

CASE 2315: Application of PAN AMER.
for a non-standard oil pro. unit &
for an unorthodox oil well location

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2315

plication, Transcript,
and Exhibits, Etc.

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER



P. O. BOX 271
SANTA FE

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

July 7, 1961

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

Case No. 2315
Order No. R-2017
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. 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

**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. 2315
Order No. R-2017**

**APPLICATION OF PAN AMERICAN
PETROLEUM CORPORATION FOR A
NON-STANDARD OIL PRODUCTION
UNIT AND FOR AN UNORTHODOX
OIL WELL LOCATION, 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 June 28, 1961, at Santa Fe, New Mexico, before Elvin A. Uta, 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 7th day of July, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvin A. Uta, 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, proposes the establishment of an 86.62-acre non-standard production unit in the Totah-Gallup Oil Pool, consisting of Lots 2, 3 and 4 of Section 12, Township 28 North, Range 13 West, NMPN, San Juan County, New Mexico.

(3) That the proposed unit is to be dedicated to applicant's Gallager Canyon Unit Well No. 100 at an unorthodox location in the Totah-Gallup Oil Pool 476 feet from the North line and 1980 feet from the West line of said Section 12.

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

-2-

CASE No. 2315
Order No. R-2017

IT IS THEREFORE ORDERED:

(1) That an 86.62-acre non-standard proration unit in the Totah-Gallup Oil Pool is hereby established, consisting of Lots 2, 3 and 4 of Section 12, Township 28 North, Range 13 West, NMPN, San Juan County, New Mexico.

(2) That the applicant, Pan American Petroleum Corporation, is hereby authorized to locate its Gallegos Canyon Unit Well No. 100 at an unorthodox location in the Totah-Gallup Oil Pool at a point 476 feet from the North line and 1980 feet from the West line of said Section 12.

(3) That the allowable for the above-described non-standard proration unit shall bear the same ratio to a standard allowable in the Totah-Gallup Oil Pool as 86.62 bears to 80.

(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



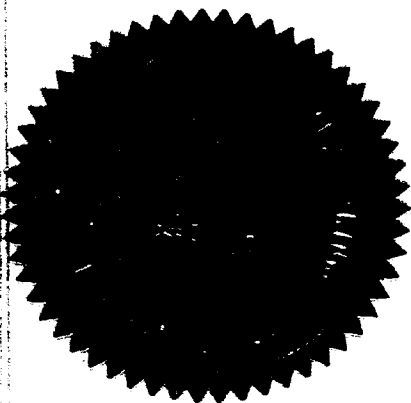
EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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



est/

Cases 2315

Heard 6-28-61

Rec. 7-3-61

small portion with

in the
location

Grant Pan Am's request for a
NW 1/4 in State College Dist. Post.
and a NSL for the unit well.

2. The unit shall consist of the lot.
2, 3 & 4 of sec. 12 - 28 N 13 W. consisting
of 86.62 acres.

3. The NSL shall be for their H.C.U.
#100 located 476/N, 1950/W

lines of said section 12.
3. Should be allowed because the
the survey correction lines on the
north edge of this Township.

4. The well is located as near the
center of the unit as is possible.

Thos. J. [Signature]

PAN AMERICAN PETROLEUM CORPORATION

P. O. Box 480, Farmington, New Mexico
May 24, 1961

File: W-121-986.510.1

Subject: Application for Hearing to
Consider Non-standard Proration
Unit and Unorthodox Well Location
Totah Gallup Pool
San Juan County, New Mexico

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
non-standard proration unit and unorthodox well location in
the Totah Gallup Pool, San Juan County, New Mexico.

A non-standard proration unit consisting of Lots 2, 3,
and 4, Section 12, T-28-N, R-13-W, containing 86.62
acres, to be dedicated to Pan American's Gallegos
Canyon Unit Well No. 100 at an unorthodox location
476 feet from the north line and 1980 feet from the
west line, Section 12, T-28-N, R-13-W.

