

Ex 1

2203

EXHIBIT

PAN AMERICAN PETROLEUM CORPORATION
PROPOSAL TO COMingle OIL PRODUCTION
FROM THE DRINKARD AND PADDOCK POOLS
FROM ALL WELLS PRESENTLY COMPLETED ON
THE L. E. GRIZZELL "B" LEASE
S/2 NE/4 SEC. 8, T-22-S, R-37-E
LEA COUNTY, NEW MEXICO
NEW MEXICO OIL CONSERVATION COMMISSION
EXAMINER HEARING CASE NO. 2203
MARCH 3, 1961

GENERAL

Pan American Petroleum Corporation respectfully requests that the New Mexico Oil Conservation Commission grant an exception to Statewide Rule 303 to permit commingling in common tankage without prior metering of Drinkard and Paddock crudes produced on its L. E. Grizzell "B" Lease located in the S/2 of the NE/4 of Section 8, T-22-S, R-37-E.

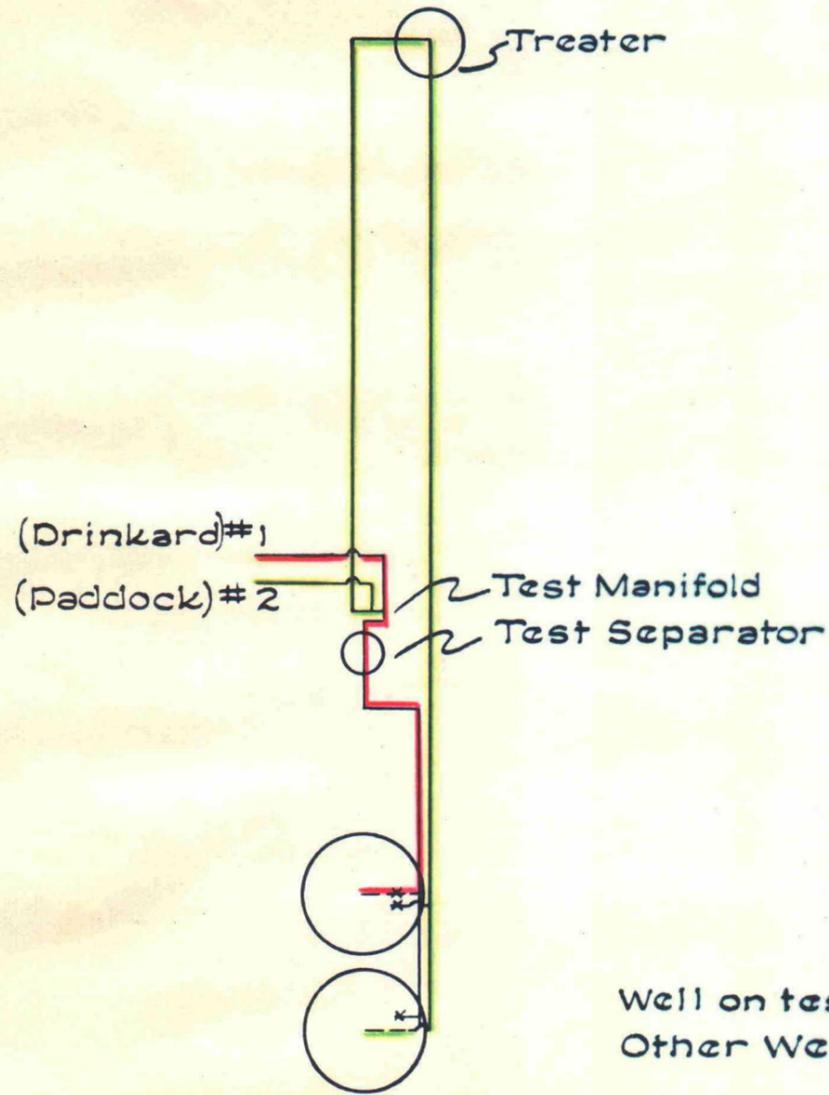
Well No. 1 produces from the Drinkard formation and Well No. 2 produces from the Paddock formation.

The purchaser, Shell Pipeline Company, has verbally agreed to this proposal.

Production will be allocated to the respective reservoirs on the basis of periodic well tests. The attached schematic diagram shows how wells may be individually tested.

Granting of this proposal will: (1) Permit salvaging of two storage tanks which are not required on this low capacity lease, (2) eliminate a need for oil meters which would cost approximately \$1400 installed, and (3) eliminate intangible maintenance and depreciation expense on the tanks made surplus.

LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE



Pan American Petroleum Corp.
 Facilities Proposed For Commingling Drinkard
 And Paddock Production
 L.E. Grizzel "B" Lease, New Mexico