

Case Number

4334

Application
Transcripts.

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Hobbs, New Mexico
April 15, 1970

REGULAR HEARING

IN THE MATTER OF:

Application of Pan American Petroleum) Case No. 4334
Corporation for an unorthodox gas well)
location, San Juan County, New Mexico.)

BEFORE: A. L. Porter, Secretary-Treasurer
David F. Cargo, Governor
George Hatch, General Counsel

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

dearnley-meier

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 241-6691 • ALBUQUERQUE, NEW MEXICO



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MR. WOOD: The hearing will come to order,
please. We will call next Case, 4321.

MR. WOOD: Case 4321, Application of Pan
American Petroleum Corporation for an unorthodox gas well
location, San Juan County, New Mexico.

MR. ROSS: Louis C. Ross, Attorney, Pan American
Petroleum Corporation, Denver, Colorado. We have one witness,
two exhibits. Our witness is Mr. Charles J. Boyce, sometimes
called Chuck Boyce, and I ask that he be sworn.

(Witness sworn.)

(Whereupon, Applicant's
Exhibits 1 & 2 were marked
for identification.)

CHARLES BOYCE

called as a witness, having been first duly sworn, was
examined and testified as follows:

DIRECT EXAMINATION

BY MR. ROSS:

Q Would you please state your name?

A My name is Charles Boyce, Bro-wood.

Q What is your employment and your job status?

A I am employed by Pan American Petroleum Corpo-
ration as a senior petroleum engineer in the Denver Division
Office.

Q Have you heretofore appeared before this Commission?

A Yes, I have.

MR. ROSS: Are the qualifications of the witness acceptable to the Commission?

MR. NUTTER: Yes, they are.

Q (By Mr. Ross) Our first exhibit is Exhibit One which is a situation map. Would you please pass them out?

A Yes. How many copies would you like?

MR. NUTTER: Three, please.

THE WITNESS: All right.

Q (By Mr. Ross) Chuck, I would like for you to explain the significance of Exhibit 1 and -- you are familiar with the exhibit, are you?

A Yes, I am.

Q Very good.

A Exhibit 1 is a plat of the area immediately surrounding Pan American Petroleum Corporation's State Gas Unit BG Number 1, a Dakota completion located 1450 feet from the north line, 1490 feet from the west line, Section 2, Township 29 North, Range 10 West.

This well was originally completed in the Basin Dakota Pool during 1965. It will no longer produce from the

Dakota Formation and the American requests approval to recomplete this well into the Mesa Verde Formation. The well was drilled at an orthodox location for the Dakota Pool. However, it is an unorthodox location for Mesa Verde completion.

The present rules and regulations for the Blanco Mesa Verde Pool require wells to be located in either the northeast quarter or the southwest quarter of the section. You will note our PG Number 1, indicated by the large arrow, is located in the northwest quarter of Section 2.

Shown also on this plat are the surrounding sections and the wells currently producing in those sections. The larger arrows point to present Dakota completions. The smaller arrows indicate present Mesa Verde completions.

I might mention that during the month of January, 1970, the Dakota Formation in the PG Well produced, I believe, four MCF of gas in twenty-four days. The production has been very low the last few months and is essentially off production now.

The Pictured Cliffs Formation has developed in this 160-acre tract so we have no other potential production from this well with the exception of the Mesa Verde.

Now, this well was originally drilled according to Order Number 1670, as amended as a Mesa Verde Well; is

that correct?

A No. It was drilled as a Basin Dakota Well, at an orthodox location. The present Dakota Unit consists of the north half of Section 2. Pan American is the operator.

Aztec Oil and Gas and Texaco Incorporated do have interests in this well and they have approved this recompletion to the Mesa Verde. The Mesa Verde would be developed, of course, on 320 acres, with the north half of Section 2 committed to the well for Mesa Verde production.

Q Would you discuss your Exhibit 2, which is a well log?

A Yes. Exhibit 2 is a log of this well. I will give you three copies of that exhibit.

MR. NUTTER: Thank you.

THE WITNESS: This log shows two general points in the lower section starting about 6750. We have indicated the location of the Dakota Sandstone and also the perforations that have been produced in the Dakota Formation.

I think you will note that all developed Dakota Sands have been perforated and they were sand-water fract on completion. As I mentioned before, the Dakota has reached or passed the economic limit.

Higher up in the section, I have indicated

generally the Mesa Verde Sandstone and more particularly the tops of the Cliff House members and the Point Lookout members of the Mesa Verde which are productive in this area. It will be in these two intervals, the Mesa Verde, that we will expect completion as a Mesa Verde Well.

