prorated on Del. &amp; Acreage</b>
HOURS — CHOKE — GAS/OIL RATIO	<b>3642 MCFPD</b>	<b>Del. 959</b>	<b>1646 MCFPD</b>	<b>Del. 467</b>
PRODUCING METHOD AND PRESSURES	<b>3 hr. 3/4" ch.</b>	<b>Prod. 1080 MCFD</b>	<b>3 hr. 3/4" ch.</b>	<b>Prod. 307 MCFD</b>
CUMULATIVE <input checked="" type="checkbox"/> OIL—BBLs <input checked="" type="checkbox"/> GAS—MMCF	<b>Flow</b>	<b>6.12 MCFD</b>	<b>Flow</b>	<b>6.17 MCFD</b>
	<b>To 9-1-63: 2194 BC &amp; 202,359 MMCF</b>		<b>656 BC &amp; 15,175 MMCF</b>	

### DRILLING INTANGIBLES

	EST. AMOUNT
DRILLING COST <b>Turnkey</b> FEET @ \$ _____ PER FOOT	<b>\$ 26,000</b>
DAY WORK <b>1 at \$900, 4 at \$670</b>	<b>3,300</b>
LOCATION <b>In Turnkey</b> SURVEYS <b>1,500</b> MUD <b>In Turnkey</b> STIMULATION <b>6,000</b> OTHER <b>8,700</b>	<b>16,200</b>
	<b>\$ 47,000</b>
TOTAL DRILLING INTANGIBLES	<b>46,400</b>

### WELL EQUIPMENT — TANGIBLES

	NET—DRY HOLE	NET—PRODUCER	EST. AMOUNT
CASING AND TUBING <b>350' - 8-5/8"; 6700' - 4-1/2" (10.5#/ft.); 6700' - 2-3/8"</b>			<b>7,500</b>
WELLHEAD, ETC.			<b>500</b>
TOTAL WELL EQUIPMENT — TANGIBLES			<b>8,000</b>

TOTAL THIS AUTHORIZATION

BUDGET ESTIMATE

PREVIOUSLY AUTHORIZED

TOTAL PREVIOUSLY AUTHORIZED PLUS THIS SUPPLEMENT

REMARKS

APPROVED: \_\_\_\_\_

BY: \_\_\_\_\_

DATE: \_\_\_\_\_

\*Well cost only. An estimated \$10,000 for surface equipment, tank battery, etc., will increase total cost to \$74,000.

<input type="checkbox"/> AUTHORIZED <input type="checkbox"/> RECOMMENDED		DIVISION APPROVALS:		ACTION IN GENERAL OFFICE	
FIELD SUPERINTENDENT _____ DATE _____ <input type="checkbox"/> AUTHORIZED <input type="checkbox"/> RECOMMENDED <input type="checkbox"/> REJECTED		PRODUCING _____ GEOLOGICAL _____ LAND _____ ACTION BY DIVISION MANAGER (THROUGH DIVISION COMMITTEE): <input type="checkbox"/> AUTHORIZED <input type="checkbox"/> RECOMMENDED <input type="checkbox"/> REJECTED		FOR PRODUCING DEPT. _____ DATE _____ FOR EXPLORATION DEPT. _____	
SUPERVISOR IN CHARGE OF DISTRICT _____ DATE _____		DATE _____			

EST. ULT. RECOVERY \_\_\_\_\_ BBLs \_\_\_\_\_ MMCF MONTHS TO PAY OUT \_\_\_\_\_ ROI \_\_\_\_\_ P.I. \_\_\_\_\_  
SEC/PRIM. RATIO \_\_\_\_\_ DRAINAGE LOSS \_\_\_\_\_ % SALES DELAY \_\_\_\_\_ MOS. ESTIMATED SUCCESS \_\_\_\_\_ %

# PAN AMERICAN PETROLEUM CORPORATION

P. O. Box 480, Farmington, New Mexico  
December 27, 1963

File: N-912-986.510.1 - 77 22 23

Subject: Application of Pan American  
Petroleum Corporation For A  
Compulsory Pooling Order  
Basin Dakota 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 the compulsory pooling of all mineral interests in the Basin Dakota Pool underlying the W/2 of Section 13, T-30-N, R-12-W, San Juan County, New Mexico, to be known as the Lillywhite Gas Unit. All of the owners of interest in the said W/2 Section 13 have agreed to voluntarily pool their Basin Dakota acreage, with the exception of the owners of an unleased 3.12-acre tract in the N/2 NE/4 NW/4 NW/4.

