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plication, Transcript,
all Exhibits, Etc.

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER

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

P. O. BOX 871
SANTA FE

August 29, 1961

Mr. Guy Buell
Pan American Petroleum Corporation
P. O. Box 1410
Fort Worth, Texas

Re: Case No. 2347
Order No. R-2050
Applicant:
Pan American

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A handwritten signature in cursive script, reading "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 Atwood & Malone - Roswell, N. M.

A handwritten signature in cursive script, possibly reading "W. L. ...".

**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. 2347
Order No. R-2050**

**APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR TWO NON-STANDARD OIL
PRODUCTION UNITS, 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 August 9, 1961, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 29th day of August, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, 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, is the owner of 165.12 acres consisting of that portion of the E/2 of Section 14, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico, lying south of the mid-channel of the San Juan River.

(3) That the applicant seeks the establishment of two non-standard oil production units in the Totah-Gallup Oil Pool, one unit consisting of the East 82.56 acres and one unit consisting of the West 82.56 acres of the above-described tract. The East and West 82.56-acre units are to be dedicated to applicant's Navajo Tribal "H" Well No. 11, located 2090 feet from the North line and 1840 feet from the East line of said Section 14 and to applicant's Navajo Tribal "H" Well No. 12, located 1830 feet from the North line and 810 feet from the West line of said Section 14, respectively.

(4) That the entire 165.12-acre tract is presumed to be productive of oil from the Totah-Gallup Oil Pool.

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CASE No. 2347
Order No. R-2050

(5) That approval of the subject application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That two non-standard oil proration units in the Totah-Gallup Oil Pool are hereby established, one unit consisting of the East 82.56 acres and one unit consisting of the West 82.56 acres of that portion of the E/2 of Section 14, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico, lying south of the mid-channel of the San Juan River. The East and West 82.56-acre units are to be dedicated to applicant's Navajo Tribal "H" Well No. 11, located 2090 feet from the North line and 1840 feet from the East line of said Section 14 and to applicant's Navajo Tribal "H" Well No. 12, located 1830 feet from the North line and 810 feet from the West line of said Section 14, respectively.

(2) That the allowable which will be assigned to each proration unit shall bear the same ratio to a standard allowable in the Totah-Gallup Oil Pool as 82.56 bears to 80.

(3) That in the event an official survey changes the amount of acreage in the subject tract now comprising 165.12 acres, the acreage to be allocated to each unit for allowable purposes shall be one-half of the acreage in the tract according to the change.

(4) 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



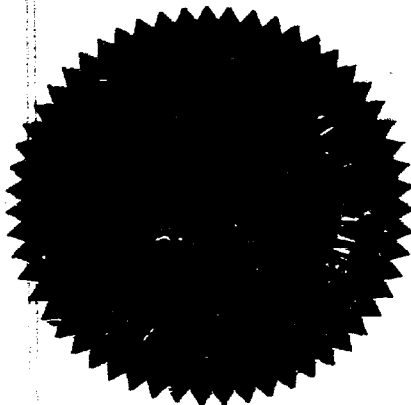
EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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



esr/

No. 22-61

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 9, 1961

9:00 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 2345: Application of Continental Oil Company for the establishment of Special Rules and Regulations for the Rattlesnake-Pennsylvanian Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of special Rules and Regulations for the Rattlesnake-Pennsylvanian Pool in San Juan County, New Mexico, including a provision establishing 80-acre proration units for said pool.
- CASE 2346: Application of Pan American Petroleum Corporation for an order pooling all mineral interests in the Basin-Dakota Gas Pool in the S/2 of Section 24, Township 29 North, Range 12 West, San Juan County, New Mexico.
- CASE 2347: Application of Pan American Petroleum Corporation for two non-standard oil proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of two non-standard oil proration units in the Totah-Gallup Oil Pool, San Juan County, New Mexico, one unit consisting of the East 82.56 acres and one unit consisting of the West 82.56 acres of that portion of the N/2 of Section 14, Township 29 North, Range 14 West, lying South of the mid-channel of the San Juan River, to be dedicated to applicant's Navajo Tribal "H" Well No. 11, located 2090' from the North line and 1840' from the East line of said Section 14, and to applicant's Navajo Tribal "H" Well No. 12, located 1830' from the North line and 810' from the West line of said Section 14, respectively.
- CASE 2348: Application of The British-American Oil Producing Company for an amendment of Order No. R-1638. Applicant, in the above-styled cause, seeks an amendment of Order No. R-1638, which order established special rules and regulations for the operation of the West Bisti Pressure Maintenance Project, in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico, to grant top unit allowables to injection wells in said pressure maintenance project.