The four and a half casing that was run in this well was cemented in three stages. I might mention that a DV 2 was set at 4921 below the Mesa Verde Formation and indications are that the Mesa Verde is covered with cement so we should be able to effect a satisfactory completion without further cementing.

Q Now, I gather from your testimony that the drilling of a Mesa Verde Well will be uneconomic at an orthodox location?

A In my opinion it would, yes. The Mesa Verde is reasonably poorly productive in this area. I think one indication of that is the rather sparse development of Mesa Verde being none in Section 2, essentially none to the immediate sectors to the west.

Several of the older Mesa Verde Wells were open hole. More recent completions have been set through and perforated and fractured in both the Cliff House and Point Lookout, giving indications that we can make a commercial

producer by recompleting our Dakota Well.

However, we can't justify drilling a Mesa Verde Well as such and then the standard location being the northeast quarter.

Q Now, you are of the opinion, then, if this application is favorably considered, it would tend to protect correlative rights of all the parties in the area?

A I believe it would, yes.

Q And they have been informed?

A Yes. The parties on surrounding sections, no, I have not directly informed them, of course. The parties who will join the well, Aztec and Texaco, have approved this recompletion.

Q Were these exhibits prepared under your supervision?

A Yes, they were.

Q You had knowledge of them?

MR. ROSS: I would like to move the admission of our Exhibits, Exhibits 1 and 2 at this time.

MR. NUTTER: Pan American Exhibits 1 and 2 will be admitted in evidence.

MR. ROSS: I believe that concludes our case.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Boyce, you mentioned sparse development of the Mesa Verde in the area. Actually, there appear to be only four wells on the entire plat that are completed in the Mesa Verde; is that correct?

A Yes; that's correct, and all to the east --

Q The nearest Mesa Verde Well to your proposed recompletion here would be at least one mile away; is that correct?

A It would be, yes.

Q So, it doesn't appear that at the present time, at any rate, that recompletion of this well in the Mesa Verde would be crowding any existing Mesa Verde Wells.

A No, it would not.

MR. NUTTER: Are there any further questions of Mr. Boyce?

MR. ROSS: I have no further questions.

MR. NUTTER: He may be excused.

(Witness excused).

MR. NUTTER: Do you have anything further, Mr. Ross?

MR. ROSS: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case 4334?

MR. HATCH: The Commission has received telegrams from Aztec and from Texaco Incorporated in support of the application.

MR. NUTTER: Thank you. If there's nothing further in Case Number 4334, we will take the case under advisement and is anyone here for this Feather-Wolfcamp Pool now? We will move on then to Case Number 4335.

I N D E X

<u>WITNESS</u>	<u>PAGE</u>
CHARLES BOYCE	
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E X H I B I T S

Applicant's 1 & 2	2
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STATE OF NEW MEXICO)
)
 COUNTY OF BERNALILLO)

I, BRENDA BURKS, Court Reporter in and for the
 County of Bernalillo, State of New Mexico, do hereby
 certify that the foregoing and attached Transcript of
 Hearing before the New Mexico Oil Conservation Commission
 was reported by me; and that the same is a true and correct
 record of the said proceedings to the best of my knowledge,
 skill and ability.

Brenda Burks
 Court Reporter

I do hereby certify that the foregoing is
 a complete record of the proceedings of
 the Hearing held at _____,
 held by me on _____, 19____.

 New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2068 • SANTA FE

07501

GOVERNOR
DAVID F. CARGO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

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

Mr. Lewis Ross
Pan American Petroleum Corporation
Security Life Building
Denver, Colorado 80202

Re: Case No. 4334
Order No. B-3950
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,

G. L. Parker, Jr.

A. L. PORTER, Jr.
Secretary-Director

544/12

Copy of order also sent to:

Hobbs OCC x

Artesia OCC_____

Aztec OCC **x**

Other _____

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. 4334
Order No. R-3950

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR AN UNORTHODOX GAS WELL
LOCATION, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 15, 1970,
at Hobbs, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 22nd day of April, 1970, 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 exception to Rule 2 of the Special Rules and Regulations
governing the Blanco-Mesaverde Gas Pool as promulgated by Order
No. R-1670, as amended, to recomplete its State Gas Com "BG" Well
No. 1 at an unorthodox location 1450 feet from the North line
and 1490 feet from the West line of Section 2, Township 29 North,
Range 10 West, NMPM, San Juan County, New Mexico, to be dedicated
to a standard unit comprising the N/2 of said Section 2.

(3) That said well was drilled and completed as a Dakota
gas well at a standard location for the Basin-Dakota Gas Pool
and is off-pattern with respect to the Special Rules and Regula-
tions governing the Blanco-Mesaverde Gas Pool.

