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~~Application, Transcript,
all Exhibits, Etc.~~

ATWOOD & MALONE
LAWYERS

JEFF D. ATWOOD (1983-1986)
ROSS L. MALONE
CHARLES F. MALONE
E. KIRK NEWMAN
RUSSELL O. MANN
PAUL A. COOTER
BOB F. TURNER

TELEPHONE MAIN 2-8221
ROSWELL PETROLEUM BUILDING
ROSWELL, NEW MEXICO

Oil Conservation Commission
Post Office Box 871
Santa Fe, New Mexico

RE: Case No. 2272 before the Oil Conservation
Commission of the State of New Mexico

Gentlemen:

We are local counsel for Pan American Petroleum Corporation and as such wish to enter our appearance in the captioned case. Pan American will also be represented by Guy Buell, a member of the Texas Bar, and a company employee. The actual presentation for Pan American will be made by Mr. Buell.

Very truly yours,

ATWOOD & MALONE

BY: *E. Kirk Newman*

EKN:sam

cc: Mr. Guy Buell

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER



P. O. BOX 671
SANTA FE

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

May 11, 1961

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

Re: Case No. 2272
Order No. N-1968
Applicant:
Pan American Petroleum Corp.

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 that reads "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

OTHER Kirk Newman

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. 2272
Order No. R-1968

APPLICATION OF PAN AMERICAN
PETROLEUM CORPORATION FOR TWO
NON-STANDARD OIL PRODUCTION UNITS
AND FOR TWO UNORTHODOX OIL WELL
LOCATIONS, 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 May 4, 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 1114 of the Commission Rules and Regulations.

NOW, on this 11th day of May, 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, seeks the establishment of an 89.62-acre non-standard oil production unit in the Cha Cha-Galing Oil Pool, consisting of Lots 2, 3, and 4 of Section 8, Township 28 North, Range 13 West, NMPN, San Juan County, New Mexico.
- (3) That the above-described 89.62-acre non-standard oil production unit is to be dedicated to the C. J. Holder Well No. 11, at an unorthodox location 493 feet from the North line and 660 feet from the West line of said Section 8, for which unorthodox location applicant seeks approval.
- (4) That the applicant further seeks the establishment of an 89.22-acre non-standard oil production unit in said pool, consisting of Lot 1 of Section 8 and Lots 3 and 4 of Section 9, all in Township 28 North, Range 13 West, NMPN, San Juan County, New Mexico.

(5) That the above-described 89.22-acre non-standard oil proration unit is to be dedicated to the C. J. Holder Well No. 12, at an unorthodox location 493 feet from the North line and 660 feet from the West line of said Section 9, for which unorthodox location applicant seeks approval.

(6) That the above-described non-standard oil proration units and unorthodox oil well locations are occasioned by a variation in the size and shape of the subdivisions lying immediately South of the Seventh Standard Parallel North in San Juan County, New Mexico.

(7) That the above-described non-standard oil proration units are presumed to be productive of oil from the Cha Cha-Gallup Oil Pool.

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

IT IS THEREFORE ORDERED:

(1) That an 89.62-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool, consisting of Lots 2, 3, and 4 of Section 8, Township 28 North, Range 13 West, NMPN, San Juan County, New Mexico, is hereby established. Said unit is to be dedicated to the C. J. Holder Well No. 11, at an unorthodox location 493 feet from the North line and 660 feet from the West line of said Section 8, which unorthodox location is hereby approved.

(2) That the allowable which will be assigned to said C. J. Holder Well No. 11 shall bear the same ratio to a standard allowable in the Cha Cha-Gallup Oil Pool as 89.62 bears to 80.

(3) That an 89.22-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool, consisting of Lot 1 of Section 8 and Lots 3 and 4 of Section 9, all in Township 28 North, Range 13 West, NMPN, San Juan County, New Mexico, is hereby established. Said unit is to be dedicated to the C. J. Holder Well No. 12, at an unorthodox location 493 feet from the North line and 660 feet from the West line of said Section 9, which unorthodox location is hereby approved.