According to our records this 3.12-acre tract is owned as follows: H. F. Stocking and Lucetta Fern Stocking, Box 202, Bloomfield, New Mexico - 50%. The remaining 50% is owned by Oral Vernon Weathers, a minor, and his mother Mary Lou Weathers Pfaffenberger. The address of both of these parties is unknown. The law firm of Koogler and Smith, 118 North Church Avenue, Aztec, New Mexico, was once the attorney for Mrs. Pfaffenberger, but Mr. Koogler advises that he has been unable to locate this party since 1958.

While Mr. and Mrs. Stocking have an unleased interest and, therefore, are listed as non-consenting owners, we expect to obtain an oil and gas lease from them prior to the date this matter is set for hearing.

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION

*T. M. Curtis*  
T. M. Curtis  
District Superintendent

GWE : en

ENCL. 10/10/54

1-10-66

WORKING INTEREST OWNERS IN  
LILLYWHITE GAS UNIT

Beta Development Company  
P. O. Box 1659  
Midland, Texas

Tidewater Oil Company  
P. O. Box 1960  
Durango, Colorado

Pan American Petroleum Corporation  
P. O. Box 480  
Farmington, New Mexico



WORKING INTEREST OWNERS IN  
LILLYWHITE GAS UNIT

Beta Development Company  
P. O. Box 1659  
Midland, Texas

Tidewater Oil Company  
P. O. Box 1960  
Durango, Colorado

Pan American Petroleum Corporation  
P. O. Box 480  
Farmington, New Mexico

DRAFT

JMD/esr

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:

3973  
CASE No. 2972

Order No. R-2642

APPLICATION OF PAN AMERICAN  
PETROLEUM CORPORATION FOR  
FORCE-POOLING, 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 22, 1964, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.  
~~Examiner duly appointed by the Oil Conservation Commission of New~~  
~~Mexico, hereinafter referred to as the Commission, in accordance~~  
~~with Rule 114 of the Commission Rules and Regulations.~~

NOW, on this \_\_\_\_\_ day of January, 1964, the Commission,  
a quorum being present, having considered the ~~application, the~~ testimony,  
the record, ~~evidence, and the~~ and the recommendations of the Examiner,  
\_\_\_\_\_, 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 an order pooling all mineral interests in the Basin-Dakota  
Gas Pool underlying the W/2 of Section 13, Township 30 North,  
Range 12 West, NMPM, ~~City of Farmington~~, San Juan County, New Mexico.

(3) That the applicant has the right to drill and proposes  
to drill a well 44 feet from the North line and 1850 feet from  
the West line of said Section 13 to be projected to the Dakota  
formation.

(4) That there are interest owners in the proposed proration  
unit who have not agreed to pool their interests.

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said proration unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in the Basin-Dakota Gas Pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(6) That the applicant should be designated the operator of the subject well and unit.

(7) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(8) That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional <sup>25%</sup>~~40~~ percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(9) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that said actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(10) That following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(11) That \$ <sup>75</sup>~~110~~ per month should be fixed as the reasonable cost of operating the subject well and each non-consenting working interest owner should be assessed with his share of such cost, to be paid out of production.

(12) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in

escrow to be paid to the true owner thereof upon demand and proof of ownership.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Basin-Dakota Gas Pool underlying the W/2 of Section ~~27~~<sup>13</sup>, Township ~~29~~<sup>30</sup> North, Range ~~19~~<sup>12</sup> West, NMPM, / ~~City of Farmington,~~ San Juan County, New Mexico, are hereby pooled to form a 320-acre gas proration unit to be dedicated to a well to be located 1111 feet from the North line and 1850 feet from the West line of said Section 13.

(2) That Pan American Petroleum Corporation is hereby designated the operator of the subject well and unit.

(3) That the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of estimated well costs within 30 days following the date of this order.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs.

(B) As a charge for the risk involved in the drilling of the well, ~~40%~~<sup>25%</sup> of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs.

(6) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(7) That the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of actual well costs within 30 days following completion of the well; that if no objection to the actual well costs is received by the Commission and the Commission has not objected within 60 days following completion of the well, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 60-day period, the Commission will determine reasonable well costs after public notice and hearing.

(8) That within 30 days following determination of reasonable well costs any non-consenting working interest owner that has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(9) That \$ ~~14~~<sup>75</sup> per month is hereby fixed as the reasonable cost of operating the subject well, and the operator is hereby authorized to withhold from production the proportionate share of such cost attributable to each non-consenting working interest.