-2-

CASE No. 4334

Order No. R-3950

(4) That the subject well is no longer productive of gas in the Basin-Dakota Gas Pool.

(5) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Blanco-Mesaverde Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Pan American Petroleum Corporation, is hereby granted an exception to the well location requirements of Rule 2 of the Special Rules and Regulations governing the Blanco-Mesaverde Gas Pool as promulgated by Order No. R-1670, as amended, and is hereby authorized to recomplete its State Gas Com "BG" Well No. 1 at an unorthodox location 1450 feet from the North line and 1490 feet from the West line of Section 2, Township 29 North, Range 10 West, MMPM, San Juan County, New Mexico, to be dedicated to a standard unit comprising the N/2 of said Section 2.

(2) 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


DAVID F. CARGO, Chairman


ALEX J. ARMIJO, Member


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


esr/



Telegram

KA034 LB315 KB569

K DVD103 DPPDB 2 EXTRA=TLX DENVER COLO 14 1250P MST=
NEW MEXICO OIL CONSERVATION COMMISSION

CARE AL PORTER JR OR DANIEL S NUTTER THE HOLIDAY INN

200 SOUTHLINAM HOBBS NMEX=

REFERENCE PAN AMERICAN PETROLEUM CORPORATION'S APPLICATION
FOR AN ORDER PERMITTING THE RECOMPLETION OF STATE
GAS COM. " BG" WELL NO1 TO THE MESAVERDE FORMATION AT
AN UNORTHODOX LOCATION , CASE 4334, SET FOR HEARING WED.,
APR 15 1970. TEXACO INC SUPPORTS PAN AMERICAN UNITS
APPLICATION FOR THIS UNORTHODOX LOCATION=

N G KITTRELL TEXACO INC
DENVER COLO.

WU 1201 (R 5-69)



Telegram

KA151 DA247

150 APR 10 1970 (558) 10

D LLK202 JP PDB=FAX DALLAS TEX 10 422P CST=
NEW MEXICO OIL CONSERVATION COMMISSION = '70 APR 13 AM 8 40
LAND OFFICE BLDG SANTA FE NMEX= Ce 4334

PAN AMERICAN PETROLEUM CORPORATION HAS FILED ITS
APPLICATION FOR ORDER PERMITTING RECOMPLETION OF STATE
GAS COM "BG" WELL NO 1 IN MESAVERDE FORMATION AS AN
EXCEPTION TO WELL LOCATION OF PROVISION OF BLANCO
MESAVERDE GAS POOL RULES. THE APPLICATION IS SCHEDULED
FOR THE APRIL 15 1970 HEARING AZTEC SUPPORTS PAN
AMERICAN APPLICATION=

KENNETH A SWANSON AZTEC OIL & GAS COMPANY
2000 FIRST NATIONAL BANK BLDG DALLAS TEX =

WU 1201 (R 5-69)



Telegram

KA051 SSE332

1970 APR 14 PM 1 51

K DVD104 DPPDB 2 EXTRA=FLX DENVER COLO 14 1250P MST=
A L PORTER JR NEW MEXICO OIL CONSERVATION COMMISSION=
STATE LAND OFFICE BLDG SANTA FE NMEX=

REFERENCE PAN AMERICAN PETROLEUM CORPORATION'S
APPLICATION FOR AN ORDER PERMITTING THE RECOMPLETION OF
STATE GAS COM. " BG" WELL NO 1 TO THE MESA
VERDE FORMATION AT AN UNORTHODOX LOCATION, CASE 4334,
SET FOR HEARING WED., APR 15 1970. TEXACO INC SUPPORTS
PAN AMERICA IN ITS APPLICATION FOR THIS UNORTHODOX
LOCATION. DUPLICATE TELEGRAM HAS BEEN SENT TO THE NEW
MEXICO OIL CONSERVATION COMMISSION AT THE HOLIDAY INN IN



Telegram

HOBBS, NEW MEXICO=

N G KITTRELL TEXACO INC DENVER COLO.

WU 1201 (R 5-69)

ATWOOD, MALONE, MANN & COOTER
LAWYERS

P. O. DRAWER 700
SECURITY NATIONAL BANK BUILDING
ROSWELL, NEW MEXICO 88201
[505] 622-6221

April 6, 1970

Mr. A. L. Porter, Jr.
Oil Conservation Commission
State Land Office
Santa Fe, New Mexico 87501


Re: Case No. 4334 on the April 15, 1970
Examiner Hearing Docket

Dear Mr. Porter:

Would you please file the enclosed Entry of Appearance in the
above captioned case. The presentation will be handled by Louis C.
Ross of Pan American Petroleum Corporation's Denver office.

