

**CASE 3173: Application of PAN AM.
for force-pooling, San Juan
County, New Mexico.**

DOCKET MAILED
12-24-65

CASE NO.

3173

Application,

TRANSCRIPTS,

SMALL Exhibits

ETC.

PAN AMERICAN PETROLEUM CORPORATION

P. O. Box 480, Farmington, New Mexico
November 6, 1964

File: N-718-986.510.1

Subject: Application of Pan American
Petroleum Corporation For a
Compulsory Pooling Order
Basin Dakota Pool.
S/2 Section 31, T-30-N, R-12-W
San Juan County, New Mexico

Mr. A. L. Porter, Jr. (3)
New Mexico Oil Conservation Commission
P. O. Box 2088
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 S/2 Section 31, T-30-N, R-12-W, San Juan County, New Mexico. The above unit will be known as the Quine Gas Unit.

All owners except the owners of a 0.26-acre tract have agreed to voluntarily pool their interest. A list of the known owners and their last known addresses is attached.

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION

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

GWE:en
Attach.

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Date 12-24-64

DOCKET MAILED

Date 12-4-64

OFFICE 100
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QUINE GAS UNIT
S/2 SECTION 31, T30N, R12W

Mr. Anthony F. Zarlengo
Attorney At Law
Majestic Building
Denver, Colorado

DOCKET MAILED

Date 12-4-64

W

Mr. Keith Davidson
c/o Paradise International
4900 Paradise Boulevard, N. W.
Albuquerque, New Mexico

DOCKET MAILED

Date 12-24-64

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF PAN AMERICAN PETROLEUM COR-)
PORATION FOR FORCE-POOLING ALL)
MINERAL INTERESTS IN THE BASIN)
DAKOTA POOL UNDERLYING THE S $\frac{1}{2}$ OF)
SECTION 31, TOWNSHIP 30 NORTH, RANGE)
12 WEST, SAN JUAN COUNTY, NEW MEXICO.)

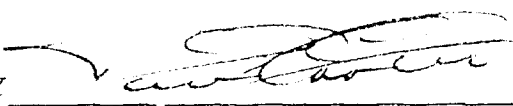
No. 3173

ENTRY OF APPEARANCE

The undersigned, Atwood & Malone of Roswell, New Mexico,
a firm of attorneys, all of whose members are duly licensed to
practice law in the State of New Mexico, hereby enters its appearance
as local counsel with Guy Buell, Esquire of the Texas Bar, for Pan
American Petroleum Corporation in the above entitled cause.

DATED at Roswell, New Mexico, this 9th day of December,
1964,

ATWOOD & MALONE

BY 
Attorneys for Pan American
Petroleum Corporation
Post Office Drawer 700
Roswell, New Mexico

FORM 9 9-48

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

FLOOR NO. _____

REMARKS NMOCC

Santa Fe, New Mexico

FROM _____

PAN AMERICAN PETROLEUM CORPORATION

P. O. Box 480, Farmington, New Mexico
 July 21, 1965

File: H-364-400.1

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

Mr. A. L. Porter, Jr. (2)
 New Mexico Oil Conservation Commission
 P. O. Box 871
 Santa Fe, New Mexico

Dear Sir:

In accordance with requirements of Force Pooling Order No. R-2859, we are listing below an itemized schedule which represents the total cost of drilling and equipping the Quine Gas Unit No. 1 as shown by our records June 30, 1965.

Drilling Costs

Daywork-Drilling Contract	\$ 3,064.58	
Turnkey Contract	23,440.00	
Truck & Service Equipment	6,701.01	
Well Survey & Test Services	1,747.31	
Acidize, Shoot & Perforate	9,459.24	
Cementing Casing	5,372.08	
Geological & Engineering	137.39	
Material & Supplies-Other	910.49	
Other Labor-Company	229.52	
Other Labor-Contract	148.52	
Other Drilling Costs	1,661.63	
Fuel & Water	50.47	
Automobile Expense	68.79	
Bits & Equipment Rental	1,659.68	
Valuation Reserve	(29.08)	
Roads Bridges & Canals	8.16	
		\$54,629.79

Well Equipment

Well Head	\$ 1,597.07	
Casing	10,244.29	
Tubing	4,791.69	
Non Controllable Tangible Material	1,045.86	
Valuation Reserve	(1,238.84)	
		\$16,440.07

*File Case
3173*

Mr. A. L. Porter, Jr. (2)
NMOCC
Santa Fe, New Mexico

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File: H-364-400.1
July 21, 1965

Lease Equipment

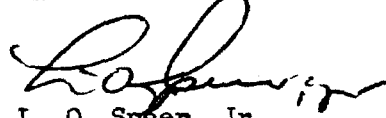
General Lease Equipment-Construction	406.70	
Noncontrollable Tangible Material	472.18	
Valuation Reserve	(169.19)	
Batteries and Boiler Station	4,536.30	
Pipe	457.76	
Tanks	2,175.60	
Stairways	206.34	
Other	<u>607.64</u>	
		\$ 8,693.33

Other Drilling Expense

Administrative Expense	\$ 461.80
	<u>\$80,224.99</u>

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION


L. O. Speer, Jr.
Area Superintendent

JCG:bg

cc: Capitola Johnson Doolittle
c/o Frank L. Hinds
407 Decatur
Oil Dale, California

Keith Davidson
1404 San Carlos Drive SW
Albuquerque, New Mexico

NEW MEXICO OIL CONSERVATION COMMISSION

Well Location and Acreage Dedication Plat

Section A.

Operator: PAN AMERICAN PETROLEUM CORPORATION 1964 QUINN GAS UNIT
 Well No. 1 Unit Letter I Section 31 Township 30 NORTH Range 12 WEST NMPM
 Located 1700 Feet From SOUTH Line, 1130 Feet From EAST Line
 County SAN JUAN G. L. Elevation REPORT LATER Dedicated Acreage 320 Acres
 Name of Producing Formation DAKOTA Pool BASIN DAKOTA

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below?

Yes No X

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.

