

607

September 11, 1963

Pan American Petroleum Corporation
P. O. Box 268
Lubbock, Texas

RE: Welch-Unit Area, Eddy County,
New Mexico - Application for
Contraction

ATTENTION: Mr. John H. Thompson

Gentlemen:

The Commissioner of Public Lands has approved as of September 11, 1963, your application for the contraction of the Welch-Unit Area, Eddy County, New Mexico. This contraction will become effective as of May 1, 1963, leaving a total of two hundred (200) acres within the unit area.

We were informed by a letter dated August 19, 1963 that this application was approved by the Acting Director of the Geological Survey on August 14, 1963.

We are returning one approved copy of this application.

Very truly yours,

E. S. JOHNNY WALKER
COMMISSIONER OF PUBLIC LANDS

BY:
(Mrs.) Marian M. Rhea, Supervisor
Unit Division

ESJW/mmr/po

Enclosure

CC: Oil Conservation Commission
Santa Fe, New Mexico

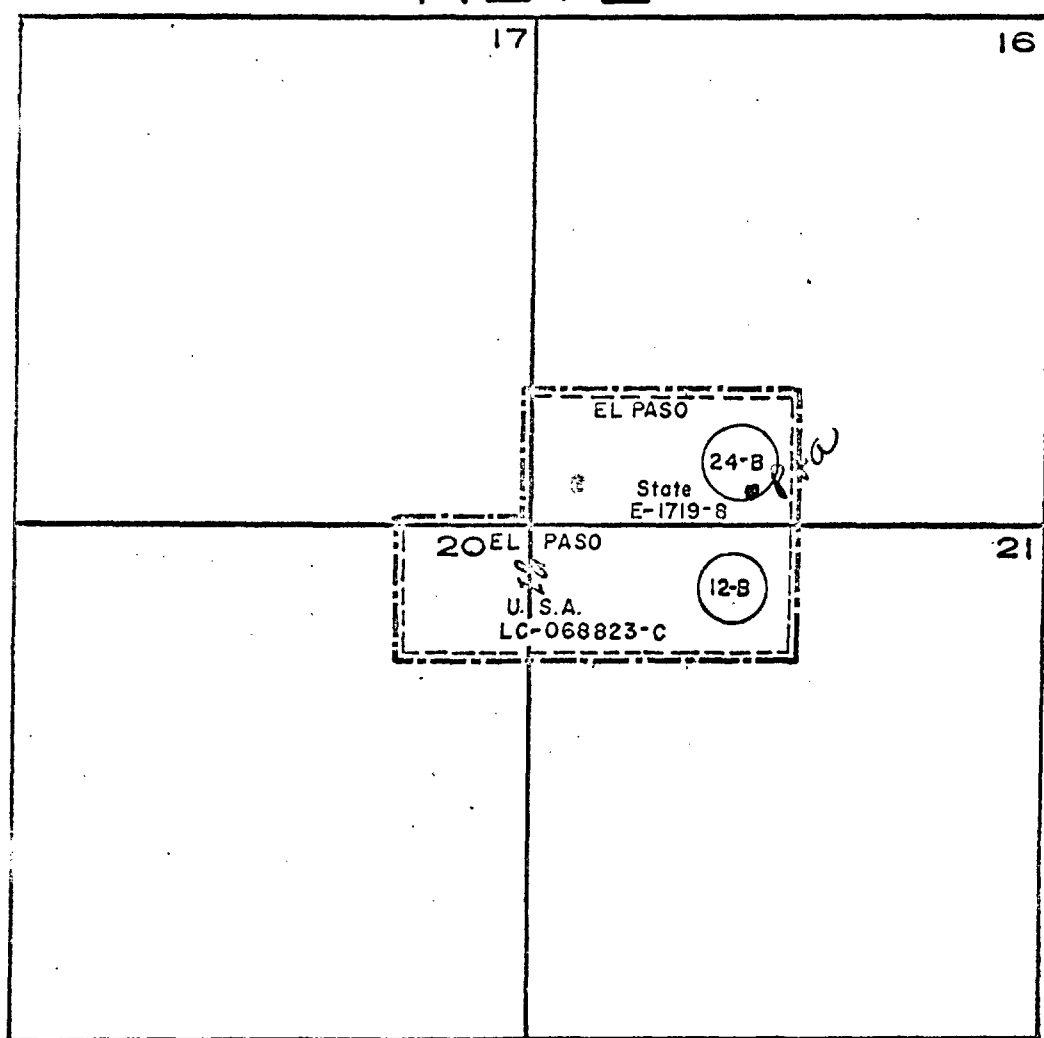
U. S. Geological Survey
Roswell, New Mexico

