

PAN AMERICAN PETROLEUM CORPORATION

P. O. Box 480, Farmington, New Mexico
September 11, 1964

File: N-601-986.510.1

Subject: Application of Pan American
Petroleum Corporation to Commingle
Production From Navajo Tribal "N",
"P" and "U" Leases, Tocito Dome
Pennsylvanian "D" Field
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 pursuant to Rule 309-B for Administrative Approval to commingle production from its oil wells on its Navajo Tribal "N", "P" and "U" Leases in the Tocito Dome Pennsylvanian "D" Pool, San Juan County, New Mexico. In connection with this Application applicant states the following:

1. All production to be commingled is from the same common source of supply.
2. Adequate facilities will be provided for accurately determining production from each well at reasonable intervals.
3. The Navajo Tribal "N", "P" and "U" Leases all have the same royalty rate, there are no overrides, and Pan American is the only working interest owner.
4. The attached copy of a letter from Rock Island Oil and Refining Company, Inc., dated August 24, 1964, grants the approval of the purchaser of this production to the commingling facility.
5. The attached copy of a letter, dated September 9, 1964, from the U. S. Geological Survey as the representative of the royalty owners approves the commingling facility.

Attached is a map of the Tocito Dome Pennsylvanian "D" Pool area, showing the location of Pan American's Navajo Tribal "N", "P" and "U" Leases. Navajo Tribal "N" No. 2 well and Navajo Tribal "U" No. 1 are completed and

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producing oil wells from the Tocito Dome Pennsylvanian "D" Pool, each one being capable of more than top allowable production. Navajo Tribal "U" No. 2 and Navajo Tribal "N" No. 3 are active drilling wells projected to and expected to be successfully completed in the Tocito Dome Pennsylvanian "D" Pool. There is, at present, no production from the Navajo Tribal "P" Lease but it is believed that this lease will prove to be productive of oil and ask that it be included as a part of the commingling facility.

Also attached is a sketch showing the layout of the central tank battery and commingling facility which will be installed. In this sketch production from each oil well enters the facility through an individual flow-line and into the manifold valves "C". From this point production passes into high pressure separator "B" from which the high pressure gas goes directly into the sales line and the oil goes to the low pressure separator "D". From the low pressure separator "D" the oil goes to the stock tank. The low pressure gas goes to compressor "G" and then to the sales line.

Individual wells may be tested by diverting the flow from a particular well through high pressure separator "E" and low pressure metering separator "F".

This commingling facility will be constructed, maintained, and operated at all times in accordance with the Commission's "Manual for the Installation and Operation of Commingling Facilities."

We would appreciate your early consideration and approval of our proposed commingling facility so that the equipment may be obtained and installed at an early date.

At the present time, temporary storage facilities are being used on the Navajo Tribal "U" Lease and we would like to lay and bury permanent flow-lines prior to the onset of inclement weather.

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION



T. M. Curtis
District Superintendent

GWE:en
Attach.

cc: Mr. E. C. Arnold
New Mexico Oil Conservation Commission
Aztec, New Mexico



IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

P. O. Drawer 1857
Roswell, New Mexico

September 9, 1964

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

Attention: Mr. T. M. Curtis

Gentlemen:

Your letter of August 18, with attachments, addressed to Mr. P. T. McGrath requests approval for the commingling of production from your Navajo tribal "P", "U", and "N" leases in the Tocito Dome Pennsylvanian "D" pool on Navajo tribal leases 14-20-603-5033, -5034, and -5035.

According to the system, as outlined in your letter, with additional information furnished by letter of August 26, a metering separator will be installed in parallel with the regular production separators to allow periodic individual well tests. The low pressure separator gas will be compressed to deliver into a sales line.