(Operator)

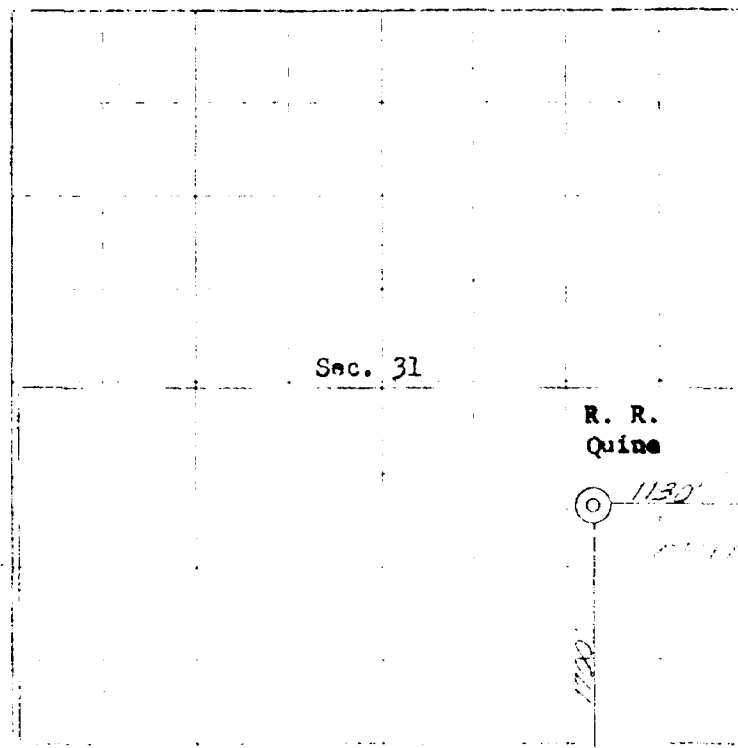
(Representative)

P. O. Box 480

(Address)

Farmington, New Mexico

Note: All distances must be from outer boundaries of section.



Ref: GLO plat dated 7 April 1961



This plat is a true and correct copy of the original field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Date surveyed November 5, 1964

J. B. Lee
 Surveyor General

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 6, 1965

EXAMINER HEARING

IN THE MATTER OF:

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR FORCE-POOLING, SAN JUAN
COUNTY, NEW MEXICO

Case No. 3173

BEFORE:

DANIEL S. NUTTER

TRANSCRIPT OF HEARING

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MR. NUTTER: We will call Case Number 3173.

MR. DURRETT: Application of Pan American Petroleum Corporation for force-pooling, San Juan County, New Mexico. If the Examiner please, I'd like to state for the record that I have received a telephone call from Mr. Guy Buehl, who is attorney for Pan American, requesting that this case today be incorporated for the record from the previous hearing by incorporation with the case before the Examiner here today, and that the case be taken under advisement if there are no appearances or objections. He informs me that this case was continued, as there was some question whether one of the interest owners had received notice, so they did give him notice and the case was re-advertised. I have also a telegram that we placed in the case file from Mr. W. V. Grisson, Pan American Petroleum Corporation, stating these facts. In view of this, I would move that the Examiner incorporate the record from the previous hearing into this case, and take the case under advisement.

MR. NUTTER: The record in Case Number 3173, the hearing of December 15, 1964, will be incorporated in the record of this hearing today, and the case is taken under advisement.

* * *

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STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, Elizabeth K. Hale, Notary Public and Court Reporter,
do hereby certify that proceedings in Case Number 3173 were
taken and transcribed by me, and that the foregoing is a
true and accurate transcript of proceedings to the best of my
knowledge, skill and ability.

IN WITNESS WHEREOF, my hand and seal of office this 13th
day of January, 1965.

Elizabeth K. Hale
Notary Public

My commission expires
May 23, 1968.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 3173,
heard by me on 1/6, 1965.

Examiner, Examiner
New Mexico Oil Conservation Commission

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. 3173
Order No. R-2859

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR COMPULSORY 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 6, 1965, at Santa Fe, New Mexico, before Examiner Daniel S. Wutter.

NOW, on this 20th day of January, 1965, 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 S/2 of Section 31, 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 in the S/2 of said Section 31 to the Basin-Dakota Gas Pool.

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

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CASE No. 3173

Order No. R-2859

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said 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.

CASE No. 3173

Order No. R-2859

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Basin-Dakota Gas Pool underlying the S/2 of Section 31, Township 30 North, Range 12 West, MNPM, San Juan County, New Mexico, are hereby pooled to form a 320-acre gas proration unit to be dedicated to the Guine Gas Unit Well No. 1, to be located 1700 feet from the South line and 1130 feet from the East line of said Section 31.

(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 shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of actual well costs within 60 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 90 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 90-day period, the Commission will determine reasonable well costs after public notice and hearing.

(6) 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.

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CASE No. 3173

Order No. R-2859

(7) 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 within 30 days from the date the schedule of estimated well costs is furnished to him.

(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 within 30 days from the date the schedule of estimated well costs is furnished to him.

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

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CASE No. 3173

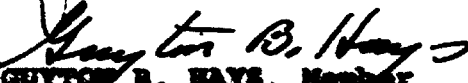
Order No. R-2859


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

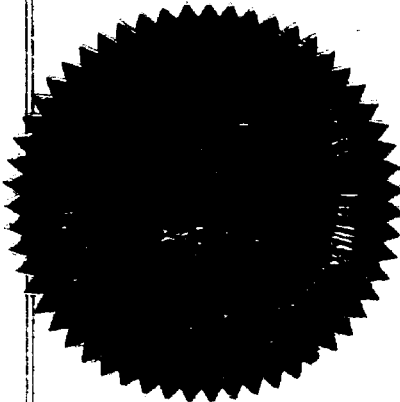
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JACK M. CAMPBELL, Chairman


GUYTON B. HAYS, Member


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



esr/

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
December 15, 1964

EXAMINER HEARING

IN THE MATTER OF:

APPLICATION OF PAN AMERICAN PETROLEUM CORP-
ORATION FOR FORCE-POOLING, SAN JUAN COUNTY,
NEW MEXICO

Case No. 3170

APPLICATION OF PAN AMERICAN PETROLEUM CORP-
ORATION FOR FORCE-POOLING, SAN JUAN COUNTY,
NEW MEXICO

Case No. 3173

APPLICATION OF PAN AMERICAN PETROLEUM CORP-
ORATION FOR FORCE-POOLING, SAN JUAN COUNTY,
NEW MEXICO

Case No. 3174

BEFORE:

DANIEL S. NUTTER

TRANSCRIPT OF HEARING

MR. NUTTER: We will call Case Number 3169--application of Pan American Petroleum Corporation for force-pooling, San Juan County, New Mexico.