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

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION

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

GWE:en

| | | | |
|-------|-------|-------|-------|
| 4 | 3 | 2 | 1 |
| 28.92 | 28.87 | 28.83 | 28.78 |
| | | | |
| | | | |

Handwritten:
6/15-61
[Signature]

Handwritten: T6.62

ATWOOD & MALONE
LAWYERS

JEFF D. ATWOOD (1883-1980)
ROSS L. MALONE
CHARLES F. MALONE
E. KIRK NEWMAN
RUSSELL D. MANN
PAUL A. COOTER
BOB F. TURNER

TELEPHONE MAIN 3-6721
ROSWELL PETROLEUM BUILDING
ROSWELL, NEW MEXICO

June 26, 1961

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

Re: Case No. 2315, Application of Pan American
Petroleum Corporation for non-standard unit
and unorthodox location in Totah-Gallup Oil
Pool.

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 presen-
tation for Pan American will be made by Mr. Buell.

Very truly yours,

ATWOOD & MALONE

By: *E. Kirk Newman*

ENK:ps

cc/ J. K. Smith
Guy Buell

NEW MEXICO OIL CONSERVATION COMMISSION

Well Location and Acreage Dedication Plat

Section A.

Date June 19, 1961

Operator PAN AMERICAN PETROLEUM CORPORATION Lease GALLEGOS CANYON UNIT
 Well No. 100 Unit Letter K Section 12 Township 28 NORTH Range 13 WEST, NMPM
 Located 476 Feet From the SOUTH Line, 1980 Feet From the WEST Line
 County SAN JUAN G. L. Elevation To Report Later Dedicated Acreage 86.62 Acres
 Name of Producing Formation Gallup Pool Total Gallup

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below?
 Yes No X
2. If the answer to question one is "no", have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes X No . If answer is "yes", Type of Consolidation.
Gallegos Canyon Unit Acreage
3. If the answer to question two is "no", list all the owners and their respective interests below:

Owner

Land Description

Section B.

Note: All distances must be from outer boundaries of section.

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

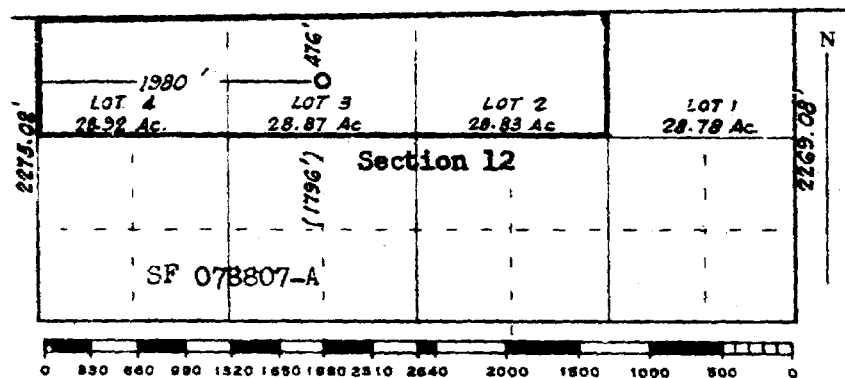
Pan American Petroleum Corporation
 (Operator)
R. M. Bauer, Jr.
 (Representative)
Box 480, Farmington, New Mexico
 (Address)

Note: Well location in center of Lot 3 of
 partial Section 12 corresponds to
 Unit Letter K and footage distances
 of 476' FNL and 1980' FWL, or 1796'
 FSL and 1980' FWL of Section 12,
 T-28-N, R-13-W.

22.
2892
2887
2883
86.62

Ref: GLO plat dated 19 July 1915

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
R.M. Bauer EXHIBIT NO. 2
 CASE NO. 2315



Scale 4 inches equal 1 mile



Farmington, New Mexico

This is to certify that the above plat was prepared from field notes of actual surveys
 made by me or under my supervision and that the same are true and correct to the best
 of my knowledge and belief.

