

EXHIBIT

PAN AMERICAN PETROLEUM CORPORATION
PROPOSAL TO COMINGLE OIL PRODUCTION
FROM THE DRINKARD AND PADDOCK POOLS
FROM ALL WELLS PRESENTLY COMPLETED ON
THE EVA OWEN "B" LEASE COMPRISING THE
SW/4 OF SEC. 34, T-21-S, R-37-E
LEA COUNTY, NEW MEXICO
NEW MEXICO OIL CONSERVATION COMMISSION
EXAMINER HEARING CASE NO. 2202
MARCH 3, 1961

GENERAL

Pan American Petroleum Corporation respectfully requests that the New Mexico Oil Conservation Commission grant an exception to Statewide Rule No. 303 to permit commingling in common tankage without prior metering of Drinkard and Paddock crudes on its Eva Owen "B" Lease, located in the SW/4 of Section 34, Township 21 South, Range 37 East, Lea County, New Mexico.

There are presently five wells on this lease which are completed as follows:

<u>Well No.</u>	<u>Pool in Which Well is Completed</u>
1	Drinkard
2 (Dual)	Drinkard & Tubb
3	Drinkard
4 (Dual)	Drinkard & Blinebry
5	Paddock

Storage facilities for hydrocarbons from the Tubb and Blinebry formations are not involved in this application.

The purchasers, Shell Pipeline Company, has verbally agreed to this proposal.

Production will be allocated to the respective reservoirs on the basis of periodic well tests. The attached schematic diagram shows how wells may be individually tested.

Granting of this proposal will: (1) Permit salvaging of two storage tanks which are not required on this low capacity lease, (2) eliminate a need for oil meters which would cost approximately \$1,400 installed, and (3) eliminate intangible maintenance and depreciation expense on the tanks made surplus.

WJS:jn