

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

Case No.

2315

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Application, Transcript,  
and Exhibits, Etc.



**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 Elvis 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 Regula-  
tions.

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,  
Elvis 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, N28W, San Juan  
County, New Mexico.

(3) That the proposed unit is to be dedicated to appli-  
cant's Gallager Canyon Unit Well No. 100 at an unorthodox loca-  
tion 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



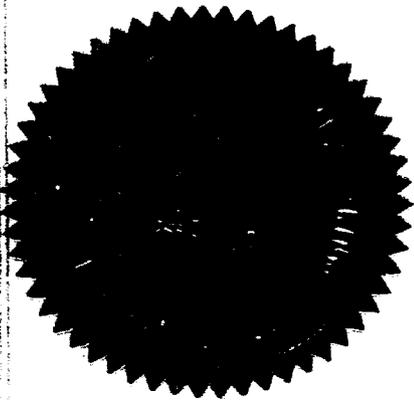
EDWIN L. MECHEN, Chairman



E. S. WALKER, Member



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



est/

Case 2315

Heard 6-28-61

Rec. 7-3-61

small portion with

union table  
located on

Grant Paul Ann's request for a  
NW 1/4 in Jatah Helling's 6th 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's location as near the  
center of the unit as is possible.

Just W.

*Case 2315  
70/10/11*

# PAN AMERICAN PETROLEUM CORPORATION

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

File: N-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 66.62 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

*76.62*

GWE:ea

*Work  
7/15/61  
6-15-61*

4	3	2	1
28.92	28.87	28.83	28.78

**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 presentation 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.

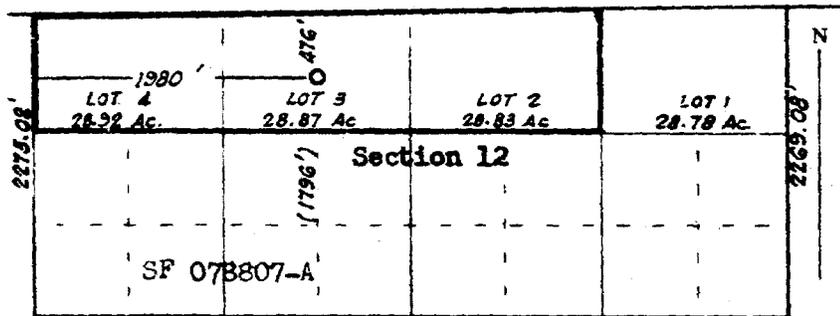
Note: Well location in center of Lot 3 of partial Section 12 corresponds to Unit Letter K and footage distances of 476' FNL and 1980' FWL, or 1796' FSL and 1980' FWL of Section 12, T-28-N, R-13-W.

27.  
 2892  
 2887  
 2883  
 86.62

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

Ref: GLO plat dated 19 July 1915

**BEFORE EXAMINER UTZ**  
**OIL CONSERVATION COMMISSION**  
*RMB* EXHIBIT NO. 2  
 CASE NO. 2315



Scale 4 inches equal 1 mile



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.

T R A N S C R I P T    O F    P R O C E E D I N G S

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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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

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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

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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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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.

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