FORM 470 2 57

PAN AMERICAN PETROLEUM CORPORATION

P. O. Box 480, Farmington, New Mexico
August 25, 1964

File: N-569-400.1

Subject: Directional Survey
E. E. Elliott "B" No. 7
NE/4 Section 27, T-30N, R-9W
Basin Dakota Field
San Juan County, New Mexico

Mr. E. C. Arnold (3)
New Mexico Oil Conservation Commission
1000 Rio Brazos Road
Aztec, New Mexico

Dear Sir:

Referring to your conversation with Frank H. Hollingsworth on July 14, 1964, concerning the need for a Directional Survey of the subject E. E. Elliott "B" No. 7, we have attached the original and copies of the following:

1. Form C-104 - Request For Gas Allowable
2. Tabulation of Deviation Tests
3. Location Plat of Township 30 North, Range 9 West

Referring to the attached Tabulation of Deviation Tests for the E. E. Elliott "B" No. 7, you will note that the deviation from vertical on this well exceeded five degrees at 5900' and below. However, the running of a Directional Survey was extremely hazardous due to wet hole conditions while gas drilling this portion of the well, and it is requested that the attached Tabulation of Deviation Tests be accepted in lieu of a Directional Survey.

As may be noted, the maximum horizonal drift would be 421' from the surface well location. As the well was staked 1800' from the north line and 990' from the east line of Section 27, this would mean that the closest point to the section line would be 569' from the east line. The offsetting lease in the adjoining Section 26 to the east is Pan American's same basic lease. The closest offset operator is to the north so the closest possible bottom hole location to an offset operator is 1800' minus 421'or 1379' from the north line, which is within the limits of an orthodox Basin Dakota well

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location. Therefore, it is recommended that this Tabulation of Deviation Tests be accepted in lieu of a Directional Survey.

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION

L. O. Speer, Jr.
Area Superintendent

FHH:en
Attach.