CASE 2521: Application of PAN AMER. for a non-standard gas proration unit the BASIN-DAKOTA GAS POOL.

2-521

Letion, Transcript,

MI Exhibits, Etc.

GOVERNOR EDWIN 1. MECHEM CHAIRMAN

State of New Wexico Oil Conservation Commission

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER



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

P. O. BOX 871 SANTA FE

April 19, 1962

	Re: CASE NO. 2521
ir. Guy Buell	ORDER NO. R-2215
an American Petroleum Corporation	
lox 1410	
ort Worth, Texas	Pan American Petroleum Corp.
Dear Sir:	
Enclosed herewith are to Commission order recently entered	wo copies of the above-referenced d in the subject case.
	Very truly yours,
	A. L. PORTER, Jr.
	Secretary-Director
ir/	
Carbon copy of order also sent to	o:
Hobbs OCC *	
Artesia OCC	
Aztec OCC X	
OTHER	•

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL COMSERVATION COMMISSION OF NEW MEXICO FOR THE PURPOSE OF COMSIDERING:

> CASE No. 2521 Order No. R-2215

APPLICATION OF PAN AMERICAN PETROLEUM CORPORATION FOR A NON-STANDARD GAS PRO-RATION UNIT, 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 April 11, 1962, at Santa Fe, New Mexico, before Daniel S. Mutter, 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 18th day of April, 1962, the Commission, a quorum being present, having considered the application and the recommendations of the Examiner, Daniel S. Nutter, 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, has requested that Case No. 2521 be <u>dismissed</u>.

IT IS THEREFORE ORDERED:

That Case No. 2521 is hereby dismissed.

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

STATE OF NEW MEXICO OIL CONSERVATION CONDISSION

EDWIN L. MECHEN, Chairman

S. WALKER, Member

L. PORTER, Jr., Member & Secretary

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ATTN MR A L PORTER JR PAN AMERICAN PETROLEUM CORPORATION RESPECTFULLY REQUESTS THAT CASE 2521 ON THE EXAMINER DOCKET FOR APRIL 11, 1962 BE DISMISSED. THIS CASE IS THE APPLICATION OF PAN AMERICAN FOR A 160-ACRE NONESTANDARD GAS PRORATION UNIT IN THE BASIN DAKOTA GAS POOL VSAN JUAN COUNTY TO CONSIST OF THE NW/4 OF SECTION 23 TE29-N RE13-W THE NONESTANDARD UNIT IS NO

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

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LONGER NECESSARY AS THE GALLEGOS CANYON UNIT OWNERS HAVE AGREED TO THE FORMATION OF A STANDARD UNIT CONSISTING OF THE N/2 OF SECTION 23=

PAN AMERICAN PETROLEUM CORPORATION T M CURTIS

==2521 11 1962 160 NW/4 23 T=29-N R=13-W N/2 2335

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

THE WESTERN UNION TELEGRAPH COMPANY

NOTICE REGARDING TELEGRAM MAIN OFFICE OCC W. P. MARSHALL, PRESIDENT

1962 APR 5 PM 1:44 L FRA023	SANTA FE NEW MEXICO
NEW MEXICOOIL CONSERVATION COMM	(STREET ADDRESS, CITY AND DATE)
SANTA FE, NEW MEXICO.	
Your telegram of APRIL 9	EF FROM PAN AMERICAN PETROLEUM
at FARMINGTON NEW MEXICO. is-	under ivered-for-the-following
reason: 3RD LINE SHOULD READ APRI	
SHOULD READ SECTION 23,	T-29-N, R-13-W
• •	
If you have occasion to correct the address	s originally supplied, please notify
A charge for the correction or for an entirel be made.	y new message, whichever is less, wil
	THE WESTERN UNION TELEGRAPH COMPANY

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A L PORTER JR, OIL CONSERVATION COMM=
CAPITOL ANNEX BLDG SANTA FE NMEX=