Appreciating your courtesy, and with our kind regards, I
am,

Very truly yours,


Paul Cooter

PC:bc
Enc.
cc: Louis C. Ross, Esquire

70 APR 7 AM 8 14
JEFF D. ATWOOD [1883-1960]
CHARLES F. MALONE
RUSSELL D. MANN
PAUL A. COOTER
BOB F. TURNER
ROBERT A. JOHNSON
JOHN W. BASSETT
ROBERT E. SABIN
RUFUS E. THOMPSON

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF PAN AMERICAN PETROLEUM CORPORA-)
TION FOR AN UNORTHODOX GAS WELL) No. 4334
LOCATION, SAN JUAN COUNTY, NEW)
MEXICO.)

ENTRY OF APPEARANCE

The undersigned, Atwood, Malone, Mann & Cooter of Roswell,
New Mexico, hereby enters its appearance in this case as New Mexico
counsel for Pan American Petroleum Corporation

Dated this 6th day of April, 1970.

ATWOOD, MALONE, MANN & COOTER

By 

P. O. Drawer 700
Roswell, New Mexico 88201

DOCKET: REGULAR HEARING - WEDNESDAY - APRIL 15, 1970

OIL CONSERVATION COMMISSION - 9 A.M. - THE HOLIDAY INN, 200 SOUTH LINAM,
HOBBS, NEW MEXICO

- ALLOWABLE: (1) Consideration of the oil allowable for May, 1970;
- (2) Consideration of the allowable production of gas for May, 1970, from fifteen prorated pools in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico. Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico, for May, 1970.

THE FOLLOWING CASES WILL BE HEARD BY THE COMMISSION OR BY
A. L. PORTER, Jr., EXAMINER OR DANIEL S. NUTTER, ALTERNATE
EXAMINER:

CASE 4332: In the matter of the hearing called by the Oil Conservation Commission upon its own motion to consider the inclusion of the NW/4 of Section 10, Township 9 South, Range 36 East, Lea County, New Mexico, in the Allison-Pennsylvanian Pool or the Vada-Pennsylvanian Pool, whichever is proper.

CASE 4333: Application of Phillips Petroleum Company for a dual completion and salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Marley "A" Well No. 1, a wildcat well, located in Unit P of Section 3, Township 11 South, Range 31 East, Chaves County, New Mexico, in such a manner as to permit the production of oil from the San Andres formation through perforations from 4148 feet to 4165 feet and the disposal of produced salt water into the San Andres formation through the perforated interval from 4344 feet to 4800 feet.

CASE 4084: (Reopened)

In the matter of Case No. 4084 being reopened pursuant to the provisions of Order No. R-3732, which order established 160-acre spacing units and an 80-acre proportional factor of 4.77 for the Feather-Wolfcamp Pool, Lea County, New Mexico. All interested parties may appear and show cause why the said pool should not be developed on less than 160-acre spacing units and to show cause why the 80-acre proportional factor of 4.77 should or should not be retained.

- CASE 4334: Application of Pan American Petroleum Corporation for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to recomplete its State Gas Com "BG" Well No. 1 at an unorthodox location 1450 feet from the North line and 1490 feet from the West line of Section 2, Township 29 North, Range 10 West, Blanco-Mesaverde Pool, San Juan County, New Mexico, the N/2 of said section to be dedicated to the well.
- CASE 4335: Application of Gulf Oil Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Vacuum (Grayburg-San Andres) Pool by the injection of water into the San Andres formation through its Lea "FE" State Wells Nos. 2 and 4, located in Units C and E, respectively, of Section 11, Township 17 South, Range 34 East, Lea County, New Mexico.
- CASE 4336: Application of Byron McKnight for an exception to Order No. R-3221, as amended, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil or gas on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties. Said exception would be for applicant's lease comprising all of Section 19, W/2 Section 20, NW/4 Section 29, and NW/4 Section 30, Township 19 South, Range 34 East, undesignated Yates-Seven Rivers gas pool, Lea County, New Mexico. Applicant seeks authority to dispose of salt water produced by wells on said leases in unlined surface pits on the leases.
- CASE 3859: (Continued from the October 15, 1969, Regular Hearing)
Application of Wilson Oil Company for an exception to Order No. R-3221, as amended, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Commission Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico, after January 1, 1969. Said exception would be for applicant's leases in Sections 13, 23, and 24 of Township 21 South, Range 34 East, and Sections 7 and 18 of Township 21 South, Range 35 East, Wilson Yates-Seven Rivers Pool, Lea County, New Mexico. Applicant, seeks authority to continue to dispose of produced water in seven unlined surface pits located in the center of the W/2 of said Section 13, center of the W/2 SE/4 of said Section 13, SW/4 NE/4 of said Section 23, center of SW/4 of said Section 24, center of the NE/4 of said Section 7, NE/4 SW/4 of said Section 7, NW/4 NW/4 of said Section 18.