(4) That the allowable which will be assigned to said C. J. Holder Well No. 12 shall bear the same ratio to a standard allowable in the Cha Cha-Gallup Oil Pool as 89.22 bears to 80.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

-3-
CASE No. 2772
Order No. N-1968

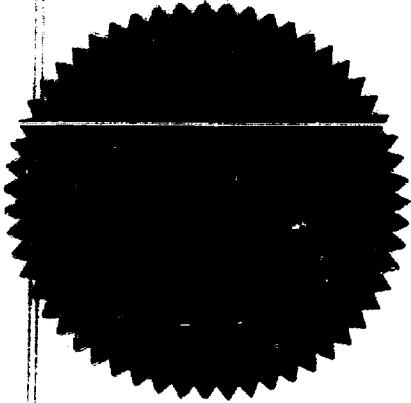
DOEN at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

S. L. M.
ERWIN L. MICHEN, Chairman

E. S. Walker
E. S. WALKER, Member

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



002/

CLASS OF SERVICE
 This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL, President

SYMBOLS
 DL = Day Letter
 NL = Night Letter
 LT = International Letter Telegram

1230 R-1-80

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination.

LA176 SSH323

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L FRA081 LONG NL PD=WUX FARMINGTON NMEX 13#

Case 2272

A L PORTER JR=

NMEX OIL CONSERVATION COMMISSION SANTA FE NMEX=

PAN AMERICAN PETROLEUM CORP RESPECTFULLY ASKS THAT YOU SET FOR HEARING THE FOLLOWING APPLICATIONS PERTAINING TO PRORATION UNITS AND LOCATIONS IN THE CHA CHA GALLUP POOL, SAN JUAN COUNTY, NMEX, ONE A 70.58 ACRE NON-STANDARD PRORATION UNIT CONSISTING OF LOTS 8 AND 9 AND THE S/2 OF THE JUAN RIVER CHANNEL IN THE S/2 NE/4 SECTION 18, T-29-N, R-14-W, TO BE DEDICATED TO ITS NAVAJO TRIBAL "G" NBR 7 AT AN UNORTHODOX LOCATION 2545' FNL AND 1670' FEL, SECTION 18, T-29-N, R-14-W. TWO, A 46.75 ACRE NON-STANDARD PRORATION UNIT CONSISTING OF LOT 6 AND THE S/2 OF THE SAN JUAN RIVER CHANNEL IN SE/4 SECTION 16, T-29-N, R-14-W, TO BE DEDICATED TO ITS NAVAJO TRIBAL "E" NBR 10, AT A LOCATION 660' FSL AND 1980' FEL SECTION 16, T-29-N, R-14-W. CONFIRMING LETTER FOLLOWS=

I M CURTIS DISTRICT SUPERINTENDENT PAN AMERICAN PETROLEUM CORP FARMINGTON NMEX=

*Worked
 Mailed
 4-21-61
 JL*

1961 APR 13 AM 8:50

MAIN OFFICE OCC

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

DOCKET: EXAMINER HEARING - THURSDAY, MAY 4, 1961

9 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:

CONTINUED CASE

CASE 2234: Application of Kay Kimbell for an order force-pooling a 320-acre gas proration unit in the Basin-Dakota Pool. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Basin-Dakota Pool in the E/2 of Section 22, Township 29 North, Range 11 West, San Juan County, New Mexico, including those of Roy L. Cook as lessee and various other parties as lessors in the E/2 NW/4 NE/4 of said Section 22.

NEW CASES

CASE 2261: Application of Continental Oil Company for two non-standard gas proration units. Applicant, in the above-styled cause, seeks the establishment of a 480-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the S/2 and the NE/4 of Section 24, Township 20 South, Range 37 East, Lea County, New Mexico. Said unit is to be dedicated to the SEMU Eumont Well No. 67, located 1980 feet from the South and West lines of said Section 24.

Applicant further seeks the establishment of a 480-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the NW/4 of Section 24, and the SE/4, the SW/4 NE/4, the S/2 SW/4 and the NW/4 SW/4 of Section 13, all in Township 20 South, Range 37 East, Lea County, New Mexico. Said unit is to be dedicated to the SEMU Eumont Well No. 69, located 1980 feet from the North and West lines of said Section 24.

CASE 2262: Application of V. S. Welch for an unorthodox oil well location. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location in the Culwin-Yates Pool for a well to be drilled at a point 330 feet from the South line and 2390 feet from the West line of Section 29, Township 18 South, Range 31 East, Eddy County, New Mexico.