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26
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Acres in Contracted Unit----- 200.00

UNIT BOUNDARY -----

RECEIVED
APR 3 8 07 AM '63
STATE LAND OFFICE
SANTA FE, N.M.

EXHIBIT "A"
SHOWING
WELCH UNIT, AFTER CONTRACTION
- EDDY COUNTY, NEW MEXICO
SCALE 1"=2000'



IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Drawer 1857
Roswell, New Mexico

November 29, 1962

Certified Mail

Pan American Petroleum Corporation
P. O. Box 268
Lubbock, Texas

Attention: Mr. L. F. Jacks

Gentlemen:

Returned herewith unapproved are five copies of your 1962 plan of development for the Welch unit, Eddy County, New Mexico, which proposes the drilling of no additional wells within the unit area during 1962.

By letter of May 5, 1961, to El Paso Natural Gas Products Company, operator of the Welch unit area at that time, we confirmed an understanding reached in a conference with El Paso on April 6, 1961, that the unit operator would submit an acceptable 1962 plan of development calling for further drilling operations, or would propose contraction of the unit area to the Delaware participating area. The Director's letter of October 10, 1962, to you advised that unless an acceptable plan of development providing for additional drilling operations during 1962 was filed promptly, early contraction of the unit area would be expected. By letter of October 3, 1962, the Commissioner of Public Lands, State of New Mexico, advised you that unless a satisfactory program providing for drilling operations in 1962 was submitted, contraction of the unit area would be expected.

It appears that the unit operator has been given adequate notice of the necessity for conducting additional drilling operations on the Welch unit area, and that the operator has had adequate time within which to do necessary geological and geophysical work.

We feel that the circumstances of the case do not warrant continuation of the unit agreement as to the non-productive lands, and request that you take appropriate steps to contract the unit area to eliminate all lands except those included in the Delaware participating area.

Very truly yours,

JOHN A. ANDERSON
Regional Oil and Gas Supervisor

Copy to: Washington
Com. of Pub. Lands - Santa Fe
N.M.O.G.C. - Santa Fe ✓
Artesia

Glowe:JAAnderson:cn:11-29-62

PAN AMERICAN PETROLEUM CORPORATION

P. O. Box 268
Lubbock, Texas
November 9, 1962

AFE 20,052
Eddy County
New Mexico

Mr. E. S. Johnny Walker
Commissioner of Public Lands
Box 791
Santa Fe, New Mexico

Mr. John Anderson
Regional Supervisor
United States Geological Survey
Drawer 1857
Roswell, New Mexico

New Mexico Oil Conservation
Commission
Capital Annex Building
Santa Fe, New Mexico

Gentlemen:

In compliance with Section 10 of the Welch Unit Agreement No. 14-08-001-1206, Pan American Petroleum Corporation as unit operator hereby submits for your approval a plan of development for the year 1962.

History of Past Development

Stanolind No. 1 Welch Unit, located in the NW/4 NW/4 Section 21-26S-27E, was spudded April 18, 1954, and drilled to a total depth of 12,457' where it was plugged and abandoned on September 24, 1954. Deepening was commenced March 26, 1956, and operations taken over by El Paso Natural Gas Company, who drilled same to a total depth of 12,853'. The casing parted and the well was plugged and abandoned on May 5, 1956.

The El Paso Natural Gas Company No. 1-X Welch Unit, located in the NW/4 NW/4 Section 21-26S-27E was spudded June 30, 1956, drilled to a total depth of 12,620', PBTD 12,564' and completed October 15, 1956, with an IP of 27,000 MCFPD. Deepening was commenced May 5, 1957, and the well was drilled to a total depth of 13,848' in the Devonian and plugged back to 12,490' where it was completed July 26, 1957, with IP of 1540 MCFPD. Production declined rapidly and the well is now being operated by El Paso as a non-commercial Atoka-Morrow Penn well producing about 1200 MCF per month.