(Case 3859 continued)

In the alternative, applicant seeks an extension of time in which to comply with the provisions of said order.

- CASE 4337: Application of Petroleum Corporation of Texas for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico. Said exception would be for applicant's Dexter Hanagan Graridge Federal Well No. 1 located in Unit J, Section 22, Township 17 South, Range 30 East, Jackson-Abo Pool, Eddy County, New Mexico. Applicant seeks authority to dispose of salt water produced by said well in an unlined surface pit in the vicinity of said well.
- CASE 4338: Application of Skelly Oil Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Lea "D" Lease by selective injection of water into various zones of the Grayburg-Jackson Pool through three wells located in Units B, H, and J of Section 26, Township 17 South, Range 31 East, Eddy County, New Mexico. Applicant further seeks a procedure whereby said project may be expanded administratively without a showing of well response.
- CASE 4339: Southeastern nomenclature case calling for an order for the creation of certain new pools and the assignment of oil discovery allowables and the contraction and extension of certain other pools in Lea, Chaves and Eddy Counties, New Mexico.
- (a) Create a new pool in Chaves County, New Mexico, classified as an oil pool for San Andres production and designated as the Tower-San Andres Pool comprising the following:

TOWNSHIP 11 SOUTH, RANGE 31 EAST, NMPM
SECTION 3: SE/4

(Case 4339 continued)

Further, for the assignment of approximately 20,740 barrels of oil discovery allowable to the discovery well Phillips Petroleum Company's Marley "A" Well No. 1, located in Unit P of said Section 3

(b) Create a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production and designated as the Tres Papalotes-Pennsylvanian Pool, comprising the following:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
SECTION 33: NE/4

Further, for the assignment of approximately 52,340 barrels of oil discovery allowable to the discovery well Lone Star Producing Company's New Mexico (80) State Well No. 1 located in Unit B of said Section 33.

(c) Create a new pool in Eddy County, New Mexico, classified as an oil pool for Cherry Canyon production and designated as the Sand Dunes-Cherry Canyon Pool. The discovery well is Texas American Oil Corporation's Todd 26 Federal Well No. 2 located in Unit G of Section 26, Township 23 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
SECTION 26: SW/4 NE/4

(d) Create a new pool in Lea County, New Mexico, classified as an oil pool for Devonian production and designated as the Warren-Devonian Pool. The discovery well is Continental Oil Company's SEMU Burger B No. 58 located in Unit C of Section 29, Township 20 South, Range 38 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
SECTION 29: NW/4

(e) Extend the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 27 EAST, NMPM
SECTION 26: S/2

(Case 4359 continued)

(f) Extend the East Caprock-Devonian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 32 EAST, NMPM
SECTION 23: NE/4

(g) Extend the Eagle Creek-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM
SECTION 23: NW/4 NW/4

(h) Extend the South Eunice-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
SECTION 11: NE/4

(i) Extend the Maljamar Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
SECTION 9: NE/4
SECTION 10: NW/4

(j) Extend the Quail Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
SECTION 20: All

(k) Extend the Round Tank-Queen Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM
SECTION 30: W/2 NW/4 and NW/4 SW/4

(l) Extend the Shugart Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
SECTION 25: W/2 NW/4

(m) Contract the Bough Permo- Pennsylvanian Pool in Lea County, New Mexico, by the deletion of the following described area:

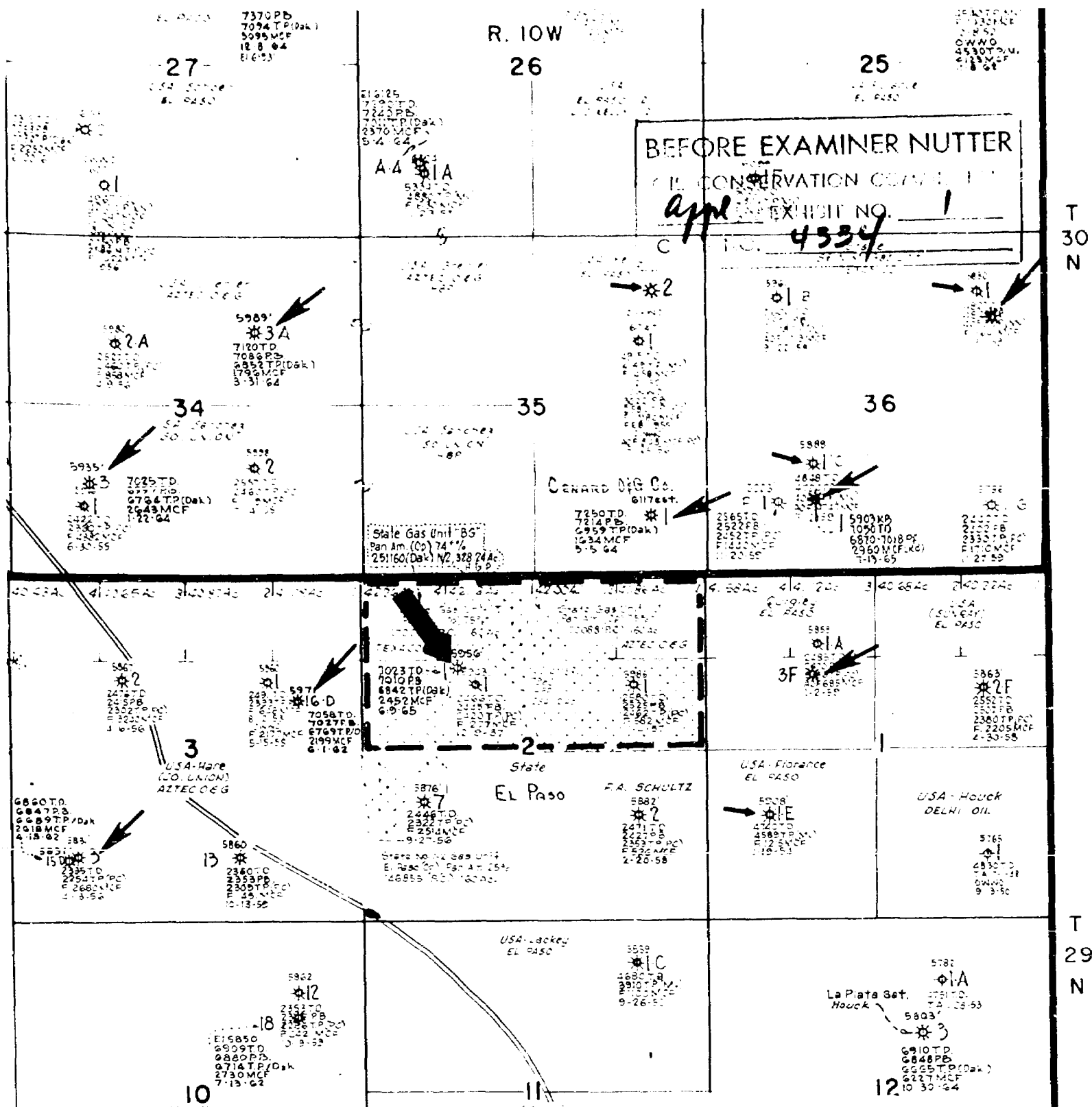
TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMPM
SECTION 14: S/2

(n) Extend the Vada-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM
SECTION 13: S/2

TOWNSHIP 9 SOUTH, RANGE 34 EAST, NMPM
SECTION 18: S/2

TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMPM
SECTION 10: SE/4
SECTION 14: S/2
SECTION 15: NE/4
SECTION 23: NW/4



OIL CONSERVATION COMMISSION
DISTRICT

OIL CONSERVATION COMMISSION
BOX 2088
SANTA FE, NEW MEXICO

DATE 3-23-70

Re: Proposed NSP _____

Proposed NWI _____

Proposed NSL ✓

Proposed NFO _____

Proposed MC _____

gmk
file
case 4334

Gentlemen:

I have examined the application dated 3-6-70
for the Pan American P.T. Corp State Low BG #1 F-2-24N-10W
Operator Lease and Well No. S-T-R

and my recommendations are as follows:

approve

Yours very truly,

Ernest C. Lumsden

PAN AMERICAN PETROLEUM CORPORATION

SECURITY LIFE BUILDING
DENVER, COLORADO 80202

March 6, 1970

File: AMR-579-986.511

Re: Application for an Order Permitting
The Recompletion of State Gas Com "BG"
Well No. 1 in the Mesaverde Formation
As an Exception to the Well Location
Provisions of the Blanco Mesaverde
Gas Pool Rules

Mr. A. L. Porter, Jr. (3)
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Sir:

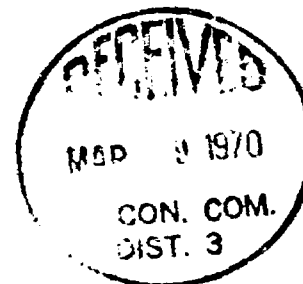
Enclosed are three (3) copies of our Application for an Order permitting the recompletion of State Gas Com "BG" Well No. 1 in the Mesaverde formation as an exception to the Well Location Provisions of the Blanco Mesaverde Gas Pool Rules.