- CASE 2263: Application of Collier Drilling Company for an exception to Rule 309 (a). Applicant, in the above-styled cause, seeks an exception to Rule 309 (a) to permit the transportation of oil from the Western Yates Lease, comprising the SE/4 NW/4 of Section 20, Township 18 South, Range 28 East, Eddy County, New Mexico, to a separate tank battery located on its Amerada Lease, comprising the NE/4 NW/4 of said Section 20.
- CASE 2264: Application of United States Smelting Refining and Mining Company for an oil-gas dual completion and for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks authorization to dually complete its Federal 11-20-34 Well No. 1, located 1980 feet from the North line and 2130 feet from the West line of Section 11, Township 20 South, Range 34 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Bone Springs formation adjacent to the Lea-Bone Springs Pool and the production of gas from an undesignated Pennsylvanian pool through parallel strings of 2-inch tubing.
- Applicant further proposes to commingle the production from both of said pools in said well after metering only the Pennsylvanian pool production.
- CASE 2265: Application of Nash, Windfohr and Brown for an unorthodox well location. Applicant, in the above-styled cause, seeks approval of an unorthodox location in an undesignated Abo pool for its Jackson Federal Well No. 23-B, located 1420 feet from the South line and 1980 feet from the East line of Section 24, Township 17 South, Range 30 East, Eddy County, New Mexico.
- CASE 2266: Application of Nearburg & Ingram for permission to commingle the production from two separate leases, and from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle, after separate measurement, the Southwest Gladiola-Pennsylvanian Pool production from all wells on its Keating lease, comprising the NE/4 of Section 34 with Southwest Gladiola-Pennsylvanian and Southwest Gladiola-Devonian production from all wells on its Midhurst Lease, comprising the NW/4 of Section 35, all in Township 12 South, Range 37 East, Lea County, New Mexico.

- CASE 2267: Application of Byard Bennett for permission to institute a waterflood project in the Caprock-Queen Pool, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks permission to institute a waterflood project in the Caprock-Queen Pool in an area comprising the E/2 SE/4 of Section 20 and the SW/4 of Section 21, all in Township 14 South, Range 31 East, Chaves County, New Mexico, by the injection of water into the Stella Zimmerman Well No. 2, located in the SE/4 SE/4 of said Section 20.
- CASE 2268: Application of Humble Oil & Refining Company for an exception to Rule 303 (a). Applicant, in the above-styled cause, seeks an exception to Rule 303 (a) to permit commingling, without separate measurement, of the production from the Paddock, Penrose-Skelly and Drinkard Pools on the J. L. Greenwood Lease, comprising the S/2 of Section 9, Township 22 South, Range 37 East, Lea County, New Mexico.
- CASE 2269: Application of Great Western Drilling Company for an oil-salt water dual completion. Applicant, in the above-styled cause, seeks authorization to dually complete its Federal MM Well No. 2, located in the SE/4 NW/4 of Section 8, Township 9 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Bough C formation adjacent to the East Allison-Pennsylvanian Pool and the injection of salt water into the San Andres formation.
- CASE 2270: Application of Pan American Petroleum Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks authorization to dually complete its Greenwood Unit Well No. 3, located in Unit H, Section 27, Township 18 South, Range 31 East, Eddy County, New Mexico, in such a manner as to permit the production of oil from an undesignated Bone Springs pool and the production of oil from an undesignated Wolfcamp pool through parallel strings of 2-inch tubing.
- CASE 2271: Application of Pan American Petroleum Corporation for two non-standard oil proration units and for an unorthodox oil well location. Applicant, in the above-styled cause, seeks the establishment of a 70.58-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool consisting of Lots 8 and 9 and the S/2 of that portion of the San Juan River channel lying in the S/2 NE/4, all in Section 18,

CASE 2271 (Cont.)

Township 29 North, Range 14 West, San Juan County, New Mexico, said unit to be dedicated to the Navajo Tribal "G" Well No. 7, at an unorthodox location 2545 feet from the North line and 1670 feet from the East line of said Section 18, and of a 46.75-acre non-standard oil proration unit in said pool consisting of Lot 6 and the S/2 of that portion of the San Juan River channel lying in the SE/4, all in Section 16, Township 29 North, Range 14 West, San Juan County, New Mexico. said unit to be dedicated to the Navajo Tribal "E" Well No. 10, located 660 feet from the South line and 1980 feet from the East line of said Section 16.