(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow

in San Juan County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; *that the operator shall*  
*notify the Commission of* ~~The Commission~~  
~~shall be notified as to the~~ name and address of said escrow agent within 90 days from the date of this order.

(13) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

GOVERNOR  
JACK M. CAMPBELL  
CHAIRMAN

State of New Mexico  
**Oil Conservation Commission**



LAND COMMISSIONER  
E. B. JOHNNY WALKER  
MEMBER

P. O. BOX 871  
SANTA FE

January 24, 1964

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

Mr. Guy Buell  
Pan American Petroleum Corporation  
Post Office Box 1410  
Fort Worth, Texas

Re: Case No. 2973  
Order No. R-2642  
Applicant:  
Pan American Petroleum Corporation

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

ix/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC       

Antec OCC x

OTHER H. F. Stocking and Lucetta Fern Stocking, Box 202, Bloomfield, NM

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. 2973  
Order No. R-2642

APPLICATION OF PAN AMERICAN  
PETROLEUM CORPORATION FOR  
FORCE-POOLING, 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 22, 1964, at Santa Fe, New Mexico, before Examiner Elvis  
A. Utz.

NOW, on this 24th day of January, 1964, the Commission,  
a quorum being present, having considered the testimony, the  
record, and the recommendations of the Examiner, 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 an order pooling all mineral interests in the Basin-Dakota  
Gas Pool underlying the W/2 of Section 13, Township 30 North,  
Range 12 West, NMPM, San Juan County, New Mexico.
- (3) That the applicant has the right to drill and proposes  
to drill a well 1111 feet from the North line and 1850 feet from  
the West line of said Section 13 to be projected to the Dakota  
formation.
- (4) That there are interest owners in the proposed proration  
unit who have not agreed to pool their interests.
- (5) That to avoid the drilling of unnecessary wells, to  
protect correlative rights, and to afford to the owner of each  
interest in said proration unit the opportunity to recover or  
receive without unnecessary expense his just and fair share of  
the gas in the Basin-Dakota Gas Pool, the subject application  
should be approved by pooling all mineral interests, whatever  
they may be, within said unit.



(6) That the applicant should be designated the operator of the subject well and unit.

(7) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(8) That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 25% thereof as a reasonable charge for the risk involved in the drilling of the well.

(9) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that said actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(10) That following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(11) That \$75.00 per month should be fixed as the reasonable cost of operating the subject well and each non-consenting working interest owner should be assessed with his share of such cost, to be paid out of production.

(12) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Basin-Dakota Gas Pool underlying the W/2 of Section 13, Township 30 North, Range 12 West, NMPM, San Juan County, New Mexico, are hereby pooled to form a 320-acre gas proration unit to be dedicated to a well to be located 1111 feet from the North line and 1850 feet from the West line of said Section 13.

(2) That Pan American Petroleum Corporation is hereby designated the operator of the subject well and unit.

(3) That the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized

schedule of estimated well costs within 30 days following the date of this order.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator is hereby authorized to withhold the following costs and charges from production:

- (A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs.
- (B) As a charge for the risk involved in the drilling of the well, 25% of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs.

(6) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(7) That the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of actual well costs within 30 days following completion of the well; that if no objection to the actual well costs is received by the Commission and the Commission has not objected within 60 days following completion of the well, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 60-day period, the Commission will determine reasonable well costs after public notice and hearing.

(8) That within 30 days following determination of reasonable well costs any non-consenting working interest owner that has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(9) That \$75.00 per month is hereby fixed as the reasonable cost of operating the subject well, and the operator is hereby

-4-

CASE No. 2973  
Order No. R-2642

authorized to withhold from production the proportionate share of such cost attributable to each non-consenting working interest.

(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in San Juan County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Commission of the name and address of said escrow agent within 90 days from the date of this order.

(13) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

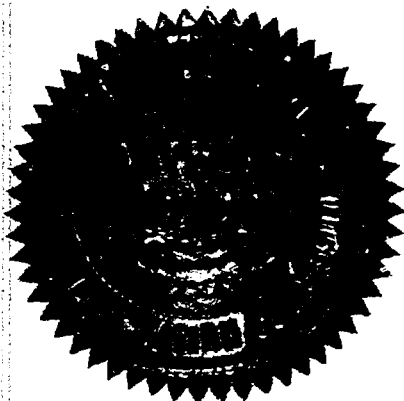
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*Jack M. Campbell*  
JACK M. CAMPBELL, Chairman

*E. S. Walker*  
E. S. WALKER, Member

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



esr/

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.  
PHONE 325-1182

SANTA FE, N. M.  
PHONE 983-3971

ALBUQUERQUE, N. M.  
PHONE 243 6691

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
January 22, 1964

EXAMINER      HEARING

IN THE MATTER OF:

Application of Pan American Petroleum  
Corporation for force-pooling, San Juan Co.  
New Mexico.