YOUR LETTER OF FEBRUARY 19, 1962 REQUESTED OUR APPROVAL AS A WORKING INTEREST OWNER IN THE GALLEGO'S CANYON UNIT TO A NONESTANDARD DAKOTA GAS UNIT COVERING THE NW/4 SECTION 23, TE29-N, RE13-W. YOUR SUBSEQUENT LETTER OF APRIL 2, 1962 NOW PROPOSES THE VOLUNTARY COMMUNITIZATION OF THE N/2 OF SECTION 23 IN THE BASIN DAKOTA ZONE. IN ACCORDANCE WITH THE PROVISIONS OF THE OIL AND GAS LEASES COVERING THIS 320 ACRES THIS WILL ADVISE THAT TEXACO INC IS AWARE OF NO LEGAL BASIS UPON WHICH THIS VOLUNTARY COMMUNITIZATION OF THE N/2 OF SECTION 23 CAN BE ACCOMPLISHED. AS STATED IN YOUR PROPOSED COMMUNITIZATION AGREEMENT, 146 .80 ACRES WITHIN THE NE/4 OF SECTION 23 IS COMMITTED TO THE GALLEGOS CANYON UNIT AGREEMENT AND UNIT OPERATING AGREEMENT AS TO THE WORKING INTEREST AND A PORTION THEREOF IS ALSO COMMITTED AS TO ITS ROYALTY INTEREST. IT IS OUR BELIEF THAT A COMMUNITIZATION OF THE COMMITTED UNIT ACREAGE IN THE NE/4 OF SECTION 23 WITH UNCOMMITTED ACREAGE IN THE NW/4 OF SECTION 23 WILL REQUIRE THE UNANIMOUS APPROVAL OF ALL PARTIES TO BOTH OF THE UNIT AGREEMENTS. WE CONTINUE AT THIS TIME IN OUR DESIRE TO SEE ALL OF THE ACREAGE IN THE N/2 OF SECTION 23 COMMITTED TO THE GALLEGOS CANYON UNIT AGREEMENTS. HOWEVER, WE WILL NOT OPPOSE YOUR HEARING BEFORE THE OIL CONSERVATION

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCELNING ITS SERVICE

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COMMISSION ON APRIL 11, 1962 FOR THE CREATION OF A NONSTANDARD UNIT COVERING ONLY THE NW/4= TEXACO INC BY R M BISCHOFF=

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 11, 1962

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM, STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Elvis A. Utz, as Alternate Examiner:

CASE 2521:

Application of Pan American Petroleum Corporation for a non-standard gas proration unit, San Juan County, New Mexico.

Applicant, in the above-styled cause, seeks the establishment of a 160-acre non-standard gas proration unit in the Basin-Dakota Gas Pool, comprising the NW/4 of Section 23, Township 29 North, Range 13 West, San Juan County, New Mexico, said unit to be dedicated to the Gallegos Canyon Unit Well No. 94 located 1850 feet from the North and West lines of said Section 23.

CASE 2522

Application of Shell Oil Company for a dual completion, Let County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its State GA Well No. 2, located in Unit N of Section 16, Township 15 South, Range 36 East, Lea County, New Mexico, as a dual completion (conventional) in the Caudill Permo-Pennsylvanian and Caudill-Devonian Pools with the production of oil from the Permo-Pennsylvanian zone to be through a string of 1-inch tubing and the production of oil from the Devonian zone to be through a parallel string of 2 1/16-inch tubing, a hydraulic casing pump and the casing-tubing annulus.

CASE 2523:

Application of Consolidated Oil & Gas, Inc., for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location in the Blanco-Mesaverde Gas Pool for its Tribal "C" Well No. 2-6 to be 1650 feet from the North line and 1550 feet from the West line of Section 6, Township 26 North, Range 3 West, Rio Arriba County, New Mexico.

CASE 2524:

Application of Cities Service Petroleum Company for a nonstandard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 320acre non-standard gas proration unit in the Jalmat Gas Pool, comprising the E/2 of Section 19, Township 24 South, Range 37 East, Lea County, New Mexico; said unit is to be dedicated to -2-

Docket No. 11-62

the Thomas Well No. 2 located at an unorthodox location 2310 feet from the North line and 2210 feet from the East line of said Section 19.