Nine Delaware Sand wells have been drilled on the Unit and currently only four are producing with an average of about 7 BOPD per well. These wells are owned and operated by J. M. C. Ritchie as Agent.

Further Development

Page 2

El Paso resigned as unit operator effective July 1, 1962, and Pan American has been designated as successor unit operator, such designation having been approved by the Commissioner on October 3, 1962, and by the Director of the USGS on October 10, 1962. We believe that the unit area has not been reasonably proved incapable of producing in paying quantities. Since becoming successor unit operator, Pan American has diligently attempted to interest other parties in additional drilling but without success as the geological and geophysical information available to us at this time and the production history is not sufficiently favorable to induce a prudent operator to make the necessary expenditure. Pan American, as successor unit operator, proposes to drill no additional wells within the unit during the remainder of 1962. If this plan of development is approved by the regulatory bodies, we plan to conduct approximately two months of seismic work on the unit in the early part of 1963. This additional exploratory work is essential before additional drilling can be considered feasible.

Effective Date

This plan of development should be effective immediately, and if it meets with your approval, please so indicate hereon, returning one copy of same to us.

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION

By: L. F. Jacks

L. F. Jacks

District Exploration Superintendent

JHT:dd

APPROVED _____ DATE _____
Supervisor, United States Geological Survey

APPROVED _____ DATE _____
Commissioner of Public Lands

APPROVED _____ DATE _____
Oil Conservation Commission

PAN AMERICAN PETROLEUM CORPORATION

P. O. Box 268
Lubbock, Texas
November 9, 1962

AFE 20,052
Eddy County
New Mexico

Mr. E. S. Johany Walker
Commissioner of Public Lands
Box 791
Santa Fe, New Mexico

Mr. John Anderson
Regional Supervisor
United States Geological Survey
Drawer 1857
Roswell, New Mexico

New Mexico Oil Conservation
Commission
Capital Annex Building
Santa Fe, New Mexico

Gentlemen:

In compliance with Section 10 of the Welch Unit Agreement No. 14-08-001-1206, Pan American Petroleum Corporation as unit operator hereby submits for your approval a plan of development for the year 1962.

History of Past Development

Stanolind No. 1 Welch Unit, located in the NW/4 NW/4 Section 21-26S-27E, was spudded April 18, 1954, and drilled to a total depth of 12,457' where it was plugged and abandoned on September 24, 1954. Deepening was commenced March 26, 1956, and operations taken over by El Paso Natural Gas Company, who drilled same to a total depth of 12,853'. The casing parted and the well was plugged and abandoned on May 5, 1956.

The El Paso Natural Gas Company No. 1-K Welch Unit, located in the NW/4 NW/4 Section 21-26S-27E was spudded June 30, 1956, drilled to a total depth of 12,620', PBTD 12,564' and completed October 15, 1956, with an IP of 27,000 MCFPD. Deepening was commenced May 5, 1957, and the well was drilled to a total depth of 13,848' in the Devonian and plugged back to 12,490' where it was completed July 26, 1957, with IP of 1540 MCFPD. Production declined rapidly and the well is now being operated by El Paso as a non-commercial Atoka-Morrow Penn well producing about 1200 MCF per month.

Nine Delaware Sand wells have been drilled on the Unit and currently only four are producing with an average of about 7 BOPD per well. These wells are owned and operated by J. M. C. Ritchie as Agent.

Further Development

Page 2

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Effective Date

This plan of development should be effective immediately, and if it meets with your approval, please so indicate hereon, returning one copy of same to us.

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION

By: L. F. Jacks
L. F. Jacks
District Exploration Superintendent

JHT:dd

APPROVED _____ DATE _____
Supervisor, United States Geological Survey

APPROVED _____ DATE _____
Commissioner of Public Lands

APPROVED _____ DATE _____
Oil Conservation Commission

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

August 3, 1962

Mr. M. L. Armstrong
District Supervisor
Oil Conservation Commission
Drawer DD
Artesia, New Mexico

Re: J. M. C. Ritchie lease purchase from
El Paso Natural Gas Products Company

Dear Mose:

In accordance with your request during our recent visit to your office, we have now considered Mr. J. M. C. Ritchie's lease purchase from El Paso Natural Gas Products Company concerning leases under the Welch Unit Agreement, Eddy County, New Mexico.