Date Surveyed 13 May 1961

James P. Leese
 Registered Professional Engineer and/or Land Surveyor
 James P. Leese N. Mex. Reg. No. 1463
 San Juan Engineering Company

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
JUNE 28, 1961

EXAMINER HEARING

IN THE MATTER OF

CASE 2315:

Application of Pan American Petroleum
Corporation for a non-standard oil
proration unit and for an unorthodox
oil well location, San Juan County,
New Mexico.

TRANSCRIPT OF HEARING

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
JUNE 28, 1961

EXAMINER HEARING

IN THE MATTER OF

CASE 2315: Application of Pan American Petroleum Corpora-
tion for a non-standard oil proration unit and
for an unorthodox oil well location, San Juan
County, New Mexico. Applicant, in the above-
styled cause, seeks the establishment of an
86.62-acre non-standard oil proration unit in
the Totah-Gallup Oil Pool consisting of Lots
2, 3 and 4 of Section 12, Township 28 North,
Range 13 West, San Juan County, New Mexico, to
be dedicated to the Gallegos Canyon Unit Well
No. 100 at an unorthodox location 476 feet
from the North line and 1930 feet from the
West line of said Section 12.

BEFORE:

Mr. Elvis A. Utz, Examiner.

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: Case 2315.

MR. MORRIS: Case 2315. Application of Pan American
Petroleum Corporation for a non-standard oil proration unit and
for an unorthodox oil well location, San Juan County, New Mexico.

MR. BUELL: Guy Buell for Pan American Petroleum Cor-
poration. We have one witness, Mr. Eaton.

MR. MORRIS: Let the record show that Mr. Eaton testified

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PHONE CM 3-6691

ALBUQUERQUE, NEW MEXICO



in the previous case, and was sworn in that case.

GEORGE W. EATON, JR.,

called as a witness, having been previously duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. BUELL:

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

A George W. Eaton, Jr. I am senior petroleum engineer for Pan American Petroleum Corporation in Farmington, New Mexico.

Q You have testified at prior Commission hearings, and your qualifications as a petroleum engineer are a matter of public record, are they?

A They are.

MR. MORRIS: No questions, are there, Mr. Examiner?

MR. UTZ: No, there are none. Let me ask for other appearances at this time. You may proceed.

(Whereupon, Pan American's Exhibits 1 and 2 were marked for identification).

Q (By Mr. Buell) Will you look at Exhibit No. 1 in this case, and state what is reflected on this Exhibit?

A Exhibit No. 1 is a map of a portion of the Totah-Gallup Pool in San Juan County, New Mexico. The blue lines on Exhibit No. 1 depict isopach contours of the Gallup sand in the Totah-Gallup Pool. The contour interval for these isopach contour lines



is two feet.

Q Mr. Eaton, in what portion or area of the Pool is the proposed non-standard unit, that's the subject matter of this hearing?

A The proposed non-standard unit in this case, Case 2315, is in the extreme southeastern portion of the Totah-Gallup Pool. That non-standard unit is colored in green on Exhibit No. 1.

Q How have you shown the unorthodox location to serve that unit?

A The unorthodox well location is shown with a red dot.

Q Mr. Eaton, while we're looking at your isopach, let me ask you this, whether or not, in your opinion, each and every acre in this non-standard unit will be productive or is production of oil from the Totah-Gallup Oil Pool?

A In my opinion, each acre that is contained within this non-standard unit is productive from the Totah-Gallup Oil Pool.

Q Mr. Eaton, go ahead.

A As may be seen from Exhibit No. 1, the entire acreage falls well within the zero isopach contours, as shown on Exhibit 1. So, I believe that the entire unit is productive from the Totah-Gallup Pool.

Q Would you look, now, at what has been marked as Pan American's Exhibit No. 2, and state, for the record, what that Exhibit reflects?

A Exhibit No. 2 is a copy of New Mexico Oil Conservation

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Commission Form c-128, showing the non-standard unit and the unorthodox location for Gallegos Canyon Unit No. 100. The non-standard unit is that acreage which will be dedicated to Gallegos Canyon Unit No. 100 at the unorthodox location, as shown on Exhibit No. 2.