CASE 2272:

Application of Pan American Petroleum Corporation for two non-standard oil proration units and for two unorthodox oil well locations. Applicant, in the above-styled cause, seeks the establishment of an 89.62-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool consisting of Lots 2, 3 and 4 of Section 8, Township 28 North, Range 13 West, San Juan County, New Mexico, said unit to be dedicated to the C. J. Holder Well No. 11, at an unorthodox location 493 feet from the North line and 660 feet from the West line of said Section 8, and of an 89.22-acre non-standard oil proration unit in said pool consisting of Lot 1 of Section 8 and Lots 3 and 4 of Section 9, all in Township 28 North, Range 13 West, San Juan County, New Mexico, said unit to be dedicated to the C. J. Holder Well No. 12, at an unorthodox location 493 feet from the North line and 660 feet from the West line of said Section 9.

CASE 2273:

Application of El Paso Natural Gas Company for an exception to Rule 309 (a). Applicant, in the above-styled cause, seeks an exception to Rule 309 (a) to permit the transportation of oil produced on Federal Lease LC-064198-A, comprising the SE/4 of Section 18, prior to measurement, to tank batteries located on Federal Lease No. 025566, comprising the E/2 of Section 19, all in Township 19 South, Range 32 East, Lea County, New Mexico.

Docket No. 13-61

-5-

CASE 2274:

Application of El Paso Natural Gas Company for an oil-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Lusk Deep Unit Well No. 2, located in Unit O, Section 18, Township 19 South, Range 32 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Strawn formation adjacent to the Lusk-Strawn pool and the production of gas from the Morrow formation in an undesignated pool through parallel strings of 2 3/8-inch tubing.

Case 2772

PAN-AMERICAN PETROLEUM CORPORATION

P. O. Box 480, Farmington, New Mexico
April 10, 1961

File: E-326-986.510.1

Subject: Application For Hearing To
Consider Two Nonstandard
Proration Units
Cha Cha Gallup Pool
San Juan County, New Mexico

*Are any other locations
needed also?
P. Porter*

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 the following two nonstandard proration units as an exception to Rule 2 of the Cha Cha Gallup Pool Rules issued in Order R-1800.

Lots 2, 3, and 4, Section 8, T-28-N, R-13-W, containing 89.62 acres to be dedicated to Pan American's C. J. Holder Well No. 11, located 660 feet from the west line and 493 feet from the north line, Section 8, T-28-N, R-13-W.

Lot 1, Section 8 and Lots 3 and 4, Section 9, T-28-N, R-13-W, containing 89.22 acres to be dedicated to Pan American's C. J. Holder Well No. 12, located 660 feet from the west line and 493 feet from the north line, Section 9, T-28-N, R-13-W.

It is respectfully requested that this matter be set for hearing at the next Examiner Hearing of the Commission.

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION

F. M. Curtis
F. M. Curtis
District Superintendent

*Books
Mailed*

GWE:en

4-21-61

NEW MEXICO OIL CONSERVATION COMMISSION
Well Location and Acreage Dedication Plat

SECTION A.

Date **April 4, 1961**

Operator **Pan American Petroleum Corporation** Lease **C. J. Holder**
Well No **11** Unit Letter **L** Section **8** Township **28 North** Range **13 West** NMPM
Located **493** Feet From **North** Line **660** Feet From **West** Line
County **San Juan** G. L. Elevation **To report later** Dedicated Acreage **89.62** Acres
Name of Producing Formation **Gallup** Pool **Cha Cha Gallup**

1. Is the Operator the only owner* in the dedicated acreage outlined on the plat below? Yes No
2. If the answer to question One is "No," have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes No If answer is "Yes," Type of Consolidation: **Jointly owned** acreage with **Southern Union Gas Company.**
3. If the answer to question Two is "No," list all the owners and their respective interests below:

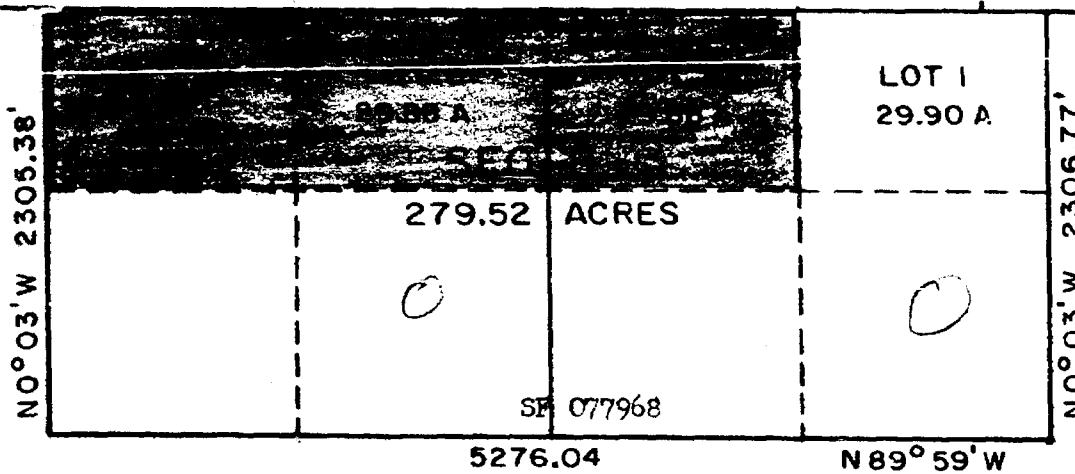
OWNER

LAND DESCRIPTION

SECTION B.

SEC. 31

7 TH. STANDARD PARALLEL NORTH S89°57'E



This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

Pan American Petroleum Corp.

R.M. Bauer, Jr. (OPERATOR)

R. M. Bauer, Jr.

REPRESENTATIVE

Box 480, Farmington, New Mexico

ADDRESS

This is to certify that the well location shown on the plat in Section B was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed **MAR. 24, 1961**

Four States Engineering Co.
FARMINGTON, NEW MEXICO

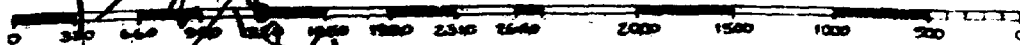
C. L. Patten
REGISTERED ENGINEER OR
LAND SURVEYOR

Certificate No **3084**

NOTE: Well location in center of Lot 4

89.62
89.22
17884
59.61
3
15
28
18
4
5

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
C. J. Holder EXHIBIT NO. 2
CASE NO. 2272



NEW MEXICO OIL CONSERVATION COMMISSION
Well Location and Acreage Dedication Plat

SECTION A.

Date **April 4, 1961**

Operator **Pan American Petroleum Corporation** Lease **G. J. Holder**
Well No **12** Unit Letter **L** Section **9** Township **28 North** Range **13 West** NMPM
Located **493** Feet From **North** Line **660** Feet From **West** Line
County **San Juan** G. L. Elevation To report **later** Dedicated Acreage **89.22** Acres
Name of Producing Formation **Gallup** Pool **Cha Cha Gallup**

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below? Yes No
2. If the answer to question One is "No," have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes No If answer is "Yes," Type of Consolidation **Jointly owned** acreage with **Southern Union Gas Company**
3. If the answer to question Two is "No," list all the owners and their respective interests below.