We can see no objection, from the Commission's standpoint, to the purchase of these leases. However, if any of the wells on these leases are producing, we will have to have Forms C-110 and a blanket bond or individual well bonds from Mr. Ritchie, if he intends to operate the wells. Also, although it is not a Commission requirement, Mr. Ritchie probably should ratify the unit agreement in order to assure he will operate in accordance with the same.

Let me know if we can be of any further help to you concerning this matter, or if you need additional information from us.

Very truly yours,

JAMES M. DURRETT, Jr.,
Attorney

JMD/esr



EL PASO NATURAL GAS PRODUCTS COMPANY

POST OFFICE BOX 1161, EL PASO, TEXAS

June 27, 1961

Car 101

Mr. John A. Anderson
Regional Oil and Gas Supervisor
United States Geological Survey
P. O. Box 6721
Roswell, New Mexico

Commissioner of Public Lands of
the State of New Mexico
P. O. Box 791
Santa Fe, New Mexico

Oil Conservation Commission
of the State of New Mexico
P. O. Box 871
Santa Fe, New Mexico

Re: Welch Unit No. 14-08-001-1206
Eddy County, New Mexico
Plan of Development for
Calendar Year 1961

Gentlemen:

This is to advise that the Plan of Development for Calendar Year 1961 for the Welch Unit has been approved by the Federal and State Regulatory Bodies as follows:

1. Approved by the Commissioner of Public Lands of the State of New Mexico on April 14, 1961.
2. Approved by the United States Geological Survey on May 5, 1961.
3. Approved by the Oil Conservation Commission of the State of New Mexico on June 5, 1961.

Yours very truly,

EL PASO NATURAL GAS PRODUCTS COMPANY

By *D. W. Reece*
D. W. Reece
Land Department

DWR:mas

cc: Attached List

Welch Unit

Copies of the foregoing letter have been sent to the following Working Interest Owners:

Pan American Petroleum Corporation
P. O. Box 1410
Fort Worth, Texas

Mobil Petroleum Company
P. O. Box 900
Dallas, Texas

Mr. George G. Snowden, and wife
4 East 66th Street
New York 21, New York

Mr. James H. Snowden, and wife
750 West 5th Street
Ft. Worth, Texas

Gulf Oil Corporation
P. O. Drawer 669
Roswell, New Mexico

El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas

Mr. Elmer L. Lockwood
750 West 5th Street
Fort Worth, Texas

Humble Oil & Refining Company
P. O. Box 1287
Roswell, New Mexico

Sunshine Royalty Company
P. O. Box 147
Roswell, New Mexico

CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

Case "601"

June 5, 1961

C
O
P
Y
El Paso Natural Gas Products Company
P. O. Box 1161
El Paso, Texas

ATTENTION: Mr. R. L. Hamblin

Re: 1961 Plan of Development
Welch Unit, Eddy County,
New Mexico

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the 1961 Plan of Development for the Welch Unit, Eddy County, New Mexico, subject to like approval by the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico.

One approved copy of the plan is returned herewith.

Very truly yours,

A. L. PORTER, Jr.,
Secretary-Director

ALP/JEK/ig

cc: US Geological Survey

Commissioner of Public Lands



IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Drawer 1857
Roswell, New Mexico

May 5, 1961

El Paso Natural Gas Products Company
P.O. Box 1161
El Paso, Texas

Attention: Mr. R. L. Hamblin

Gentlemen:

Your 1961 Plan of Development for the Welch unit area, Eddy County, New Mexico, advises that the productive limits of the Welch Delaware pool have been effectively defined and provides for no further drilling operations during calendar year 1961.

Your Plan of Development is hereby approved, subject to like approval by the appropriate officials of the State of New Mexico. In accordance with the understanding reached in the conference with this office on April 6, 1961, we will expect that unless you submit a 1962 Plan of Development proposing further drilling operations, you will propose contraction of the unit area to the existing Delaware participating area.