Q Will you describe the acreage or locate the acreage contained within the non-standard unit?

A Yes, sir. The acreage, which is contained in the proposed non-standard unit consists of Lots 2, 3 and 4 of Section 12, Township 28 north, Range 13 West. The exact acreage might be described as follows: Lot 2 contains 28.83 acres. Lot 3 contains 28.87 acres, and Lot 4 contains 28.92 acres. The total acreage in the proposed non-standard unit is 87.62 acres.

Q Mr. Eaton, is the only reason that this is a non-standard unit due to the fact that it contains slightly over 80 acres?

A No, sir. Not only is the proposed unit non-standard because it contains more than 80 acres, but it is also non-standard because it consists of more than two legal subdivisions of a public land survey. In this particular case, it consists of three Lots, or three legal subdivisions.

Q What has caused these irregular Lots in this area, Mr. Eaton?

A All along the north boundary of Township 28 North, there is a tier of partial sections. Now, they vary somewhat in size, but in the particular area in which we're interested today,

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they approximate 280 acres in size. Now, the south half of those partial sections are standard insofar as being standard quarter-quarter sections containing 40 acres. The northern part of the section consists of the small Lots, which, in this particular case are approximately 29 acres in size.

Q Now, Mr. Eaton, this unit is composed of three Lots. Could you use any combination of those three Lots with any combination of adjacent acreage, and form a standard 80-acre unit?

A No, sir, you could not, and follow legal subdivision boundaries. In other words, two of those Lots would be less than 60 acres. Three of them, as we have stated, are nearly 87 acres. Combining one of those Lots with a standard quarter-quarter would amount to a little less than 70 acres. So, we chose to combine the three Lots and make a non-standard unit consisting of about 86.62 acres.

Q Do you feel that this proposed unit is a good engineering answer to this problem as well as a practical solution to handling these irregular sized Lots?

A Yes, sir, I do. By doing so, this permits the formation of standard units in the south half of these partial sections, if it appears that they, too, will be productive.

Q Would you describe, for the record, the location of our proposed well to serve this unit?

A Yes, sir. Gallegos Canyon Unit No. 100 is located 476 feet from the North line, and 1980 feet from the West line of this



partial Section 12. It is also located in the center of Lot 3 of Section 12.

MR. UTZ: Is that 476 feet?

A Yes, sir. Therefore, the location is actually in the precise center of the proposed non-standard unit. It is equidistant from the North and South lines; it is equidistant from the East and West lines of the unit.

Q (By Mr. Buell) It is about as orthodox an unorthodox location as you can make, using this unit?

A Yes, it is.

Q Do you feel that if the Commission approves the proposal that you are making here today, that conservation will be served, and that the correlative rights of all owners of interest in this area of the Pool will be protected?

A Yes, sir, I do.

Q Do you have anything else you would like to add?

A No, sir.

MR. BUELL: That concludes our direct examination, Mr. Examiner. I would like to formally offer Pan American's Exhibits 1 through 2 inclusive.

MR. UTZ: Without objection, Exhibits 1 through 2 inclusive will be entered into the record.

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

CROSS-EXAMINATION

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PHONE CH 3-6651

ALBUQUERQUE, NEW MEXICO



BY MR. UTZ:

Q Mr. Eaton, does Pan American own Lot 1 of this partial Section?

A Yes, sir, it does. It's in the Gallegos Canyon Unit. It's operated by Pan American.

Q Then, the acreage to the east would also be in the Unit?

A Yes, sir.

MR. UTZ: Are there other questions of the witness? The witness may be excused.

(Witness excused)

MR. UTZ: Any other statement in this case? The case will be taken under advisement.

DEARNLEY MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691



STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, ADA DEARNLEY, 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.

WITNESS my Hand and Seal this, the 2nd day of July, 1961, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ada Dearnley
 NOTARY PUBLIC

My Commission expires:

June 19, 1963

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2315, heard by me on June 28, 1961.
[Signature] Examiner
 New Mexico Oil Conservation Commission

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ALBUQUERQUE, NEW MEXICO