CASE 2525:

Application of Cities Service Petroleum Company for conversion of two wells in the Drickey-Queen Sand Unit, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the conversion of the Drickey-Queen Sand Unit Wells Nos. 7-1 and 21-3 located, respectively, in the NW/4 NW/4 of Section 1 and the SE/4 NE/4 of Section 2, all in Township 14 South, Range 31 East, Chaves County, New Mexico, to water injection wells. Said wells have not received a response from the waterflood operations.

CASE 2526:

Application of Texaco Inc., for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its State "R" (NCT-4) Well No. 2 located in Unit D, Section 7, Township 18 South, Range 35 East, Lea County, New Mexico, as a dual completion (tubingless) in an undesignated Drinkard pool and adjacent to the Vacuum-Abo Pool, with the production of oil from both zones to be through parallel strings of 2 7/8-inch casing.

CASE 2527:

Application of Humble Oil & Refining Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its State "BO" Well No. 1, located in Unit H, Section 12, Township 18 South, Range 34 East, Lea County, New Mexico, as a dual completion (combination) in an undesignated Drinkard pool and adjacent to the Vacuum Abo Pool, with the production of oil from the Abo zone to be through tubing inside 4½-inch casing and the production of oil from the Drinkard zone to be through a parallel string of 2 7/8-inch tubing.

CASE 2528:

Application of R & G Drilling Company for special allowables, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to produce 12 wells in the West Kutz-Pictured Cliffs Gas Pool and 2 wells producing from the Farmington formation, located in Sections 22, 27, 28, 32, 33 and 34, Township 28 North, Range 11 West, and in Section 10, Township 27 North, Range 11 West, San Juan County, New Mexico, under a project allowable of 3300 MCF of gas per day to be produced from any well or combination of wells in the project. Applicant further seeks approval to install compression equipment with which to produce said wells.

-3-Docket No. 11-62

CASE 2529:

Application of R & G Drilling Company for an exception to Order No. R-2046, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of the two following described non-standard gas proration units in the Basin-Dakota Gas Pool in San Juan County, as an exception to Order No. R-2046 which established a series of non-standard Dakota Units:

- (1) Lots 3, 4, 5, 6 & 7, the SE/4 NW/4 and the E/2 SW/4 of Section 6, and Lots 1 and 2 and the E/2 NW/4 of Section 7, containing 342.51 acres;
- (2) Lots 3 and 4 and the E/2 SW/4 of Section 7, and the W/2 of Section 18, containing 320.27 acres, all in Township 30 North, Range 13 West, San Juan County.

OIL CONSERVATION COMMISSION

21

P. O. BOX 871

SANTA FE, NEW MEXICO

March 15, 1962

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

Attention: Mr. T. M. Curtis

Gentlemen:

Reference is made to your application, dated February 19, 1962, for administrative approval of a 160-acre nonstandard gas proration unit in the Basin-Dakota Gas Pool consisting of the HM/4 of Section 23, Township 29 North, Range 13 West, San Juan County, New Mexico.

The Commission is in receipt of Texaco Inc.'s letter, dated March 13, 1962, setting forth its view that only a temporary unit should be granted. Irrespective of Texaco's position, the Commission is of the opinion that your application should be considered at hearing. Accordingly, your application is being set for hearing before one of the Commission's Examiners on April 11, 1962.

Please advise if the date of hearing is not suitable or if I can be of any further assistance in this matter.

Very truly yours,

J. E. WHITFIELD Legal Assistant

JEW/esr

Texaco Inc. γ P. O. Box 3109 Midland, Texas

Attention: Mr. R. M. Bischoff

MAIN OFFICE OFC C.