Three approved copies of the plan are attached.

Very truly yours,

JOHN A. ANDERSON
Regional Oil and Gas Supervisor

Copy to: Washington (w/cy Plan)
Artesia: (w/cy Plan)
NMOGC, Santa Fe (ltr. only)

April 13, 1961

C
O
P
Y

El Paso Natural Gas Products Company
P. O. Box 1161
El Paso, Texas

Re: Welch Unit
Eddy County, New Mexico

Attention: Mr. R. L. Hamblin

Gentlemen:

The Commissioner of Public Lands has approved your report of operations and your request for approval for no further drilling and development during the calendar year 1961, for the Welch Unit Area.

We are returning one approved copy, however, this office requires two copies so when full approval has been obtained please furnish us another copy.

Very truly yours,
E. S. JOHNNY WALKER
COMMISSIONER OF PUBLIC LANDS

BY:
Ted Bilberry, Supervisor
Oil and Gas Division

ESW/umr/s
cc: Oil Conservation Commission
Santa Fe, New Mexico

US Geological Survey
Roswell, New Mexico



EL PASO NATURAL GAS PRODUCTS COMPANY

POST OFFICE BOX 1161, EL PASO, TEXAS

February 23, 1961

Mr. John A. Anderson
Regional Oil and Gas Supervisor
United States Geological Survey
P. O. Box 6721
Roswell, New Mexico

Commissioner of Public Lands
of the State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico

Oil Conservation Commission
of the State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico

Re: Welch Unit No. 14-08-001-1206
Eddy County, New Mexico
Report of Operations and Request for Approval
of a Plan of Development for Calendar Year 1961

Gentlemen:

On April 8, 1960, El Paso Natural Gas Products Company, as Unit Operator, submitted for your approval a plan of development for the calendar year 1960. This plan of development was approved by the Regional Supervisor of the United States Geological Survey on May 17, 1960, and by the Commissioner of Public Lands of the State of New Mexico on May 23, 1960.

The 1960 plan of development proposed the drilling of one definite Delaware test and the possibility of two additional Delaware test wells. In accordance with this plan of development, the Welch Unit #9 well located in the SE SE of Section 17, Township 26 South, Range 27 East, was drilled to a total depth of 2230' and thoroughly tested the Delaware sand. The well was non-productive and was plugged and abandoned on September 9, 1960.

An additional Delaware test well known as the Welch Unit #10, located in the SW NE of Section 20, Township 26 South, Range 27 East, was drilled to a total depth of 2227' in an additional test of the Delaware sand. This well was also non-productive and was plugged and abandoned on October 26, 1960.

Mr. John A. Anderson
Commissioner of Public Lands
Oil Conservation Commission

Page 2
February 23, 1961
Re: Welch Unit

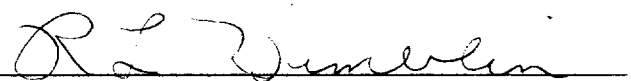
These two wells were the fourth and fifth successive dry holes in the Delaware sand drilled on the Welch Unit, and their failure to produce substantially confirms our belief that the Welch Delaware pool has been effectively defined, and that further drilling to this sand cannot be beneficial to anyone and will only result in economic waste. Attached hereto as Exhibit "A", is a map of the Welch Unit Area which shows that the four wells now producing from the Welch Delaware Pool are surrounded by five dry holes--the Welch Unit #9 and #6 on the west and north, the Welch Unit #8 to the northeast, the Welch Unit #7 to the south, and the Welch Unit #10 to the southwest. Oil production from the Welch Delaware Pool continues to decline. During the month of December, 1960, the gross production was only 1264 barrels compared to 1613 barrels for the month of January 1960, and 2380 barrels for the month of January 1959. The average total daily production of 73.2 barrels for the year 1959 declined to an average total daily production of 50.6 barrels for 1960. For the month of December, 1960, the average daily production was 41 barrels.

