

PAN AMERICAN PETROLEUM CORPORATION

P. O. Box 480, Farmington, New Mexico
November 28, 1960

File: E-833-400.1 X 986.510.1

Subject: Non-Standard Proration Unit
Hargrave Gas Unit No. 1
Angels Peak Dakota Field
San Juan County, New Mexico

MAIN OFFICE OCC

NOV 29 PM 1:23

New Mexico Oil Conservation Commission (3)

P. O. Box 871
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

Pan American Petroleum Corporation respectfully requests administrative approval of a 280-acre non-standard gas proration unit to consist of the NW/4 of the NW/4, S/2 of the NW/4, and SW/4 of Section 4, i.e. all of the W/2 of Section 4 except the NE/4 of the NW/4, T-27-N, R-10-W, Angels Peak Dakota Field, San Juan County, New Mexico. In accord with the provisions of Rule 1 (b) of New Mexico Oil Conservation Commission Order R-1287, the requested non-standard proration unit consists of contiguous quarter-quarter sections, lies completely within one section, is all reasonably presumed to be productive of gas, and is no greater than 5280 feet in length or width. Approval of the 280-acre non-standard unit has been obtained from all leasehold working interest owners in the proposed unit. In addition, all offset operators in adjoining sections and all operators in the same section have been notified by registered mail of Pan American Petroleum Corporation's intent to form the non-standard unit.

The requested 280-acre non-standard gas proration unit is necessitated by Three States Natural Gas Company's Hargrave No. 1, located in the NE/4 of the NW/4 of Section 4. This well was completed December 8, 1947, with an initial potential of 1250 MCF plus 9 barrels of distillate per day. Currently, the well is capable of producing only 193 MCF of gas per day and 5 barrels of distillate per day. A workover is not considered feasible because a five inch liner was set above the main Dakota pay zone and is probably not retrievable. Also, several sets of cable tools were lost in the hole above the main Dakota sand. The well does not comply with the normal NE/4 and SW/4 development pattern consistent in most of the Angels Peak Dakota Field.

The proposed 280-acre non-standard proration unit, and a well to be completed, using modern completion techniques, in the SW/4 of Section 4 will protect correlative rights by preventing drainage from the proposed unit to offsetting acreage producing at much higher rates than the low capacity Hargrave No. 1 well in the NE/4 NW/4 of Section 4.

See 29
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NWU
(waiting period)

Simultaneously with Pan American's filing of this application for a 280-acre non-standard gas proration unit, Three States Natural Gas Company is filing an application for a 40-acre non-standard proration unit to consist of the NE/4 NW/4 of Section 4, T-27-N, R-10-W. This 40-acre non-standard unit will complete the dedication of acreage in the W/2 of Section 4, thereby leaving no islands of acreage undedicated.

Attached for your information is a map showing the location of the proposed 280-acre non-standard unit with respect to offsetting acreage.

Very truly yours,

PAN AMERICAN PETROLEUM CORPORATION



L. O. Speer, Jr.
Area Superintendent

RBB:en

Attachment

cc: Three States Natural Gas Company
17th Floor Corrigan Tower
Dallas 1, Texas

El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas
Attn: Mr. Sam Smith
Manager, Land Department

Sunset International Petroleum Corporation
P. O. Box 1527
Denver, Colorado