We ask that this matter be set for hearing, that notice thereof be given as required by law, and that the hearing be held at the earliest convenient time.

Yours very truly,

R B Giles

cc: Mr. E. C. Arnold (2)
New Mexico Oil Conservation Commission
1000 Rio Brazos Road
Aztec, New Mexico



BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
PAN AMERICAN PETROLEUM CORPORATION
FOR AN ORDER PERMITTING THE RECOMPLETION
OF STATE GAS COM "BG" WELL NO. 1 IN THE
MESAVERDE FORMATION AS AN EXCEPTION TO
THE WELL LOCATION PROVISIONS OF THE
BLANCO MESAVERDE GAS POOL RULES

A P P L I C A T I O N

COMES NOW Pan American Petroleum Corporation and in
support of this Application states:

I.

Applicant, also referred to herein as Pan American, is
a Delaware Corporation and is duly authorized to transact business
in, and is transacting business in the State of New Mexico.

II.

Pan American is Operator of the State Gas Com "BG" No. 1,
a Basin Dakota completion located 1,450' FNL, 1,490' FWL, Section 2,
T29N-R10W, San Juan County, New Mexico, an orthodox location for
the Basin Dakota Pool.

III.

The Dakota formation is no longer capable of production,
and Applicant wishes to abandon the Dakota and recomplete the well
in the Mesaverde formation.

IV.

Rule 2 of the Special Rules and Regulations governing
the Blanco Mesaverde Gas Pool as promulgated by Order No. 1670,
as amended, requires the location of wells in the northeast or
southwest quarter of the section. Completion of the subject
well in the Mesaverde formation will require an exception to
the above rule since the well is located in the northwest quarter
of the section.

V.

Approval of the subject Application will afford Applicant the opportunity to produce its just and equitable share of the gas in the Blanco Mesaverde Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste and protect correlative rights.

VI.

All other Working Interest Owners in the Mesaverde and Dakota formations underlying the N/2 of Section 2, T29N-R10W, have approved recompletion and support this Application. The location of the proposed well is shown on the attached plat. A log of the well is also attached and made a part of this Application.

WHEREFORE, Pan American respectfully requests that it be granted an exception from Order No. R-1670 to permit recompletion of State Gas Com "BG" to the Mesaverde formation as set out above. Applicant requests this matter be set for hearing, that notice thereof be given as required by law, and that the hearing be held at the earliest convenient time.

Respectfully submitted,

PAN AMERICAN PETROLEUM CORPORATION


By


Its Attorney

Security Life Building
Denver, Colorado 80202

STATE OF COLORADO)
) SS
COUNTY OF DENVER)

R. B. GILES, of lawful age, being first duly sworn on oath, deposes and says: That he is an engineering supervisor for PAN AMERICAN PETROLEUM CORPORATION, that he has read the foregoing Application and knows the contents thereof, and states that the matters therein set forth are true and correct to the best of his information, knowledge, and belief.



