

Case 1865

PAN AMERICAN PETROLEUM CORPORATION

P. O. Box 487, Farmington, New Mexico
December 31, 1959

File: E-528-986.510

Subject: Application for Hearing to Consider
Exception to No Flare Provisions of
Order R-1427 for Eleven Wells in
Gallegos Gallup & Bisti Lower Gallup Pools
San Juan County, New Mexico

Mr. A. L. Porter, Jr. (3)
New Mexico Oil Conservation Commission
P. O. Box 1721
Santa Fe, New Mexico

Dear Sir:

Confirming our wire of December 31, 1959, Pan American Petroleum Corporation hereby makes application for a hearing before the New Mexico Oil Conservation Commission or its examiner at the earliest possible date to consider a request for an exception to the no flare provisions of Order R-1427. In support of this application, the following statements are offered:

1. Pan American Petroleum Corporation operates seven wells in the Bisti Lower Gallup Pool as follows:

<u>Lease and Well</u>	<u>Location</u>
R. W. Rutter No. 1	NW/4 NW/4 Section 10, T-24-N, R-10-W
— R. L. Hairston No. 2	SW/4 SE/4 Section 6, T-24-N, R-9-W
— E. H. Heggie No. 1	SW/4 NE/4 Section 8, T-24-N, R-9-W
State "AV" No. 1	NW/4 SE/4 Section 2, T-24-N, R-10-W
State "AV" No. 2	SE/4 SE/4 Section 2, T-24-N, R-10-W
State "AW" No. 1	NW/4 SW/4 Section 2, T-24-N, R-10-W
State "AW" No. 2	SE/4 SW/4 Section 2, T-24-N, R-10-W

2. Likewise, Pan American Petroleum Corporation operates four wells in the Gallegos Gallup Pool as follows:

Es-Ska-Eth-Not-Tah No. 1	NE/4 NE/4 Section 6, T-26-N, R-12-W
Uskayahewood No. 1	NE/4 NW/4 Section 18, T-26-N, R-11-W
O. H. Randel No. 1	NW/4 SW/4 Section 9, T-26-N, R-11-W
O. H. Randel No. 2	SE/4 SW/4 Section 10, T-26-N, R-11-W

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3. A contract for sale of casinghead gas from four of the above leases was executed October 29, 1958 with El Paso Natural Gas Company, and the remainder of the leases are covered by a supplemental agreement with El Paso dated September 22, 1959. F. P. C. authorization for sale of this casinghead gas has been obtained, and the leases have been equipped and awaiting connection by El Paso for some time.

4. El Paso Natural Gas Company has advised that due to right-of-way and compressor installation difficulties, they will be unable to start taking casinghead gas earlier than January 10, 1960, for the Rutter, Es-Ska-Eth-Not-Tah and Uskayahewood and O. H. Randel No. 1 leases.

5. El Paso further advises that they will be unable to commence taking gas from the remaining wells before approximately January 21, 1960, and that it could possibly be January 31, 1960, if there is any inclement weather which would delay installation of the facilities.

6. Current total production from the wells which are expected to be connected by January 10, 1960, is 35 barrels of oil per day and 549 MCF per day.

7. Current total production from the wells which will not be connected before January 21, 1960, and possibly later, is 325 barrels of oil per day and 425 MCF gas per day.

In light of the above conditions, Pan American Petroleum Corporation respectfully requests that a hearing be set to hear its application for exception to Order R-1427 for the following listed wells to February 1, 1960.

GALLEGOS GALLUP POOL

O. H. Randel No. 2 ✓

BISTI LOWER GALLUP POOL

R. L. Hairston No. 2

E. H. Heggie No. 1

State "AV" No. 1

State "AV" No. 2

State "AW" No. 1

State "AW" No. 2

It is further requested that the hearing be set at the earliest possible date and that Pan American Petroleum Corporation be granted temporary authority to produce the wells and flare the gas until an order has been issued on the hearing

or the wells have been connected. This exception is requested to provide relief from economic hardship which would accompany compliance with the no flare order and to prevent violation of correlative rights due to other connected producing wells.

Very truly yours

PAN AMERICAN PETROLEUM CORPORATION

A handwritten signature in cursive script, appearing to read "L. O. Speer, Jr.", with a horizontal line extending from the end of the signature.

L. O. Speer, Jr.
Area Superintendent

GWE:cw