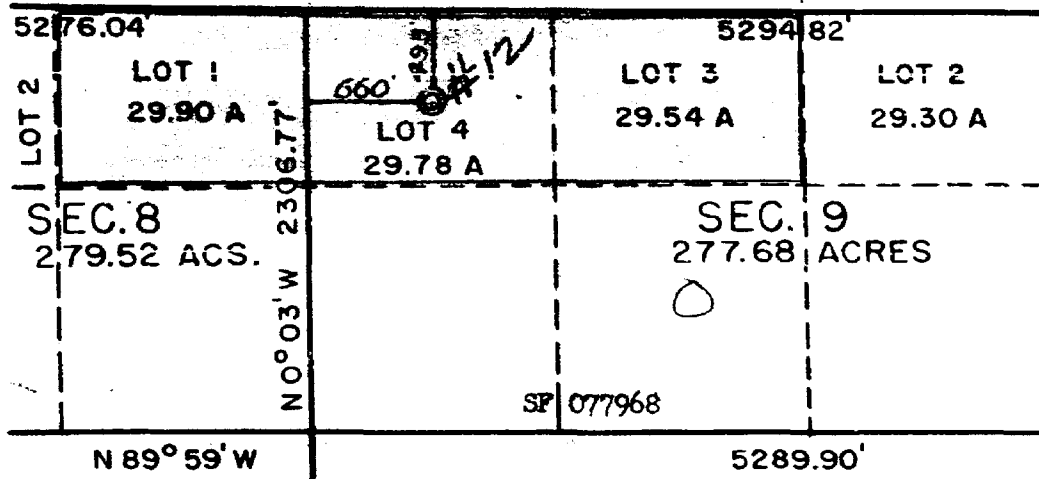
OWNER

LAND DESCRIPTION

SECTION B.

SEC. 32

7 TH. STANDARD PARALLEL NORTH S89°57'E



This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

Pan American Petroleum Corp.

R. M. Bauer, Jr.
R. M. Bauer, Jr.
REPRESENTATIVE

Box 480, Farmington, New Mexico
ADDRESS:

NOTE: Well location in center of Lot 4

This is to certify that the well location shown on the plat in Section B was plotted from field notes of actual survey made by me or under my supervision and that the survey is true and correct to the best of my knowledge and belief.

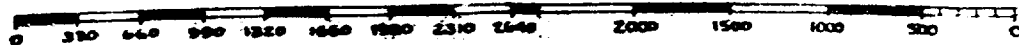
BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Pan Am EXHIBIT NO. 2
CASE NO. 2273

Date Surveyed **MAR. 24, 1961**

Four States Engineering Co.
FARMINGTON, NEW MEXICO

C. L. Totat
REGISTERED ENGINEER OR
LAND SURVEYOR

Certificate No **3084**



BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
May 4, 1961

IN THE MATTER OF:

Application of Pan American Petroleum Corporation
for two non-standard oil proration units and for
two unorthodox oil well locations.

CASE 2272

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
May 4, 1961

IN THE MATTER OF:

Application of Pan American Petroleum Corporation for two non-standard oil proration units and for two unorthodox oil well locations. Applicant, in the above-styled cause, seeks the establishment of an 89.62-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool consisting of Lots 2, 3 and 4 of Section 8, Township 28 North, Range 13 West, San Juan County, New Mexico, said unit to be dedicated to the C. J. Holder Well No. 11, at an unorthodox location 493 feet from the North line and 660 feet from the West line of said Section 8, and of an 89.22-acre non-standard oil proration unit in said pool consisting of Lot 1 of Section 8 and Lots 3 and 4 of Section 9, all in Township 28 North, Range 13 West, San Juan County, New Mexico, said unit to be dedicated to the C. J. Holder Well No. 12, at an unorthodox location 493 feet from the North line and 660 feet from the West line of said Section 9.

CASE 2272

BEFORE: Dan Nutter, Examiner

TRANSCRIPT OF PROCEEDINGS

MR. NUTTER: The hearing will come to order, please.
We will call the next case, Case 2272.

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

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



MR. BUELL: Guy Buell, by letter, Atwood and Malone, of Roswell, New Mexico, and Guy Buell, appearing on behalf of the applicant.

We have one witness in the case.

MR. MORRIS: Let the record show the witness was sworn in the previous case.

DIRECT EXAMINATION

BY MR. BUELL:

Q State your complete name, by whom you are employed, in what capacity and at what location.

A George Eaton, Jr., senior petroleum engineer, Pan American Petroleum Corporation, Farmington, New Mexico.

Q You have testified in prior cases before the Commission, have you not?

A Yes, sir.

Q And your qualifications as a petroleum engineer are a matter of public record?

A Yes, sir.

Q Mr. Eaton, would you look at what has been marked Pan American Exhibit No. 1 in this case and briefly state for the record what that exhibit reflects?

A Exhibit No. 1 is a map of the Cha Cha-Gallup Pool, San Juan County, New Mexico, showing an Isopac countour of the Gallup sands at an interval of two feet.

Q Mr. Eaton, what area of the pool is the subject matter

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6591

ALBUQUERQUE, NEW MEXICO



of this hearing today?

A The unorthodox locations and non-standard units involved in this case would be the southeastern portion of the Cha-Cha-Gallup Pool.

Q What has caused or what has necessitated this request? Why do we have to have these non-standard units and the two non-standard locations?