Therefore, pursuant to Section 10 of the Welch Unit Agreement, El Paso Natural Gas Products Company as Unit Operator hereby submits for your approval its proposed plan of development for the calendar year 1961. We do not propose to do any further drilling or development on the above unit during the calendar year 1961. The reasons for our failure to do any further development have been set out above and appear to be very obvious. We feel that the above Welch Delaware pool has been effectively defined, has been fully developed, that the reservoir pressure is rapidly declining, and that further drilling and development would be unjustified and uneconomical and would only create waste and premature abandonment of present production.

If this plan of development is acceptable to you, please signify your approval by signing in the space provided below, and return one approved copy to us.

Yours very truly,

EL PASO NATURAL GAS PRODUCTS COMPANY

By: 
R. L. Hamblin, Manager Land Department

RLH:ms
Encl.
cc: Attached List

Mr. John A. Anderson
Commissioner of Public Lands
Oil Conservation Commission

Page 2
February 23, 1961
Re: Welch Unit


These two wells were the fourth and fifth successive dry holes in the Delaware sand drilled on the Welch Unit, and their failure to produce substantially confirms our belief that the Welch Delaware pool has been effectively defined, and that further drilling to this sand cannot be beneficial to anyone and will only result in economic waste. Attached hereto as Exhibit "A", is a map of the Welch Unit Area which shows that the four wells now producing from the Welch Delaware Pool are surrounded by five dry holes--the Welch Unit #9 and #6 on the west and north, the Welch Unit #8 to the northeast, the Welch Unit #7 to the south, and the Welch Unit #10 to the southwest. Oil production from the Welch Delaware Pool continues to decline. During the month of December, 1960, the gross production was only 1264 barrels compared to 1613 barrels for the month of January 1960, and 2380 barrels for the month of January 1959. The average total daily production of 73.2 barrels for the year 1959 declined to an average total daily production of 50.6 barrels for 1960. For the month of December, 1960, the average daily production was 41 barrels.

Therefore, pursuant to Section 10 of the Welch Unit Agreement, El Paso Natural Gas Products Company as Unit Operator hereby submits for your approval its proposed plan of development for the calendar year 1961. We do not propose to do any further drilling or development on the above unit during the calendar year 1961. The reasons for our failure to do any further development have been set out above and appear to be very obvious. We feel that the above Welch Delaware pool has been effectively defined, has been fully developed, that the reservoir pressure is rapidly declining, and that further drilling and development would be unjustified and uneconomical and would only create waste and premature abandonment of present production.

If this plan of development is acceptable to you, please signify your approval by signing in the space provided below, and return one approved copy to us.

Yours very truly,

EL PASO NATURAL GAS PRODUCTS COMPANY

By: 
R. L. Hamblin, Manager Land Department

RLH:ms
Encl.
cc: Attached List

Mr. John A. Anderson
Commissioner of Public Lands
Oil Conservation Commission

Page 3
February 23, 1961
Re: Welch Unit

APPROVED: _____ Date: _____
Supervisor, United States Geological Survey

Subject to like approval by the appropriate State officials.

APPROVED: _____ Date: _____
Commissioner of Public Lands of the State of New Mexico

Subject to like approval by the United States Geological Survey and the
Oil Conservation Commission.

APPROVED:  _____ Date: 6.5.61
Oil Conservation Commission of the State of New Mexico

Subject to like approval by the United States Geological Survey and the
Commissioner of Public Lands.

The foregoing approvals are for the REQUEST FOR APPROVAL of a PLAN OF DEVELOPMENT
for the WELCH UNIT for the calendar year 1961.

Welch Unit

Copies of the foregoing letter have been sent to the following Working Interest Owners:

Pan American Petroleum Corporation
P. O. Box 1410
Fort Worth, Texas

Mobil Petroleum Company
P. O. Box 900
Dallas, Texas

Mr. George G. Snowden, and wife
4 East 66th Street
New York 21, New York

Mr. James H. Snowden, and wife
750 West 5th Street
Ft. Worth, Texas

Gulf Oil Corporation
P. O. Drawer 669
Roswell, New Mexico

El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas

Mr. Elmer L. Lockwood
750 West 5th Street
Fort Worth, Texas

Humble Oil & Refining Company
P. O. Box 1287
Roswell, New Mexico

Sunshine Royalty Company
P. O. Box 147
Roswell, New Mexico