MR. BUELL: If it please the Examiner, I am Guy Buell for Pan American Petroleum Corporation--we have the next six cases on the docket. Three of these cases--we have been successful in three of the cases since the last hearing to voluntarily pool these units. For that reason I would like to formally move now that Cases Number 3169, 3171 and 3172 be dismissed, in that we have been successful in voluntarily pooling and forming a standard basin.

MR. NUTTER: Do you want to consolidate the other three?

MR. BUELL: I was going to make that motion next.

MR. NUTTER: We will call Cases Number 3170, 3171, 3172, 3173 and 3174. The style of each is "application of Pan American Petroleum Corporation for force-pooling, San Juan County, New Mexico." Counsel moves that Cases Number 3169, 3171 and 3172 be dismissed. These cases are dismissed. Is there an objection to consolidation of Cases Number 3170, 3173 and 3174? Those cases will be consolidated for hearing.

MR. BUELL: Thank you, Mr. Examiner. We have two witnesses--Mr. Eaton and Mr. Galligan.

* * *

GEORGE W. EATON, JR., the witness, having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. BUELL:

Q State your complete name, by whom you are employed and in what location and what capacity.

A George W. Eaton, Jr., senior engineer, Pan American Petroleum Corporation, Farmington, New Mexico.

MR. BUELL: I believe we have another appearance in these cases.

MR. NUTTER: Are there other appearances in Cases Number 3170, 3173 and 3174?

MR. KELLAHIN: If the Examiner please, Jason Kellahin. I would like to enter an appearance in Case Number 3174 in behalf of Saul A. Yager, Mrs. Barbara Ann Witten, M. E. Gimp, Sam Mizel and Morris Mizel.

MR. BUELL: Mr. Eaton, you testified at a prior hearing, and your qualifications as a petroleum engineer are a matter of public record?

A Yes, I have testified previously and my qualifications are a matter of record.

Q In order to expedite the conduct of this hearing, Mr. Eaton, I'm going to ask you to refer to what has been identified as Exhibits 1, 2 and 3. What are those exhibits?

A Exhibits 1, 2 and 3 are plats of a portion of the Basin Dakota gas pool in San Juan County, New Mexico, showing the area surrounding each of the units which are the subject of these four pooling applications. It particularly shows that area in Township 30 North, Range 13 West, showing the proposed Farnsworth Gas Unit B. Exhibit 2 shows that area in Township 29 North, Range 10 West, showing the area around Sanchez Gas Unit B, and I would like to correct that to show that to be Exhibit 3.

Q Exhibit 3 is the area of the Sanchez Unit?

A That's correct, and Exhibit 2 is the area showing the Quine Gas Unit in the vicinity of the eastern limits of the town of Farmington, New Mexico, being shown as Section 31, Township 30 North, Range 12 West.

Q On each of these exhibits you have outlined the proposed unit in red, have you not?

A Yes, I have. Also on each of these exhibits the completed Basin Dakota gas pool wells are colored in brown. The acreage for which we have been unable to obtain voluntary joinder in a pool unit is shown in green on Exhibits 1 and 3.

Q Why didn't you designate the unpooled acreage on Exhibit 2 for the Quine unit?

A The unpooled acreage on Exhibit 2 in the Quine unit consists of town lots in the town of Farmington, and they are too small to show on the scale map. Mr. Galligan has a map

which shows that in more detail.

Q Let me ask general questions with regard to each one of these proposed units. Are all of them surrounded by producing Basin Dakota wells?

A In each case the area around the unit is essentially fully developed in the Basin Dakota Gas Pool.

Q Is there any doubt in your mind as to the productivity of this acreage?

A In my opinion every acre of each unit is productive of gas from the Basin Dakota Gas Pool.

Q Since these units are surrounded by a producing basin is development of these units necessary to protect correlative rights?

A Both to protect correlative rights and to prevent waste.

Q Is there any way, in the absence of forced pooling, that these various interests and these proposed units could be protected?

A I suppose in the case of the Farnsworth Gas Unit B and the Sanchez B, an additional well could be drilled on the unpooled acreage. I am not sure an additional well could be drilled in the unpooled acreage in the Quine.

Q You're not sure there is enough room?

A I don't know if there's enough room for a well locat-

len, with mud pits and so forth.

Q In your opinion, would drilling more than one well in any of these three units be unnecessary?

A It would.

Q In your opinion do you feel that approval of all three well requests by the Commission would prevent waste?

A Yes, sir, by preventing the drilling of an unnecessary well, which would be an economic waste.

Q So not only will the correlative rights of all interested owners be protected, but conservation also would be served?

A That is correct.

Q Would you look now, Mr. Eaton, to what has been identified as Pan American Exhibits 4, 5 and 6.

A Yes. Exhibits 4, 5 and 6 are copies of New Mexico Oil Conservation Commission Form 128, showing acreage to be dedicated to each of the wells to be drilled on these forced pool units, together with the location of the well. Specifically, Exhibit 4 shows the acreage to be dedicated to the Farnsworth B to be the east half of Section 8, Township 30 North, Range 13 West. The well location is shown in the southeast quarter of Section 8. It is an orthodox location and is known to be a drillable drill site. Exhibit 5 is a copy of NEMOCC 128 for the Quine gas unit showing that unit to consist of the south

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half of Section 31, Township 30 North, Range 12 West. The location of the well will be in the southeast quarter of Section 31--it is an orthodox location, known to be a drillable drill site.