A Along the north boundary of Township 28 North, there is a row of short sections containing considerably less than the standard 640 acres normally in a section. The south part of each of these sections is a standard 160 acres. The north half of this section consists of lots each of which consists of approximately 30 acres.

Q How extensive is this row of irregular sections? Is it just prevalent in the Cha Cha-Gallup area?

A No, sir. While we're only concerned in this case with the short sections, in Section 8 and Section 9, Township 28 North, Range 13 West, actually the row of short sections extends quite a ways across the entire San Juan Basin.

Q Actually, Mr. Eaton, has not the Commission recognized the irregular section problem and on their own motion called a hearing to approve non-standard units for another formation in another field?

A That is true.

DEARNLEY-MEIER REPORTING SERVICE, Inc.
ALBUQUERQUE, NEW MEXICO

PHONE CIO 3-6691



PHONE CM 3-1491

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

Q All right, sir. How have you designated the two particular units and the two unorthodox locations on Exhibit 1?

A The two non-standard units are shown colored in red and in green. The two unorthodox locations are shown by a red dot.

Q While we're talking about that area, and before we go into detail on each one of the matters before the Commission here today, let me ask this question: In your opinion is each and every acre within both of these non-standard units productive from the Cha Cha-Gallup oil pool?

A Yes, sir. Exhibit 1 shows that all of the acreage in each of the two units is well within the zero contour as depicted by the Gallup-San Juan isopac. It is my opinion that every acre in each of the two units is productive of oil from the Cha Cha-Gallup Pool.

Q Now, about the unorthodox well locations. First, let's take the well in the westernmost unit. What well is that?

A The well in the westernmost unit is Pan American's C. J. Holder Well No. 11.

Q Would you locate that well for the record, sir?

A That well is located 660 feet from the west line, and 493 feet from the north line of that partial Section 8.

Q Is it right in the exact center of one of the three lots that form this non-standard unit?

A Yes, it's in the precise center of Lot 4 of Section 8.

Q Why, in this instance, Mr. Eaton, is an unorthodox lo-



cation necessary?

A The unorthodox location is necessary because the lot simply isn't big enough to move the well a proper distance from the legal subdivision line. This lot is only a matter of 986 feet wide in a north-south direction and if the well was located in the precise center of the lot it would still be unorthodox in my opinion.

Q Mr. Eaton, why didn't you recommend, or why didn't Pan American locate this well in the center lot that composes that non-standard unit?

A The well was located in Lot 4 to conform with the orderly development pattern which has been established for this area of the pool. If that well were located in the center lot, it would not be in conformance with that pattern. In fact, it would result in there being three wells on adjacent, approximately 40-acre subdivisions.

Q That well was located so it would fit into a uniform pattern of development, uniform so far as you can be uniform dealing with these irregular sections?

A That's correct.

Q Now, to the other unorthodox location. What is the designation of that well?

A The unorthodox location will serve Pan American's C. J. Holder Well No. 12, which is the non-standard unit colored in green on Exhibit I. The location of the C. J. Holder Well No. 12

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is 660 feet from the West line and 493 feet from the north line of Lot 4, Section 9, Township 28 North, Range 13 West. That dimension that I just mentioned is also the distance from the north and west boundaries of Section 9.

Q You believe that you are able to put this well in the center lot of the non-standard unit?

A Yes, sir. This well can be located in the center lot of the non-standard unit because that is the location which conforms again with the uniform development pattern in the immediate area. Again, this location for the C. J. Holder Well No. 12 is in the precise center of Lot No. 4.

Q Do you feel that the locations as recommended by Pan Am are practical and reasonable locations with respect to these irregular-sized tracts we're dealing with?

A Yes, sir. I think this is a practical solution to the problem of assigning acreage in this area where there are sections not conforming to the standard 640 acres.

Q Now, about the lots that go to make up these two units; first, the one that will be dedicated to the C. J. Holder Well No. 11. In that connection, I'd like you to look at exhibit -- Pan American's Exhibit No. 2. What does that exhibit reflect?

A Exhibit No. 2 is a copy of NMOCC Form C-128, showing the location of the C. J. Holder Well No. 11 together with the acreage contained in the 89.62 acre non-standard unit which will be dedicated to C. J. Holder Well No. 11. The acreage in the non-

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standard unit is colored in red on Exhibit No. 2.