- CASE 2349: Application of Socony Mobil Oil Co., Inc. for an exception to Rule 303 (a), Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 303 (a) to permit commingling of the production from the Blinebry Gas, Tubb Gas, Brunson, Drinkard, Hare, Wantz Abo, Paddock, Penrose-Skelly, McCormick and undesignated San Andres Pools on its E. O. Carson lease in Township 21 South, Range 37 East, Lea County, New Mexico. Applicant proposes to allocate production on the basis of quarterly well tests and to meter top allowable wells.
- CASE 2350: Application of Socony Mobil Oil Co., Inc. for an exception to Rule 303 (a), Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 303 (a) to permit commingling of the production from the Terry-Blinebry and Wantz Abo Pools, and from other zones which may become productive on its Stephens Estate lease, comprising the SW/4 of Section 24, Township 21 South, Range 37 East, Lea County, New Mexico. Applicant proposes to allocate production on the basis of quarterly well tests and to meter top allowable wells.
- CASE 2351: Application of Socony Mobil Oil Co., Inc. for an exception to Rule 303 (a), Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 303 (a) to permit commingling of the production from the Blinebry Gas, Tubb Gas and Drinkard Pools on its S. E. Long lease comprising the SE/4 of Section 11, Township 22 South, Range 37 East, Lea County, New Mexico. Applicant proposes to allocate production on the basis of quarterly well tests.
- CASE 2352: Application of Socony Mobil Oil Co., Inc. for an exception to Rule 303 (a), Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 303 (a) to permit commingling of the production from the Blinebry Gas, Tubb Gas, Drinkard, Paddock and Penrose-Skelly Pools on its Cordelia-Hardy lease, comprising the NW/4 of Section 29, Township 21 South, Range 37 East, Lea County, New Mexico. Applicant proposes to allocate production on the basis of quarterly well tests and to meter top allowable wells.
- CASE-2353: Application of Socony Mobil Oil Co., Inc. for an exception to Rule 303 (a), Lea County, New Mexico. Applicant, in the

CASE 2353: (Cont.)

above-styled cause, seeks an exception to Rule 303 (a) to permit commingling of the production from the Blinebry Gas, Tubb Gas, Brunson, Drinkard, Penrose-Skelly and Paddock Pools on its Brunson-Argo lease, comprising the NE/4 of Section 9 and the NW/4 of Section 10, all in Township 22 South, Range 37 East, Lea County, New Mexico. Applicant proposes to allocate production on the basis of quarterly well tests and to meter top allowable wells.

CASE 2354:

Application of Socony Mobil Oil Co., Inc. for permission to dispose of produced formation water, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to dispose of produced formation water into the Pennsylvanian Bough "C" formation through its Santa Fe "B" Well No. 1, located in the SW/4 of Section 28, and through its Santa Fe "E" Well No. 1, located in the NE/4 of Section 29, all in Township 9 South, Range 36 East, Lea County, New Mexico.

CASE 2355:

Application of H. L. Brown, Jr. and Clem E. George for establishment of special rules and regulations in the Bluit-Wolfcamp Gas Pool, Roosevelt County, New Mexico. Applicants, in the above-styled cause, seek the establishment of special rules and regulations in the Bluit-Wolfcamp Gas Pool, Roosevelt County, New Mexico, including a provision for 320-acre units in said pool.

PAN AMERICAN PETROLEUM CORPORATION

P. O. Box 480, Farmington, New Mexico
June 30, 1961

File: N-212-986.510.1

Subject: Application for Hearing to
Consider Two Non-Standard Oil
Proration Units
Totah Gallup Pool
San Juan County, New Mexico

*Case 2347
for hearing*

Mr. A. L. Porter, Jr. (3)
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Sir:

Pan American Petroleum Corporation hereby makes application for a hearing to consider the establishment of two non-standard oil proration units in the Totah Gallup Pool, San Juan County, New Mexico. Both of the non-standard proration units are located in that portion of the N/2 of Section 14, T-29-N, R-14-W, lying south of the mid-channel of the San Juan River, which is the boundary of Pan American's Navajo Tribal "H" Lease. The non-standard proration units are described as follows:

The east 82.56 acres of the Navajo Tribal "H" Lease lying in the N/2 of Section 14, T-29-N, R-14-W, which will be dedicated to Pan American's Navajo Tribal "H" No. 11, at a location 2090' from the north line and 1840' from the east line, Section 14, T-29-N, R-14-W.

The west 82.56 acres of the Navajo Tribal "H" Lease lying in the N/2 of Section 14, T-29-N, R-14-W, which will be dedicated to Pan American's Navajo Tribal "H" No. 12, at a location 1830' from the north line and 810' from the west line, Section 14, T-29-N, R-14-W.