Exhibit 6 is a copy of Form C 128 for the Sanchez Gas Unit B, showing the Sanchez Gas Unit B to consist of the north half of Section 28, Township 29 North, Range 10 West. The location of the well to which this acreage will be dedicated is the northeast quarter of Section 28. It is an orthodox location for the Basin Dakota Gas Pool and is known to be a drillable drill site.

Q You said there was no doubt in your mind about the wells that will be drilled on each of these three units being productive of gas in the Basin Dakota Pool?

A That is correct.

Q You are not recommending any risk penalty from the standpoint of productivity?

A Yes.

Q Are you recommending any risk penalty?

A We are recommending 25%, to cover the inherent hazards in drilling any well.

Q Do you have any recommendations to the Examiner with regard to the time limit in which Pan American will furnish well costs?

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A Yes. In the past forced pooling orders have been prepared requiring operators to furnish final well costs within thirty days following completion. This simply is not adequate time for our accounting department to accumulate costs. As a consequence, it has always been necessary to furnish a cost statement at the end of thirty days, and then later on a supplemental cost statement. Therefore it is my recommendation that if the Commission sees fit to grant these orders, they be written with a requirement that cost data be furnished within sixty days following well completion.

Q In view of the physical limitations we have been faced with in the past, do you see how granting of an additional thirty days for supplying this information would work to the adverse interest of anyone?

A I can't see how it could, particularly with regard to gas wells--it is normally a period of in excess of sixty days before a well is connected and put on production.

Q Do you have anything else you'd like to add at this time, to the record of this hearing?

A I don't believe I do.

MR. BUELL: I'd like to call as the next witness Mr. Galligan.

MR. NUTTER: I might want to ask some questions. Mr. Eaton, actually an extension of time in which to file a cost statement simply means that Pan American would be

carrying the cost for an additional thirty days before the people who are included in the unit would have to make their decision as to whether they would pay a lump sum or take it out of production?

A That is essentially correct.

Q Then you would not recommend deviation from past action, where it has been provided that after receipt of the cost statement they have thirty days to make up their minds as to what they want to do?

A No, sir, there is no recommendation to change that. In that regard, as a practical matter it would be satisfactory with Pan American if the operator wanted to pay his share in cash at any time, and avoid this 25% penalty.

Q Now, what is your estimate at this time of the cost of drilling and completing the wells?

A Approximately \$70,000.00 to \$75,000.00, including the installation of surface equipment.

Q For each of the wells?

A Yes.

Q What is your estimate as to the cost of operating the well after the well has been completed?

A The overhead costs, in Pan American's experience in the San Juan Basin area, have been in excess of \$75.00 per month. In addition to that, I estimate the direct operating

cost to be approximately \$50.00 per month per well; making a total of approximately \$125.00 per well per month.

Q This has been Pan American's actual observation in operating Dakota wells in the San Juan Basin?

A Yes, sir.

Q \$75.00 for office expenses and overhead?

A Yes, sir.

Q And the direct costs of well operation are \$50.00 a month?

A That is correct. With regard to overhead costs, of course, within the past year the Pan American has drilled more than 100 wells to the Basin Dakota Gas Pool. With more wells there is a larger denominator by which essentially fixed overhead costs are to be divided, so in the future perhaps there may be some adjustment in overhead rates, but I see no reason to expect that direct costs will decrease in the future.

Q Has Pan American, to your knowledge, been involved in any forced pooling in the San Juan Basin for the Dakota formation, prior to this?

A As an operator who is instigating forced pooling?

Q Either way.

A Yes, we have been, in several Basin Dakota pools where Pan American was the instigator of the forced pooling action. We had one occasion in which we were forced-pooled by another

operator.

MR. BUELL: We were the "force-pooler."

MR. NUTTER: Mr. Eaton, do you have off-hand knowledge as to what well operating costs for the Dakota wells were fixed by the Commission?

A I believe they were fixed at \$75.00 per well per month in each case.

MR. BUELL: That's my recollection too, Mr. Examiner.

WITNESS: I only mention that it is my opinion that that's not enough to cover costs, but in view of the fact that only smaller interests are involved in each case, it's a relatively minor problem.

MR. NUTTER: Do you know what the risk factor was which was fixed by the Commission in those other cases?

A In each case I believe the risk factor was fixed at 125%, saving one in which the risk factor was divided into two parts, totaling 15%, I believe--my memory isn't quite good enough for me to describe just what two parts that risk factor was divided into, but it occurs to me that it was divided into a 10% piece and a 5% piece.

MR. NUTTER: Would Pan American have any objection to the Examiner taking administrative risks from other gas files in this regard?

MR. BUELL: We would recommend that he so do.

MR. NUTTER: I believe that's all I have. Are there any other questions of this witness?

MR. KELLAHIN: In the other cases you referred to, do you know whether or not units that were force pooled were offset on all sides by production or not?

A Mr. Kellahin, it is my recollection that they were essentially offset on all four sides by production. In some cases I am certain they were, and in others I'm not quite sure but what there might have been one side which didn't have a well.

Q In arriving at your operating costs, you said \$75.00 a month. Is that based on company calculation that has been made to determine cost operation of each well in the Basin Dakota Pool?

A Yes, sir.

Q What is included in that figure?

A Operation of our various levels of organization, such as down through and including the principal supervisory personnel of our field operation. The costs attributable to the operation of the well below that level are charged directly to the well and come in as direct costs.

Q That would be the \$50.00?

A Yes.

Q But your \$75.00 figure--you say you are operating in excess of 100 wells in the Basin Dakota?

A Yes, sir.

Q And so your overhead runs 100 times \$75.00 per month, is that correct?

A That is correct. Now, I want to make it perfectly clear that I'm not talking just about the Farmington overhead; I'm talking about company overhead. The allocated portion for a Basin Dakota well must bear to the entire company overhead.

Q Who made the allocation?