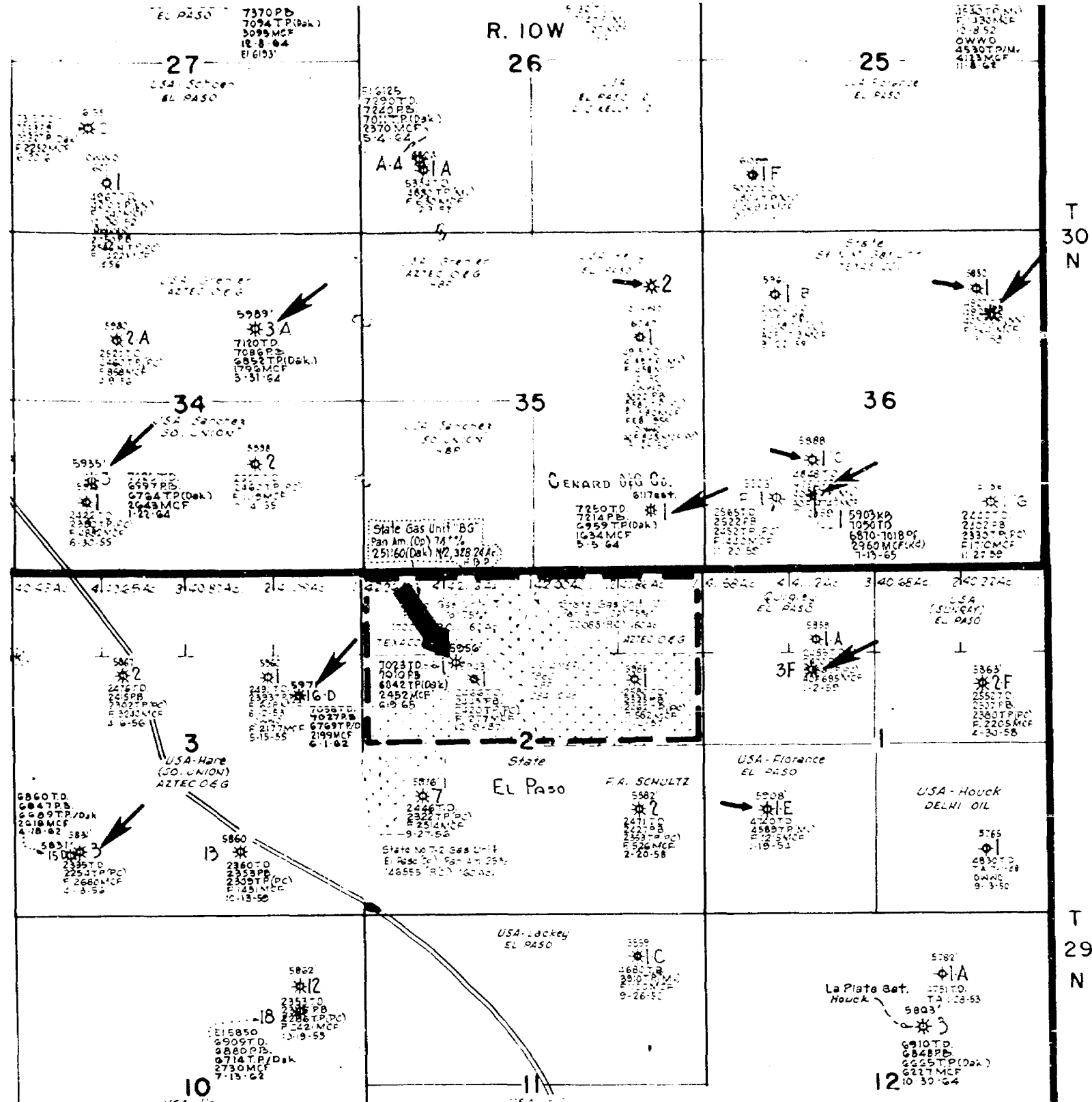
R. B. Giles

Subscribed and sworn before me this 6th day of February, 1970.



Kathleen Allison
Notary Public

My Commission expires July 26, 1970.



DRAFT

GMH/esr

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. 4334

Order No. R- 3 950

GMH
APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR AN UNORTHODOX GAS WELL
LOCATION, SAN JUAN COUNTY, NEW MEXICO.

[Signature]
ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 15, 1970,
at Hobbs, New Mexico, before Examiner [Signature].

NOW, on this day of April, 1970, 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 exception to Rule 2 of the Special Rules and Regulations
governing the Blanco-Mesaverde Gas Pool as promulgated by Order
No. R-1670, as amended, to recomplete its State Gas Com "BG" Well
No. 1 at an unorthodox location 1450 feet from the North line
and 1490 feet from the West line of Section 2, Township 29 North,
Range 10 West, NMPM, San Juan County, New Mexico, to be dedicated
to a standard unit comprising the N/2 of said Section 2.

(3) That said well was drilled and completed as a Dakota
gas well at a standard location for the Basin-Dakota Gas Pool
and is off-pattern with respect to the Special Rules and Regula-
tions governing the Blanco-Mesaverde Gas Pool.

*(4) That the subject well is no longer producing
gas in the Basin Dakota Gas Pool.*

(4) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Blanco-Mesaverde Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Pan American Petroleum Corporation, is hereby granted an exception to the well location requirements of Rule 2 of the Special Rules and Regulations governing the Blanco-Mesaverde Gas Pool as promulgated by Order No. R-1670, as amended, and is hereby authorized to recompleat its State Gas Com "BG" Well No. 1 at an unorthodox location 1450 feet from the North line and 1490 feet from the West line of Section 2, Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico, to be dedicated to a standard unit comprising the N/2 of said Section 2.

(2) 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.