Case No. 2973

BEFORE: ELVIS A. UTZ, EXAMINER

TRANSCRIPT OF HEARING



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
January 22, 1964

EXAMINER HEARING

IN THE MATTER OF:

Application of Pan American Petroleum)  
Corporation for force-pooling, San )  
Juan County, New Mexico. )

CASE NO. 2973

BEFORE: ELVIS A. UTZ, EXAMINER

TRANSCRIPT OF HEARING

MR. UTZ: We call Case 2973.

MR. DURRETT: Application of Pan American Petroleum  
Corporation for force-pooling, San Juan County, New Mexico.

MR. BUELL: For Pan American Petroleum Corporation, Guy  
Buell. We have one witness, Mr. Eaton, who has twice been sworn  
today.

MR. UTZ: Let the record show that Mr. Eaton has been  
previously sworn twice.

GEORGE W. EATON,

called as a witness herein, having been first duly sworn, was  
examined and testified as follows:



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691

DIRECT EXAMINATION

BY MR. BUELL:

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

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

Q Mr. Eaton, you have testified in many previous Commission hearings and your qualifications as a petroleum engineer are a matter of public record, are they not?

A They are.

Q Would you direct your attention at what has been marked as Pan American's Exhibit Number One, and briefly state for the record what that exhibit reflects?

A Exhibit Number One is a map of a portion of the Basin Dakota Gas Pool in San Juan County, New Mexico. The particular portion shown by Exhibit Number One is that area lying generally between the towns of Farmington, New Mexico and Aztec, New Mexico. The specific area on this map with which this case is concerned is the West Half of Section 13, Township 30 North, Range 12 West. I have outlined with a green border this area. This is the proposed Pan American operated Lillywhite Gas Unit.

Q Mr. Eaton, how have you designated the producing Dakota wells in the area of this unit?

A The completed wells in the Basin Dakota Pool are circled and colored in brown, on Exhibit One.



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Q What is the significance of the various colors on the tracts within the proposed Lillywhite unit?

A The yellow acreage represents a joint interest lease owned 25 percent by Tidewater, and 75 percent by Beta Development. The brown acreage is a 100 percent Tidewater lease.

Q Go ahead.

A The white acreage stippled is a 100 percent Pan American acreage.

Q Now, with respect to the colored tracts, white, yellow and brown, are they involved in any way in this force-pooling hearing?

A No, sir, they are not.

Q All right, sir. What is the tract that has caused this force-pooling hearing today?

A There is a small triangular shaped tract in the North Half of the Northeast Quarter of the Northwest Quarter-Northwest Quarter of Section 13, containing approximately three acres, which is the subject of this force-pooling action.

Q Have you tried to designate or outline that tract by red so it will show up as much as possible?

A Yes, sir. That tract is outlined in red on Exhibit One.

Q What is the history that little three acre tract has, very briefly?

A This little tract is owned 50 percent by a Mr. H. F. Stocking of Bloomfield, New Mexico. The other 50 percent interest



is owned by the survivors of a gentleman named Weathers, who died in 1953.

Q All right, sir. First, let's talk about Mr. Stocking?

A Stocking.

Q What about him?

A At the time that we filed the original application in this case, there was no lease at all on this particular three acres. We were attempting at that time to locate both of the parties involved, and eventually did locate Mr. Stocking and obtained a lease from him on his undivided one-half interest. We have a lease on his interest in this three acres and only lack obtaining the lease on the remaining 50 percent undivided interest owned by the survivors of Mr. Weathers.

Q What do we know about the survivors of Mr. Weathers?

A We know that the survivors are his widow, a Mary Lou Weathers, who owns a 5/8ths interest, and his son, who is a minor, born in 1952, who owns 3/8ths interest. We have learned that Mrs. Weathers has since remarried. The last name that we had for her was a Mrs. Pffafenberger.

Q Let's refer to her in the future as Mrs. "P". Have you been able to locate Mrs. "P" and her minor boy?