A Our accounting department.

Q Do you have a copy of it here?

A No, sir.

Q That's just the figures they give you--\$75.00 a month?

A That is correct. The more recent operating agreements that have been prepared call for \$95.00 a month combined overhead rate.

Q Plus the \$50.00?

A The \$50.00 varies a little bit from month to month, depending on what actual costs are. The \$95.00 is the fixed overhead rate called for in the operating agreements and accounting procedure.

MR. KELLAMIN: That's all I have.

MR. NUTTER: Are there other questions of Mr. Eaton?

... He may be excused.

(The witness thereupon was excused and withdrew from the stand.)

GERALD G. GALLIGAN, having been duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. BUELL:

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

A Gerald G. Galligan, senior landman, Pan American Petroleum Corporation, Farmington, New Mexico.

Q In your capacity with Pan American have you been active in attempting to voluntarily form these three units which are the subject matter of this consolidated hearing here today?

A Yes.

Q First let me direct your attention to our Exhibit 1, which relates to the Farnsworth Unit area. Who owns that 40-acre tract that is not at this time voluntarily in our Farnsworth Unit?

A That is owned by the C. M. Paul Oil Account.

Q Have you made contacts with these people in an effort to get them voluntarily into the unit?

A We have.

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Q Rather than go through the various procedures you have been through, since the last letter you have received from them is so definitive, I will ask if you have received from these people a letter dated November 25, 1964?

A That's right.

Q What does that letter say?

A The letter pointed out that due to Mr. Paul's tax situation and a rather involved lease burden which we have not completely analyzed but which is, I think, self-explanatory, that they do not want to join in the drilling of the well at the present time.

Q He pointed out a 30% outstanding royalty and overrides, and a further burden of a 75% oil payment?

A Right. The economics of that I don't understand

Q Just in the interest of saving time, this letter more or less asks that Pan American do force pooling?

A He says, "The only other alternative I see is for you to force pool us and go ahead and drill your well."

Q We will identify that as Exhibit 7. And that takes care of the only unsigned interest in the Farnsworth B Gas Unit?

A Yes.

Q The next one I want to direct your attention to is the Quins Unit. Do you have a detailed plot with you on that one?

A Yes.

Q Let me have your detailed plan. Do you need to look at this during your testimony, or are you sufficiently familiar with it?

A I think I'm familiar enough with it.

MR. PUELL: Mr. Examiner, this will be Exhibit 8, and is a large scale plat of the area in the vicinity of our Quine Unit, showing in particular detail the small town lots in the town of Farmington. On Exhibit 8, how have you designated these two small town lots that are not now voluntarily in the unit?

A They are outlined in red.

Q Which one of these would you like to discuss first here today?

A The southernmost one, the Keith Davidson tract. That comprises 26/100 of an acre. At the time we initiated the investigation for unleased or other interests other than owned by an American, the Mexican owned some interest in that unit --we determined that there were about 40 unleased tracts in that south half. I was successful in leasing all except the two outlined in red.

Q Would you briefly detail some of the experiences you had in attempting to commit the Keith Davidson tract.

A Keith Davidson had been gone from Farmington for a

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period of about two years. It was extremely difficult to establish contact with him--in fact, I went through several different sources before I was able to even find an address for him. We made approximately fifteen telephone calls in connection with this search. I finally determined that he was employed by a real estate firm in Albuquerque, but before that I had gone to the--knowing he had been in the insurance business and real estate business in Farmington, I checked through the Insurance Commissioner in Santa Fe and he gave me the information that he had renewed his insurance license in May of 1964, and gave me the name of the insurance company in Denver which he purportedly represented. At that time I had not located him in Albuquerque, and I called the insurance company in Denver and they advised me that they had never heard of him, so we came to a dead end on that. Then later on, he had been active in a church group in Farmington, and I had the church secretary check the old records, and they determined that the last correspondence they had was from Albuquerque, but the address they had wasn't effective then. So started eliminating various possibilities, and I finally determined the company he was working for. He would not accept any telephone calls at his place of employment; however, I learned that he made various regular trips to Gallup, New Mexico, and stayed at the El Rancho Hotel in Gallup; so after a couple false

tries I did get him to answer a telephone call from Gallup, and did discuss the lease with him; told him the price we were offering--

Q In that connection, did you offer him the going price in that area?--The price you offered all the other town owners?

A I offered him the same price which was accepted by all the other owners, approximately forty, who were either Farmington residents or lived on the land, and were thoroughly familiar with the going prices and other offers that had been made.

Q What was this price?

A \$50.00 an acre. The best previous offer I had been able to determine was prior to the time we went in the area-- a local broker had attained a price which was larger. The more easily acquired tracts were at perhaps \$25.00 to \$35.00 an acre. I picked up, as I remember, about four or five, and the rest of them had refused to lease at that price, but they all accepted our price of \$50.00 an acre.

Q And you made this offer to Mr. Davidson?

A Yes.

Q And then what happened?

A He called back to some friend in Farmington to verify the price I had offered, in relation to this other owner. Then the next time I talked to him on the phone he said he

would lease, and at that time I pointed out to him that he had a tax delinquency on this, and that at \$50.00 an acre, 26/100 of an acre, we were offering \$13.00 for the lease.

Q What was the amount of the tax lien?

A \$12.92. It's contrary to company policy to lease a tract that is in jeopardy for delinquent taxes, and I told him at the time that if he would send me a tax receipt indicating that these delinquent taxes had been paid, we would go ahead and pay him the agreed price. That apparently was acceptable to him, and I forwarded lease forms for his signature. I forwarded the lease form shortly before I went on vacation late in July, and was fully expecting them to have been paid off at the time I got back. When I got back, however, I found out that no one had heard from him, so I tried to re-establish contact. At that time we reconsidered the restriction of not taking a lease from him with this tax delinquency unsatisfied, simply for the reason that our lease provided that if a tax delinquency exists we have the right to pay it off and to deduct that from State royalties; and in hopes of avoiding a forced pooling hearing on such a small tract, I sent him a telegram advising him that the requirement that he pay the taxes would be waived; that we would take our own chances on him either paying the taxes at a later date, or that he would pay the taxes and recover it from royalties. I then Western Union

advised me that they were unable to deliver this message at an address in Albuquerque which he had given me, very reluctantly, and only on the promise that I not disclose it to anyone.