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DOMESTIC PRODUCING DEPARIMENT

MIDLAND DIVISION

R. M. BISCHOFF, ASSISTANT DIVISION MANAGER

P. O. BOX 8109 MIDLAND, TEXAS

March 13, 1962

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

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

Gentlemen:

Reference is made to our telegram of March 12, 1962, concerning the application of Pan American Petroleum Corporation for administrative approval of a 160-acre non-standard gas proration unit in the Basin Dakota Pool consisting of the NW/4 of Section 23, T-29-N, R-13-W, San Juan County, New Mexico. In Pan American's application letter of February 19, 1962, they state that the non-standard unit will be dedicated to the Gallegos Canyon Unit Well No. 94, which is located 1850' from the north line and 1850' from the west line of said Section 23.

Pan American has stated that the non-standard unit is within the unit boundary of the Gallegos Canyon Unit, but the royalty interests of this acreage are not committed to the Gallegos Canyon Unit. We believe that this infers that the working interest for this acreage has been dedicated to the Gallegos Canyon Unit; however, we were advised by a telegram from Pan American dated March 9, 1962, that neither the working interest nor royalty interest in the NW/4 of said Section 23 was committed to the Unit.

Texaco Inc. as a working interest owner in the Gallegos Canyon Unit objects to the formation of a permanent non-standard gas proration unit. Texaco, however, has no objection to an administrative order approving a six month temporary non-standard gas unit on the condition that Pan American will commit this acreage to the Gallegos Canyon Unit and form a standard 320 acre unit.

Texaco believes that if this non-standard unit was approved on a permanent basis and Pan American did not commit the acreage to the Gallegos Canyon Unit it would be necessary for the Unit to drill an unnecessary well in the NE/4 of said Section 23 and ask that a 160-acre non-standard gas unit be dedicated to such a well. Texaco believes that in order to insure the protection of the correlative rights of all parties concerned, a standard 320-acre unit consisting of the N/2 of said Section 23 should be formed.

Yours very truly,

CRB-MM

cc: Pan American Petr. Corp.
P. O. Box 480
Farmington, New Mexico

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:A L PORTER JR, SECRETARY-DIRECTOR:

= OIL CONSERVATION COMM CAPITAL ANNEX BLDG

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REFERENCE PAN AMERICAN PETROLEUM CORPORATION REQUEST
OF FEBRUARY 19, 1962 FOR NONSTANDARD DAKOTA GAS UNIT
IN NW/4 SECTION 23, T-29-N, R=13-W, TEXACO IS WORKING
INTEREST OWNER IN GALLEGOS CANYON UNIT AND OBJECTS TO
A PERMANENT NONSTANDARD UNIT. PAN AMERICAN IS IN ERROR
AND NW/4 SECTION 23 IS NOT COMMITTED TO GALLEGOS CANYON
UNIT AS TO EITHER WORKING INTEREST OR ROYALTY INTEREST:
TEXACO HAS NO OBJECTION TO ADMINISTRATIVE APPROVAL OF
A 6 MONTH TEMPORARY NSP GAS UNIT ON CONDITION THAT PAN
AMERICAN COMMITS THIS ACREAGE TO THE GALLEGOS CANYON
UNIT AND FORMS A STANDARD 320 ACRE UNIT WITHIN THE 6
MONTH PERIOD=

TEXACO INC BY R M BISCHOFF ==

=19 1962 NW/4 23 T=29-N R=13-W NW/4 23 6 NSP 320 6 ...

FORM 470 2:57

PAN AMERICAN PETROLEUM CORPORATION

P. 1967 BES 486, Mirajug pop, New Mexico February 19, 1962

File:

N-152-986.510.1

Subject: Application for Administrative

Approval of a Non-Standard

Gas Proration Unit Basin Dakota Pool

NW/4 Section 23, T-29N, R-13W San Juan County, New Mexico

Mr. A. L. Porter, Jr. New Mexico Oil Conservation Commission r. O. Box 871 Santa Fe, New Mexico

Dear Sir:

Pursuant to the provisions of Rule 5-B of Order R-1670-C, Pan American Petroleum Corporation hereby makes Administrative Application for the approval of a Non-Standard Gas Proration Unit in the Basin Dakota Pool consisting of the NW/4 of Section 23, T-29-N, R-13-W, San Juan County, New Mexico. The proposed 160-acre Non-Standard Gas Proration Unit, consisting of the NW/4 of Section 23, will be dedicated to Gallegos Canyon Unit Well No. 94, which has been staked at a location 1850' from the north line and 1850' from the west line of Section 23.

