

THREE STATES NATURAL GAS CO.
SEVENTEENTH FLOOR CORRIGAN TOWER
DALLAS, TEXAS

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November 28, 1960

REGISTERED MAIL

Sunset International Petroleum Corporation
P. O. Box 1527
Denver, Colorado

El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas
Attention: Mr. Sam Smith

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

Gentlemen:

In accord with the provisions of Rule 1(b) of New Mexico Conservation Commission Order R-1287, enclosed for your information is a copy of our application for administrative approval of a 40.51 acre non-standard gas proration unit consisting of Lot 3 of Section 4, T-27-N, R-10-W, Angels Peak Dakota Field, San Juan County, New Mexico.

Yours very truly,

Original Signed by
J. D. COOPER
J. D. Cooper

JDC:cf

CC - New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

COPY

NWU
(Waiting Period)

Three States Natural Gas Company

SEVENTEENTH FLOOR CORRIGAN TOWER

DALLAS 1, TEXAS

November 28, 1960

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

Three States Natural Gas Company requests administrative approval of a 40.51 acre non-standard gas proration unit consisting of Lot 3 of Section 4, T-27N, R-10W, Angels Peak Dakota Field, San Juan County, New Mexico, under the provisions of Rule 1 (b) of New Mexico Oil Conservation Commission Order R-1287. All operators in Section 4 and offset operators in adjoining Section 33 have been notified by registered mail of this request for formation of a non-standard unit.

The Hargrave Well No. 1 is located on the 40 acres. This well was spudded in July, 1946 and completed in November, 1947 as the discovery well in the Angels Peak Dakota Field. Initial potential was 1500 MCF and 9 barrels distillate per day. Connection to the Southern Union gathering system was made in January, 1948 and the well has been on production since that time.

Annual Deliverability Test made in October, 1960 resulted in a calculated deliverability of 176 MCF per day, and the well is currently producing approximately 200 MCF per day into the Southern Union line.

Hargrave Well No. 1 was drilled with rotary and completed with cable tool equipment. It was shot with 720 quarts of nitroglycerin in three intervals, plugged back three times with gravel, lathe cuttings, lead wool and cement, lost two strings of tools in the hole, fished out part of them and finally set a 5-1/2 inch slotted liner in the shot hole below 7-inch casing. The main Dakota producing sand is below the liner in the plugged off portion of the hole where the tools were lost. We estimate the cost of re-entering this well and attempting to clean up and re-complete with present fracturing techniques will approach or exceed the cost of a new well, and will have much less chance for successful completion.

November 18, 1960

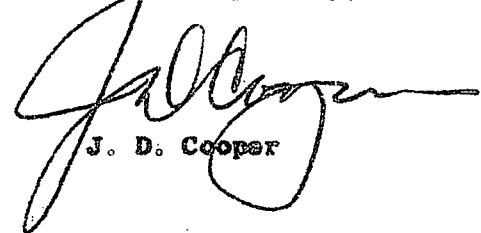
This discovery well is non-commercial as it will not return the cost of development. Ownership of the well and the surrounding 40 acres is by special agreement among certain parties some of whom paid no part of the cost of drilling the well and would not share in the cost of a replacement. This ownership is not common with any other well or acreage in the Angels Peak Dakota Field.

Since the well is unsuitable for re-completion, and since a replacement well would, in effect, place in double jeopardy those parties who bore the cost of the discovery well, it is respectfully requested that administrative approval of a 40 acre non-standard gas proration unit be granted.

Simultaneously with the filing of this application, Pan American Petroleum Corporation is filing an application for a 280 acre non-standard unit to consist of the remaining acreage in the West half of Section 4, T-27N, R-10W, which will complete the dedication of acreage in the West half of Section 4 and no islands will be created through the approval of this and Pan American's application.

A map showing location of the requested 40.51 acre unit is attached.

Yours very truly,



J. D. Cooper

JDC:cf

Pan American 50 %
Three States N.G.Co.25%
El Paso N.G.Co. 25%(Gas)
Dorothy Sapp 25% (Oil)

Sunset International et al

Pan American 50 %
Three States N.G.Co.25%
El Paso N.G.Co. 25% (Gas)
Dorothy Sapp 25% (Oil)

Pubco



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33



U.S.A. S.F. 046563
"Fred Feasel"

U.S.A. S.F. 046563
"Fred Feasel"

Pan American 50 %
Three States 25%
El Paso 25% (Gas)
Dorothy Sapp 25% (Oil)



40.51 Ac. Unit
Sunset International

Pan Am. et al

Pan American 50 %
Three States N.G.Co.25%
El Paso N.G.Co. 25%(Gas)
Dorothy Sapp 25%(Oil)



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U.S.A. S.F. 077382
"R.P. Hargrave"



Pan Am. et al

Pan Am. et al



LOCATION PLAT
PROPOSED NON-STANDARD
40.51 AC. UNIT-LOT 3 SEC. 4
T27N R10W ANGELS PEAK-
DAKOTA FIELD-SAN JUAN CO. N.M.