Q He won't ask what the address was--we'll let you keep your confidence with Mr. Davidson.

A However, later Western Union advised us that the telegram had been delivered. I waited a few days, and there was no response, and I contacted a friend of his in Farmington who had formerly been associated with him in the real estate and insurance business, and he advised me that he had recently had contact with him and that he had gone to Tucson, Arizona with another branch of the same company he was working for in Albuquerque. I attempted to contact him down there but couldn't get him to answer a telephone call at Tucson. A few days after that I talked to the same friend again, and he said he had seen him since our last conversation and that he had been advised that this man was leaving the States and would be gone from six weeks to two months, and I assumed he went to Old Mexico--I don't know that as a fact, but since he was working in Tucson and he was out of the States, I assumed he went to Old Mexico.

Q Do you feel that you made a sincere, dedicated effort to voluntarily bring Mr. Keith Davidson into our unit?

A I feel that a reasonable effort has been made.

Q I don't think you'll ever get any pay on all those

phone calls.

A It left me with a sense of frustration.

Q Let's go to the other small tract now, which was not voluntarily committed. What tract was that?

A It is shown on the map in the name of Lornie Haggis.

Q Would you relate some of your experiences in attempting to get Mr. Haggis to voluntarily join the unit.

A Mr. Haggis is a dirt contractor who lives at Oyena, New Mexico, north of Cuba, New Mexico. His father lives in Farmington. I was able to contact him initially at his father's house. We discussed the lease and its provisions and terms, and the price, and he seemed willing, at least at that time, and asked me to prepare the lease forms and he would take them back to his home and have his wife sign them, and he advised me that he would be back in Farmington in a week or ten days and would then deliver the lease personally. Some time went by--I was busy, and not following this from day to day, and a considerable length of time went by and then I called his father and asked if he had returned to Farmington. He said yes, he had, but he had forgotten to bring the lease. So he has a telephone--and I think he has the only telephone in Oyena--and I called him and talked to him, and he said his plans had been changed--he wouldn't be able to come to Farmington within a reasonable time, but he would send the forms

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over by his brother. Again I waited quite a little time and neither Lonnie nor his brother showed up, and I called again and he said that he had sent it to Farmington by his brother but that his brother wound up in Albuquerque. So I said, "Well, if you can get the lease now, call it to me, and let's cut out the middle man, and I'll mail you a check for the lease." So again a length of time passed, and I called again and the same thing happened...the upshot was that he supposedly tried to get the lease to me on three different occasions and twice it wound up in Albuquerque and once in Gallup, and I never did see the lease. The last time I called him he began to hedge on the price. This was the first indication he had given that he had any objection or was even considering an objection to the price we offered.

Q You had offered him the same price you offered for all the town lots?

A That's right--every person I contacted at the time who made an offer. That was the last conversation I had with him he said, "Well, I don't know what you are going to do about it," so it was too long a time to go back to him and ask a question, and I wrote him a letter to tell him that we had approximately forty people had accepted the same price as this man and that we felt that the government should be getting it. I never saw him or his brother until about a month later. I never saw him or his brother until about a month later.

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he didn't elect to accept the lease offer he had the privilege of joining the unit, committing his interest as a working interest commitment. Because the hearing was approaching, at that time I set a time limit to hear from him on December 8th, and I have had no response either by telephone or by him sending the lease, or by offering any objection to the alternative of forced pooling. I simply have heard nothing more, and I think we can assume that he is refusing the offer.

Q Do you feel you made a diligent effort to do all that was humanly possible to voluntarily commit him to the unit?

A I think so.

Q Let's go to the third unit, the Sanchez unit. Like in our Farnsworth unit, there is a forty-acre tract at this time not committed to our Sanchez unit. I direct your attention to our Exhibit 1. In that forty-acre tract is the northeast quarter quarter of the north half of that section--

A Northeast of the north half.

Q Northeast of Section 28.

A Yes.

Q I believe the owner of that tract is San particular tract not voluntarily in the unit and was accepted. William stated he is not present.

Right--large group, and we are going to have a group, to save time.

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Q Did you make an effort to voluntarily get them in the unit?

A Yes, they have been approached with the request that they voluntarily join the unit.

Q Is it your understanding that this Yager group owns several small tracts in the San Juan Basin area and Colorado?

A That is true.

Q Is it your further understanding that, as to each one, they have never voluntarily joined a unit?

A That's right.

MR. SWELL. To expedite this portion of our testimony, Mr. Examiner, let me simply offer letters from each of the people that constitute the Yager group, refusing to join the unit. Do you have a copy of those letters, Mr. Kellahin?

MR. KELLAHIN. No, I'd like to see them. Do you have an extra copy I can look at?

MR. SWELL. I will come back to the exhibits, Mr. Examiner.

MR. SWELL. Now, if I then call to Exhibit 9 and 10, Mr. Kellahin, will you please come to the stand and Mr. Kellahin's copy?

MR. KELLAHIN. Yes, Mr. Swell. These letters will be identified as belonging to the Yager group. Mr. Swell's order will be Exhibit 9.

MR. NUTTER: Do you have anything else you would care to offer at this time, Mr. Calligan?

MR. CALLIGAN: No, nothing further.

MR. SUELL: Mr. Examiner, that concludes the direct testimony, and I would like to formally offer Pan American Exhibits 1 through 10, inclusive.

MR. NUTTER: Pan American Exhibits 1 through 10, inclusive, are admitted into evidence. Are there any questions of Mr. Calligan?

CROSS-EXAMINATION

BY MR. KELLAMIN:

Q The letters introduced from Saul Yager and Sam Mizel which you say refused to go along with the drilling of the well--

A Yes.

Q Did you offer to buy the lease from them?