It is respectfully requested that these matters be set for hearing at the next Examiner's Hearing of the Commission.

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION

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

W. J. Curtis
GWE:ep
7/28/61

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 8/11/61

CASE 2347

Hearing Date 9 am 8/11/61
DSN @ SF

My recommendations for an order in the above numbered cases are as follows:

Enter an order approving the two non-standard oil proration units in the Tatala Gallup Oil Pool, S. J. Co., N. Mex., as requested by applicant herein.

Approve one unit being the east 82.56 acres of the N/2 of Sec 14, T29N, R14W lying South of the mid-channel of the San Juan River, to be dedicated to applicants Navajo Tribal "H" Well No. 11 to be drilled 2090' FNL + 1840' F EL of said Section 14.

Approve the other unit to be the west 82.56 acres of the N/2 of Sec 14, T29N, R14W lying South of the mid channel of the San Juan River, to be dedicated to applicants Navajo Tribal "H" Well No 12 to be drilled 1830' FNL + 810' F WL of said Sec. 14.

Provide these units will receive an allowable proportionate to their size over 80 acres and that the allowable may be amended when an official survey should change the acreage included within the units.

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
AUGUST 9, 1961

EXAMINER HEARING

IN THE MATTER OF:
CASE 2347

TRANSCRIPT OF HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
AUGUST 9, 1961

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

IN THE MATTER OF: -----

Application of Pan American Petroleum Corporation for two non-standard oil proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of two non-standard oil proration units in the Totah-Gallup Oil Pool, San Juan County, New Mexico, one unit consisting of the East 82.56 acres and one unit consisting of the West 82.56 acres of that portion of the N/2 of Section 14, Township 29 North, Range 14 West, lying South of the mid-channel of the San Juan River, to be dedicated to applicant's Navajo Tribal "H" Well No. 11, located 2090' from the North line and 1840' from the East line of said Section 14, and to applicant's Navajo Tribal "H" Well No. 12, located 1830' from the North line and 810' from the West line of said Section 14, respectively.

Case 2347

BEFORE:

Daniel S. Nutter, Examiner

EXAMINER HEARING

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

The next case on the docket will be No. 2347.

MR. MORRIS: Application of Pan American Petroleum Corporation for two non-standard oil proration units.

MR. BUELL: May it please the Examiner, for Pan American Petroleum Corporation, Guy Buell. Associated with me is Mr.



Charles Malone of the Firm of Atwood & Malone of Roswell, New Mexico. We have one witness: Mr. Eaton.

MR. MORRIS: Let the record show that Mr. Eaton, who testified in the previous case, was sworn.

GEORGE W. EATON, JR.,
recalled as a witness herein, having been previously duly sworn on oath, was examined and testified further as follows:

DIRECT EXAMINATION

BY MR. BUELL:

Q Mr. Eaton, will you state your complete name, by whom you are employed, in what capacity, and at what location, please, sir.

A George W. Eaton, Jr.; Senior Petroleum Engineer for Pan American Petroleum Corporation in Farmington, New Mexico.

Q Mr. Eaton, you have testified at prior Commission Hearings, and your qualifications as a Petroleum Engineer are a matter of public record; are they not?

A Yes, sir; they are.

(Whereupon Pan American's
Exhibit 1 marked for identification.)

Q (By Mr. Buell) Mr. Eaton, I direct your attention now to what has been marked as Pan American's Exhibit 1. What is that Exhibit?

A Exhibit 1 is a map of the Totah Gallup Pool in San Juan County, New Mexico. On Exhibit 1, we have drawn isopack lines



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

depicting the Gallup sand thickness in the Totah Gallup Pool. The contour interval used on the isopack is two feet.

Q Have you shown the wells currently completed in this oil well, Mr. Eaton?

A The currently completed Gallup Wells in this pool are shown with a blue dot.

Q In what geographical area of the Totah Gallup Pool is located the acreage in question?

A The acreage, which is the subject of this Hearing, is in the extreme Northwest portion of the Totah Gallup Pool.

Q Have you distinguished that acreage and those two proposed non-standard units on Exhibit 1?

A The acreage involved is colored in red and in green. The proposed non-standard units are those respective colors. The Eastern most unit is colored red. The Western most is colored green.

Q All right, sir. Now, the red unit will be served by which well?

A The red unit will be served by Navajo Tribal "H" No. 11. The green unit will be served by Navajo Tribal "H" No. 12.

Q All right, sir. Would you, for the record, describe the acreage contained in the unit colored red?