Q Would you name the three lots that comprise this non-standard unit for the record, please?

A Yes, sir. This non-standard unit will consist of Lot 2, containing 29.88 acres, Lot 3, containing 29.88 acres and Lot 4, containing 29.86 acres, all in Section 8, Township 28 North, Range 13 West.

Q All right, now. Directing your attention to what has been marked Pan American's Exhibit 3; what does that exhibit reflect?

A Exhibit 3 is a copy of NMOCC Form C-128, showing the location of C. J. Holder Well No. 12 together with the acreage that will be involved, 89.22 acres, non-standard unit which will be dedicated to that well.

Q Would you name those lots composing that non-standard unit?

A The 89.22-acre non-standard unit for C. J. Holder Well No 12 consists of Lot 1 of Section 8, containing 29.90 acres; Lot 4 of Section 9, containing 29.78 acres and Lot 3 of Section 9, containing 29.54 acres, all acreage being in Township 28 North, Range 13 West.

Q Most of these proposed units, Mr. Eaton, are composed of more than 80 acres. In view of that, let me ask you this: In your opinion, will the well completed in the Cha Cha-Gallup oil pool effectively and efficiently drain far in excess of 80 acres?

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A Yes, sir, in my opinion, it will. In this particular area, there are interference tests being conducted on the lease which have demonstrated effective communication over a considerably greater area and extent than 80 acres, and since this is in the same general location as the requested units, it is my opinion the well will drain effectively and efficiently approximately 90 acres.

Q While you're looking at Exhibit 1, let me ask you this question with respect to both of these proposed non-standard units. Is there any way that any of the lots that we are using in these two units can be alined with other lots so that a more nearly standard unit can be formed than what we propose here today?

A No, sir. Two lots composing the unit would make only approximately 60 acres, three would make approximately 90 acres, with the three-lot unit being a little closer to a standard unit than the two-lot unit would be.

Q Do you feel that the units that are being recommended here today by Pan American are a practical solution to this problem that we have in this area of irregular sections?

A Yes, sir, in my opinion, it is a practical solution to the problem.

Q Do you, as a senior petroleum engineer, feel that if the Commission approves the request in this case that conservation will be served and the correlative rights of all of the parties of interest will be protected?

A Yes, I feel it will.



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Q Do you have anything else you'd like to add?

A I believe not.

MR. BUELL: That's all we have.

MR. NUTTER: Does anyone have any questions?

MR. MORRIS: Yes.

QUESTIONS BY MR. MORRIS:

Q Does Pan American own the acreage immediately south of the proposed non-standard units?

A Yes, sir, it does.

Q Are those subdivisions immediately south of each lot, are they a standard forty acres?

A Yes, sir, they are.

Q Subdivisions?

A Yes, sir.

Q You could have run your unit north-south and come up with a unit of approximately 70 acres rather than running east-west and coming out with 90 acres, but either way, it's ten acres off on a non-standard unit?

A That is correct, sir.

Q Do you have any additional plans for developing the acreage immediately south of these proposed non-standard unit?

A Yes, sir, that acreage is already developed.

Q I didn't see any well plotted on this exhibit.

A Wells are not on Exhibit 2 or 3, but it is developed, all of the acreage in the south half of Sections 8 and 9 -- par-



don me -- strike that. The acreage in the south half of Section 8 and the acreage in the west half of the south half of Section 9 is assigned to wells. The three wells along in here are the same common lease.

Q You have very little alternative but to run your units east-west, as you have.

A That's true, sir.

MR. MORRIS: I have no further questions; thank you.

MR. NUTTER: Any further questions of the witness? If not, he may be excused.

(Witness excused.)

MR. BUELL: May I formally offer Pan American's Exhibits 1 through 3 into evidence?

MR. NUTTER: Pan American's Exhibits 1 through 3 will be entered in evidence. Is there anything anybody wishes to offer in the case? If not, the Commission will take the case under advisement.

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STATE OF NEW MEXICO)
)
COUNTY OF BERNALILLO) ss

I, Thomas F. Horne, a Court Reporter, in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in machine shorthand and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

Thomas F. Horne
Court Reporter

My Commission Expires:

27 April 1965

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2272, heard by me on 5-4, 1964.

[Signature], Examiner
New Mexico Oil Conservation Commission

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