A In this case, no, because past experience which we have had in other instances where they have been involved in forced pooling hearings--we have attempted to purchase leases from them and they have refused to sell.

Q You didn't make the offer at this time.

A I believe not, in this case.

MR. KELLAMIN: Thank you.

WITNESS CALL COMPLETED

BY MR. NUTTER:

Q Let me ask--Pan American will be happy to take a lease from them, wouldn't they?

A We would be very glad to.

MR. BUELL: Are you offering at this time to lease to Pan American?

MR. KELLAHIN: Certainly not--it's a little late to be offering to buy the lease when you haven't made an offer heretofore.

MR. NUTTER: Mr. Galligan, I note that Pan American's application in Case Number 3173 lists the interested parties as being Mr. Anthony F. Marlingo, Attorney at Law, Majestic Building, Denver, and Mr. Keith Davidson, Paradise International.

A The Marlingo interest wasn't discussed here--they have voluntarily agreed to join.

Q At the time of the application they had not

A Not at that time, but they have agreed to join.

Q Is this address for Keith Davidson a fairly recent address? He sent a copy of this document to him at that address.

A That's the only one I can give you without violating his confidence, as far as he is concerned. This is his business address--he asked that I not disclose his residence address.

Q Has it been possible for you to refer to him at his business address to be forwarded?

A Yes, we sent alternate lease forms at the time he was headquartering in Gallup for two days out of each week; just in case the lease forms missed him at Gallup we sent a duplicate to his address in Albuquerque, and they were not returned.

Q The 3174 application has attached to it a list of interested parties, being the Yager group of five persons and Tennaco Oil Company. What is the status of Tennaco at this time?

MR. EATON: Tennaco voluntarily joined the unit. At the time of the application I believe they had already joined, and they were listed simply to be a complete listing of the known owners.

MR. MUTTER: In Case Number 3170--let me get back to the Guine Unit, Number 3173. That application for the interested parties mentioned Mr. Farlingo, who has since pooled his acreage, and Mr. Davidson; however, no mention was made of the Harris people.

MR. HINDS: At that time Mr. Haggis had not been put in the question of increased bonus. At that time we were assuming that his lease would come in.

MR. MUTTER: So in effect the commission wasn't notified of the increase prior to this pooling case.

MR. HINDS: That is true.

MR. NUTTER: And no docket was mailed to him.

MR. GALLIGAN: No, because we only learned of his objection to going ahead with the lease--he had no objection previously, until just a few days before, when we were preparing the exhibits for this hearing.

MR. NUTTER: Mr. Buell, would Pan American have any objection to not taking this case under advisement at this time, and reopening the case at a future hearing, after Mr. Haggis has been notified of the forced pooling?

MR. BUELL: I would recommend that the Commission keep the case open, re-advertise it and send him a copy of the docket, and in the event no one shows up, to just adopt the record of this hearing.

MR. NUTTER: And this record would be incorporated?

MR. BUELL: I would recommend that, sir.

MR. NUTTER: And Case Number 3170 application had attached to it a list of interested parties. The C. H. Paul attention was explained. Southern Union was also listed.

MR. NUTTER: Southern Union Production has voluntarily joined the Harnsworth lawsuit. They were simply listed, again, as a complete address list of the known owners.

MR. NUTTER: If no one has any further questions of Mr. Paul, we may go on.

(The witness Thompson withdrew from the stand.)

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MR. BURNER: Do you have anything further in these three cases, Mr. Buell?

MR. BUELL: No, Mr. Examiner, that concludes our presentation.

MR. EXAMINER: May I make a final statement, if the Examiner please. The application asks for a risk factor of 25%. I feel that the Commission should consider the fact that the Sanchez Unit is surrounded by production, and the witness has testified that in his opinion there is no risk involved in drilling for a producing well, other than the inherent risks involved in drilling any well; and in that connection, I don't believe the Commission has ever granted in excess of 125% under any conditions; and I think these factors should be considered by the Commission in assigning a risk factor. In addition, there have been statements made as to the cost of operation. The testimony is based on information supplied by an accountant who is not present, based on information that is not available under this condition, and we don't feel that it can properly be considered by the Commission as a basis for granting any thing in excess of that amount, and which has been requested in the case in question. In other words, the cost of operation, cost of drilling, cost of work would be in excess of anything suggested by the evidence in this case, in our opinion. The Yager case is the other

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of the 3/8 mineral interest in the forty acres involved in the forced pooling in Case Number 3174, and in accordance with the statute and rules of the Commission, the forced pooling would affect only the 7/8 interest; but we feel that that should be pointed out.

MR. BUELL: Let me make one statement in response to Mr. Kellahin. It is our opinion that a 25% penalty is not burdensome or exorbitant for inherent risks. With regard to particular overhead as to which you asked Mr. Eaton, he had to tell you they were in excess of \$75.00 per well--that's just a fact that exists.

MR. NUTTER: Is there anything further? If not, we will take Cases Number 3170 and 3174 under advisement, and continue Case Number 3173 to the Examiner hearing at this same place on January 6, 1964, at which it will be reopened.

STATE OF NEW MEXICO

COUNTY OF BERNALILLO

I, ANTHONY K. RALA, Notary Public and Court Reporter, do certify that the foregoing transcript in Cases Number 3170, 3173 and 3174 was made by me and is a true and accurate record of proceedings to the best of my knowledge, skill and ability.

Witness my hand and seal of office this 29th day of

December. I do hereby certify that the foregoing is a correct and true transcript of the proceedings in Cases Number 3170, 3173 and 3174. My commission expires May 29, 1964. Notary Public and Court Reporter

Examiner
New Mexico Oil Conservation Commission

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

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

P. O. BOX 2088
SANTA FE

January 20, 1965

Mr. Ross Malone
Atwood & Malone
Post Office Box 700
Roswell, New Mexico

Re: Case No. 3173
Order No. R-2859
Applicant:

PAN AMERICAN PETROLEUM CORP.