A No, sir. We have not been able to. We haven't been able to find anyone else who can locate her either. We did have contact with some attorneys in Aztec who had dealings with this particular tract in 1958 during a condemnation proceeding with





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regard to this Highway 550 in this area. They were unable to locate Mrs. "P" at that time. So, for the purpose of these condemnation proceedings, her sister, a Mrs. Spencer, was named executrix for this purpose. Now, Mrs. Spencer is also disappeared. The last address that was known for her was somewhere in Brazil.

Q Mr. Eaton, are we still continuing to attempt to locate Mrs. "P"?

A Yes, we are.

Q But, at the present time, all of our search, all of our efforts, have been unsuccessful?

A That is correct.

Q Again, as in the previous case, we have a proposed unit which is completely surrounded by other producing Dakota wells?

A Yes, sir.

Q In your opinion, in view of the surrounding wells that are producing in the Dakota, would you feel that violation of the correlative rights within this proposed unit is eminent?

A It is my feeling that the only way correlative rights can be protected would be to develop this unit in the Basin Dakota Pool.

Q And with the exception of force-pooling, the only way you can protect the rights would be to drill a well to serve a majority of the acreage in that area, in that half section, and then, drill a well on this three acres?

A That is right.



Q In your opinion, would drilling a well on this three acre tract be economic waste?

A It would be wasteful.

Q So, we are back face to face to the fact that the only way we can effectively protect correlative rights as well as prevent waste is by force-pooling this small interest in that very small tract?

A That is correct.

Q Would you look at what has been marked as Pan American's Exhibit Two, Mr. Eaton, and briefly state what that exhibit reflects?

A Exhibit Number Two is a copy of Form C-128, showing the acreage to be dedicated to the Lillywhite Gas Unit, being the West Half of Section 13, Township 30 North, Range 12 West, and the location of the Lillywhite Gas Unit Well Number One. That location is orthodox and is 1850 feet from the west line and 1,111 feet from the north line of Section 13.

Q Have you personally inspected that drill site on the ground?

A I have, and found it to be a drillable location.

Q Mr. Eaton, since the proposed Lillywhite Gas Unit is completely surrounded by producing Dakota wells, do you have any fear that there is a risk of drilling a dry hole here?

A I again think the risk of drilling a dry hole would be very small.



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Suite 1120 Simms Building

Albuquerque, New Mexico

Phone 243-6691

Q In view of that, are you recommending any risk factor to be included in an order assuming the Commission grants our forced pooling request?

A I am recommending the adoption of a 25 percent risk factor to cover the normal drilling hazards that are inherent in all oil and gas wells.

Q What, in your opinion, will be the operating cost to Pan American for operating the Lillywhite Gas Unit?

A Approximately \$115.00 per month.

Q Mr. Eaton, aside from the fact that this proposed unit is surrounded by producing Dakota wells, is there any other reason that haste in developing this unit is necessary?

A Yes, sir, there is. The Tidewater 25 percent-Beta Development 75 percent lease, which is the one colored in yellow, on Exhibit One, has an expiration date of February 8, 1964. The proposed location for the Lillywhite Gas Unit is not on this tract, therefore, it is necessary to have an effective pooling agreement prior to the expiration date of this lease.

Q For that reason, is Pan American requesting the Commission to, insofar as possible, expedite their action on this matter?

A Yes, sir, we are.

Q Do you have anything else you would like to add at this time?

A No, sir.

MR. BUELL: That is all we have from Mr. Eaton at this



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General Court Reporting Service  
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PAGE 9

time, Mr. Examiner. May I formally introduce Pan American's Exhibits One and Two?

MR. UTZ: Without objection, Exhibit One and Exhibit Two will be entered into the record of this case. Are there any questions of the witness? The witness may be excused.

Do you have other witnesses in this case?

MR. BUELL: No, sir.

MR. UTZ: The case will be taken under advisement.

\* \* \* \* \*

STATE OF NEW MEXICO X  
COUNTY OF BERNALILLO X

I, ROY D. WILKINS, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill, and ability.

WITNESS My Hand and Seal of Office, this 30th day of January, 1964.

My Commission Expires: September 6, 1967.

I do hereby certify that the foregoing is a complete and correct transcript of the hearing held on January 30, 1964, in the case of Pan American v. New Mexico Oil Conservation Commission.

NOTARY PUBLIC

*[Signature]*  
2873  
1964  
New Mexico Oil Conservation Commission

