

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

January 26, 1970

Pan American Petroleum Corporation
Post Office Box 68
Hobbs, New Mexico 88240

Attention: Mr. V. E. Staley

Administrative Order PC-394

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Gentlemen:

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Reference is made to your application dated January 2, 1970, for administrative approval of an exception to Rule 303-A of the Commission Rules and Regulations to permit the commingling of Drinkard and Paddock production on your Grizzell "B" Lease comprising the S/2 NE/4 of Section 8, Township 22 South, Range 37 East, Lea County, New Mexico, allocating the production on the basis of periodic well tests. It is our understanding that the production from both pools on said lease is of marginal nature.

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By the authority vested in me under the provisions of Rule 303-B of the Commission Rules and Regulations, Pan American Petroleum Corporation is hereby authorized to commingle the production from the aforesaid pools on said lease in the above-described manner, provided however, that the installation shall be operated in accordance with the provisions of the Commission "Manual for the Installation and Operation of Commingling Facilities," and provided further, that you shall notify the Commission at such time as any well in either of the aforesaid pools is capable of top allowable production.

It is the responsibility of the producer to notify the transporter of the aforesaid commingling authority.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/DSN/esr

cc: Oil Conservation Commission - Hobbs
Oil & Gas Engineering Committee - Hobbs