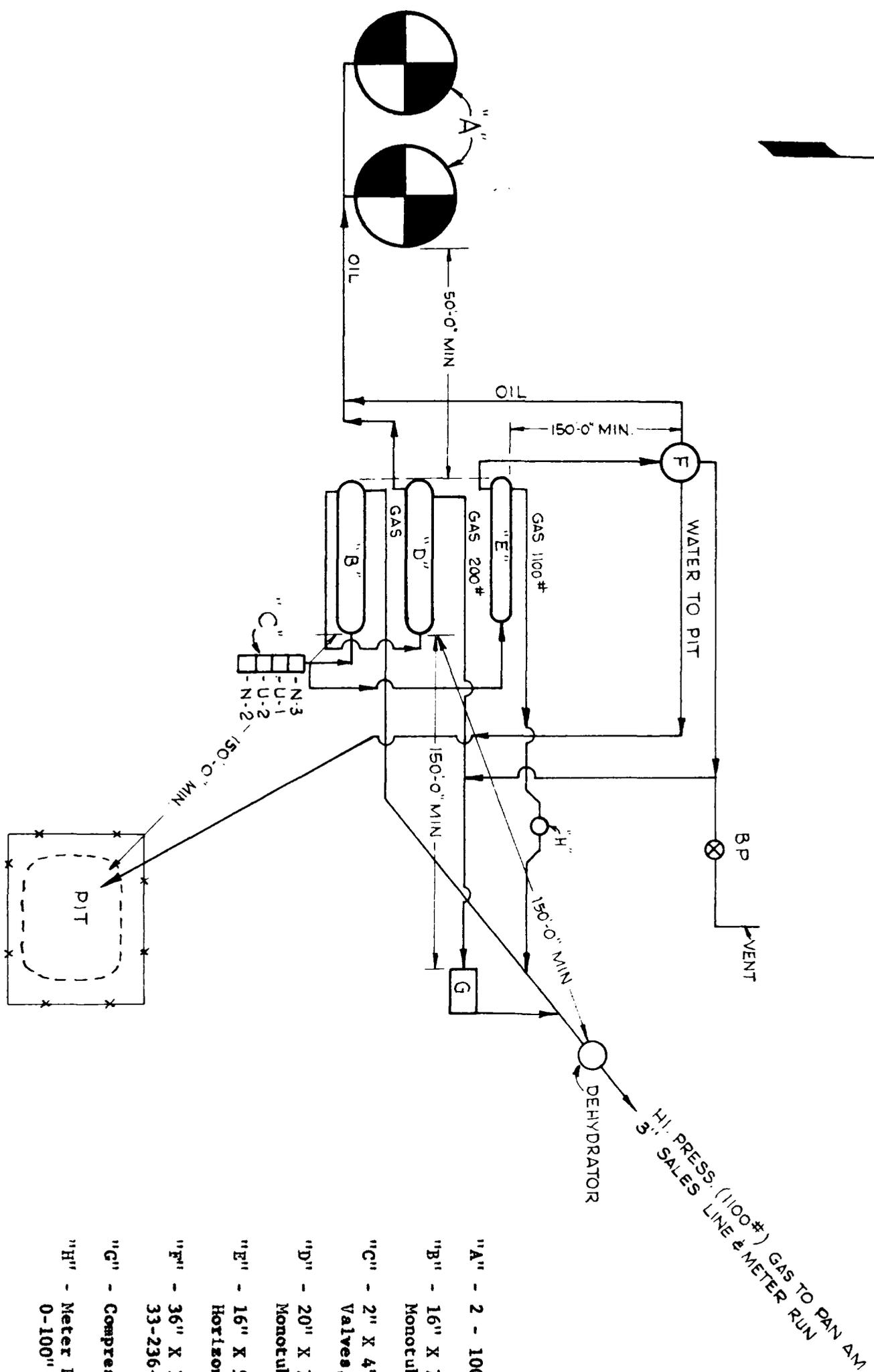
The method you propose for the commingling of production from leases 14-20-603-5033, -5034, and -5035 is satisfactory to this office. For royalty purposes the volume of oil delivered to the stock tanks and gas delivered to a sales line should be prorated back to the leases based upon a test split. Form 9-361, Lessee's Monthly Report of Sales and Royalty, must show all computations used in the calculation of the oil and gas volume for each lease. Any change in this system must receive prior approval from this office.

You are requested to notify our Farmington office when the installation is completed so that a field inspection of the system can be made. Also, please notify this office when production from your Navajo tribal "P" lease is introduced into the system.

Sincerely yours,



JOHN A. ANDERSON
Regional Oil and Gas Supervisor



- "A" - 2 - 1000-bbl. TP-BS Lease Tanks - Installed
- "B" - 16" X 7'6" National Tank Co. 1200# W.P. Horizontal Monotube 3-phase separator w/oil section blanked off.
- "C" - 2" X 4" National Tank Co. Model 670V-221-3 Maniflo Valves, 1500# W.P. 3000# test.
- "D" - 20" X 7 1/2" National Tank Co. 230# W.P. Horizontal Monotube Model 3MG0-220-7 1/2 separator.
- "E" - 16" X 5' National Tank Co. 1200# W.P. Model 3MG0-1216-5 Horizontal Monotube Test Separator
- "F" - 36" X 12'6" National Tank Co. 230# W.P. Model TVMS-2B-33-236-12.5 Metering Separator.
- "G" - Compressor - Compress gas from 200 PSI to 1100 PSI
- "H" - Meter Run w/ASA - 600-lb. Orifice fitting & Barton 0-100" 0-1500# Meter.

PAN AMERICAN
PETROLEUM CORPORATION

FLOW DIAGRAM & GENERAL LAYOUT
CENTRAL TANK BATTERY FOR
NAVAJO TRIBAL N.P.&U LEASES
TOCITO DOME PENN "D" FIELD

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