This request for the establishment of a Non-Standard Gas Proration Unit for the Basin Dakota Pool is occasioned by the fact that the NH/4 of Section 23 is within the boundary of the Gallegos Canyon Unit, but the royalty interests of this acreage are not committed to the Gallegos Canyon Unit Agreement. It is Pan American's intention to eventually form a Standard Gas Proration Unit for the Basin Dakota Pool consisting of the N/2 of Section 23 but unless we are successful in obtaining royalty interest commitment of this acreage, a Communitization Agreement between this acreage and the Gallegos Canyon Unit Dakota Participating Area will be necessary. Negotiations among so many owners on the terms of a Communitization Agreement may require a considerable amount of time, and we desire to drill the well immediately and be able to obtain an allowable for it.

The attached map shows the non-standard unit and the ownership of acreage in its vicinity.

In making this application for Administrative approval of a Non-Standard Gas Proration Unit, Pan American states the following:

> 1. The proposed non-standard unit consists of contiguous quarter-quarter sections or lots.

100 253 2005 Due 3/23

February 19, 1962 N-152-986.510.1

- 2. The proposed non-standard unit lies wholly within a single governmental section.
- 3. The entire proposed non-standard unit may reasonably be presumed to be productive of gas.
- 4. The length of width of the non-standard unit does not exceed 5280 feet.
- 5. Copies of this application are being furnished to all offset working interest owners.

Acreage to the south and east of the proposed non-standard unit is within the Gallegos Canyon Unit which is operated by Pan American.

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION

T. M. Gurtis
District Superintendent

GWE:en Attach.

cc: Redfern & Herd, Inc. P. O. Box 1747 Midland, Texas

Vincent S. Mulford, Jr. 206 Daniel Building Tulsa 3, Oklahoma

Mr. Ainslie Perrault Phil Tower Building Tulsa 3, Oklahoma

Texaco, Inc. P.O. Box 3109 Midland, Texas

Mr. J. P. Leyendecker, Jr. 3478½ Main Avenue Durango, Colorado

(Copies of this application furnished offset working interest owners by Certified Mail.)

CASE 2521

DEARNLEY-MEIER REPORTING SERVICE,

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico April 11, 1962

EXAMINER HEARING

IN THE MATTER OF:

Application of Pan American Petroleum Corporation for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 160-acre non-standard gas proration unit in the Basin-Dakota Gas Pool, comprising the NW/4 of Section 23, Township 29 North, Range 13 West, San Juan County, New Mexico, said unit to be dedicated to the Gallegos Canyon Unit Well No. 94 located 1850 feet from the North and West lines of said Section 23.

BEFORE; Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: The hearing will come to order, please.

The first case this morning will be Case 2521.

MR. MORRIS: Case 2521: Application of Pan American Petroleum Corporation for a non-standard gas proration unit, San Juan County, New Mexico.

Mr. Examiner, the Applicant in this case has requested that it be dismissed.

MR. NUTTER: Case 2521 will be dismissed.

SERVICE, Inc. FARMINGTON, N. M. PHONE 325-1182 DEARNLEY-MEIER REPORTING

1 1

STATE OF NEW MEXICO **\$**\$ COUNTY OF BERNALILLO

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing was reported by me in machine shorthand, and that the same was reduced to typewritten transcript under my personal supervision and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

DATED this 12th day of April, 1962, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

My Commission Expires: June 19, 1963.

> I do hereby certify that the foregoing 18 a complete record of the proceedings in Examiner. New Mexico Oil Conservation Commission