A Yes, sir. Actually, the two units together consist of all of the Navajo Tribal acreage lying in the north half of Section 14 and south of the midchannel of the San Juan River. The



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ALBUQUERQUE, NEW MEXICO

east most unit will consist of the east 82.56 acres, and the western most unit will consist of the western 82.56 acres.

Q Why are the proposed units non-standard, Mr. Eaton?

A These units are non-standard because of their size and their shape. In addition, more than two lots, as legal subdivisions of a Public Lands survey, are involved; and in the case of the Navajo "H" 11 Unit, the unit actually crosses a quarter section line. They are unorthodox or non-standard in size, being 82.56 acres each, where the standard unit, itself, would contain 80 acres.

Q Both units will be served by wells located at an unorthodox location; is that correct?

A Yes, sir; that is true.

Q What is it that necessitated, Mr. Eaton, forming these two non-standard units?

A The non-standard units are necessitated by the irregularities of the foreign boundary of the Navajo Indian Reservation, which is defined by the midchannel of the San Juan River, as it exists by the 1882 survey.

Q Is this the same problem that we have had a similar experience with in the adjacent Cha Cha Gallup Oil Pool?

A Yes, sir; it is.

Q While we are still looking at your Exhibit 1, Mr. Eaton, would you state for the record whether or not, in your opinion, each and every acre in both of these proposed units is or is not



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

productive?

A It is my opinion that each and every acre in both of the non-standard units is productive from the Totah Gallup Oil Pool. You will note the acreage falls entirely within the zero isopack on Exhibit 1.

Q Mr. Eaton, would you look now at what has been marked as Pan American's Exhibit 2.

A Yes, sir.

Q What does that Exhibit reflect?

A Exhibit 2 is a detailed map showing the location of the two non-standard units in the north half of Section 14. Again, the eastern most unit has been colored in red, and the western most unit has been colored in green.

Q This Exhibit simply shows in more detail the particular lots which go to make up these two units?

A Yes, sir.

Q Would you look at your Exhibit 2, as well as Exhibit 1 if you need to, and tell me whether or not, using any combination of acreage south of the midchannel of the San Juan River either to the east, the west, or south of the acreage in question, by the use of any combination of such acreage could you form a standard 80-acre unit?

A No, sir.

Q Do you feel, Mr. Eaton, that the units that you are proposing here today are a good engineering solution to the problem



that confronts us here, the meandering of the San Juan River channel?

A Yes, sir; I do. I believe that from an engineering standpoint, this is a good practical solution to this rather unique problem.

Q You feel that it is practical as well as an engineering solution?

A Yes, sir. As a matter of fact, the units are almost standard in size.

Q Do you feel that the approval of these two units as requested here today will protect the correlative rights of all owners of interest as well as prevent waste?

A Yes, sir; I do.

Q Do you have anything else you would like to add, Mr. Eaton?

A No, sir; I don't believe so.

MR. BUELL: That is all we have at this time, Mr. Examiner.

MR. NUTTER: Are there any questions of Mr. Eaton? He may be excused. Is there anything further, Mr. Buell?

MR. BUELL: Yes, sir. May I formally offer Pan American's Exhibits 1 and 2?

MR. NUTTER: Pan American's Exhibits 1 and 2 will be entered into evidence.

(Whereupon Pan American's Exhibits 1 and 2 received in evidence.)



MR. NUTTER: Do you have anything further?

MR. BUELL: No sir.

MR. NUTTER: Does anybody have anything they wish to offer in Case No. 2347? We will take this case under advisement.

(Whereupon the Hearing of Case No. 2347 was concluded.)

* * * * *

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) SS

I, MICHAEL P. HALL, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF, I have affixed my hand and notary seal this 9th day of August, 1961.

Michael P. Hall
Court Reporter - Notary Public

My Commission expires:

June 20, 1965.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner's hearing of Case No. 2347, heard by me on 8/9, 1961.

[Signature], Examiner
New Mexico Oil Conservation Commission





Sunray Mid-Continent Oil Company

Western Division

P. O. Box 2692

Denver 1, Colorado

November 30, 1961

REGISTERED MAIL
RETURN RECEIPT REQUESTED

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

Attention: Mr. Richard S. Morris, Attorney

Gentlemen:

There is returned herewith transcript of Examiner Hearing in Case 2347 together with exhibits pertaining thereto. This material was withdrawn from your files by Mr. Burns H. Errebo on this company's behalf.

We very much appreciate your courtesy in permitting us to review this material in connection with Case 2439.

Yours very truly,

Norbert E. Proctor
Division Attorney

NEP:tw
Enc.