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.
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

MEMORANDUM FOR CASE FILE NO. 3173

(Statement by Mr. Guy Buell to Mr. J. M. Durrett by telephone on January 4, 1965)

Case 3173 continued to January 6, 1965.

Lonnie Jacquez lives near Cuba. Name was not submitted to Oil Conservation Commission as he had agreed to execute lease. Pan Am did not have lease at time of hearing. Landman has contacted Jacquez and he says he mailed lease to Pan American several days ago. Mr. Buell wants record of prior hearing incorporated into record on January 6, 1965 and case taken under advisement if no objection. Buell requested that I make motion to save them trip. Buell will forward motion by telegram.

/s Mr. J. M. Durrett

January 6, 1965 Examiner Hearing

CASE 2935: (Reopened)

In the matter of Case No. 2935 being reopened pursuant to the provisions of Order No. R-2612, which order established temporary 160-acre spacing for the South Waterflow Oil Pool, San Juan County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on either 80-acre or 40-acre spacing.

CASE 3158: (Continued from the November 24th examiner hearing).

Application of The Pure Oil Company for the creation of a new gas pool and for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Wolfcamp gas pool for its Red Hills Unit Well No. 1 located 330 feet from the South line and 2310 feet from the East line of Section 32, Township 25 South, Range 33 East, Lea County, New Mexico, and the promulgation of special pool rules including a provision for 640-acre spacing.

CASE 3159: (Continued from the November 24th examiner hearing).

Application of The Pure Oil Company for the creation of a new gas pool and for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Pennsylvanian gas pool for its Red Hills Unit Well No. 1, located 330 feet from the South line and 2310 feet from the East line of Section 32, Township 25 South, Range 33 East, Lea County, New Mexico, and the promulgation of special pool rules including a provision for 640-acre spacing.

CASE 3173: (Continued from the December 15th examiner hearing).

Application of Pan American Petroleum Corporation for force-pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Basin Dakota Pool underlying the S/2 of Section 31, Township 30 North, Range 12 West, San Juan County, New Mexico.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 6, 1965

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, Alternate Examiner:

- CASE 3187: Application of Tom L. Ingram for the creation of a new oil pool and for special pool rules, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Devonian production for his State Well No. 1 located in Unit C of Section 32, Township 8 South, Range 38 East, Roosevelt County, New Mexico, and the promulgation of special rules for said pool, including a provision for 80-acre spacing.
- CASE 3188: Application of Maleta Y. Brimhall and Barbara Burnham for force-pooling, San Juan County, New Mexico. Applicants, in the above-styled cause, seek an order force-pooling all mineral interests in the Basin Dakota Pool underlying the W/2 of Section 7, Township 30 North, Range 11 West, San Juan County, New Mexico.
- CASE 3189: Application of Continental Oil Company for a dual completion, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Jicarilla Apache 30 Well No. 2 located in Unit C of Section 28, Township 25 North, Range 4 West, Rio Arriba County, New Mexico, in such a manner as to produce gas from the Chacra formation and oil from the Gallup formation through the casing-tubing annulus and tubing, respectively.
- CASE 3190: Application of Continental Oil Company for a triple completion, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of the triple completion (combination) of its Northeast Haynes Apache Well No. 1 located in Unit K of Section 9, Township 24 North, Range 5 West, Rio Arriba County, New Mexico, to produce gas from the Ballard-Pictured Cliffs Pool through 2 7/8-inch casing, and oil from the Otero-Gallup Pool and gas from the Basin-Dakota Pool through tubing installed in two separate 4 1/2-inch casing strings, all casing strings being cemented in a common wellbore.
- CASE 2715: (Reopened)
In the matter of Case No. 2715 being reopened pursuant to the provisions of Order No. R-2401, which order established temporary 320-acre gas proration units for the Custer-Ellenburger Pool, Lea County, New Mexico, for a period of two years. The Commission will consider indefinite extension of Order No. R-2401 in the absence of evidence to the contrary.
- CASE 2720: (Reopened)
In the matter of Case No. 2720 being reopened pursuant to the provisions of Order No. R-2397-A which continued the original order for an additional year, establishing special rules governing the production of oil and gas wells in the Double-X Delaware Pool, Lea County, New Mexico, including classification of wells as gas wells when the gas-liquid hydrocarbon ratio exceeds 30,000 to one.

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 (4-00)

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination

CONDITIONS IN AREA OF JACQUEZ'S RESIDENCE NEAR CUBA HAD PRECLUDED A PERSONAL CALL ON JACQUEZ. JACQUEZ HAS ADVISED BY PHONE, HOWEVER, THAT HE HAS MAILED HIS EXECUTED LEASE TO PAN AMERICAN. IN VIEW OF THESE CIRCUMSTANCES, RECOMMEND THAT THE RECORD IN CASE 3173 MADE DEC. 15, 1964, BE INCORPORATED BY REFERENCE INTO THE CONTINUED DOCKET OF 1-6-65 AND THE CASE BE TAKEN UNDER ADVISEMENT=

W V GRISHAM PAN AMERICAN PETROLEUM CORPN=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

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D FWB033 PD=FAX FORT WORTH TEX 5 908A CST=

A C PORTER JR, NMOCC=

LAND COMMISSION BLDG SANTA FE NMEX=

CASE 3173, PAN AMERICAN PETROLEUM CORPORATION'S REQUEST TO FORCE POOL ALL MINERAL INTERESTS IN THE BASIN-DAKOTA POOL UNDERLYING THE S/2 OF SECTION 31, T-30-N, R-12-W, SAN JUAN COUNTY, NEW MEXICO, WAS HEARD BEFORE EXAMINER NUTTER ON 12-15-64 THEN CONTINUED TO THE 1-6-65 EXAMINER DOCKET. CONTINUANCE WAS GRANTED BECAUSE LONNIE JACQUEZ WHO OWNS A SMALL TOWN LOT WITHIN THIS UNIT DID NOT RECEIVE A NOTICE OF THE 12-15-64 HEARING. BY TELECON 1-4-65 GUY BUELL ADVISED JAMES DURRETT THAT ROAD

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE