

TEXACO
MAIN OFFICE CINCINNATI

PETROLEUM PRODUCTS

1962 MAR 12 AM 10 05

DOMESTIC PRODUCING DEPARTMENT

MIDLAND DIVISION



P. O. BOX 3109

MIDLAND, TEXAS

R. M. BISCHOFF, ASSISTANT DIVISION MANAGER

March 13, 1962

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

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

Gentlemen:

Reference is made to our telegram of March 12, 1962, concerning the application of Pan American Petroleum Corporation for administrative approval of a 160-acre non-standard gas proration unit in the Basin Dakota Pool consisting of the NW/4 of Section 23, T-29-N, R-13-W, San Juan County, New Mexico. In Pan American's application letter of February 19, 1962, they state that the non-standard unit will be dedicated to the Gallegos Canyon Unit Well No. 94, which is located 1850' from the north line and 1850' from the west line of said Section 23.

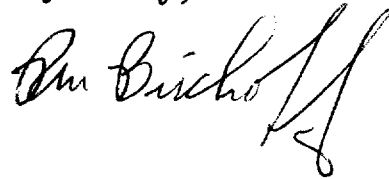
Pan American has stated that the non-standard unit is within the unit boundary of the Gallegos Canyon Unit, but the royalty interests of this acreage are not committed to the Gallegos Canyon Unit. We believe that this infers that the working interest for this acreage has been dedicated to the Gallegos Canyon Unit; however, we were advised by a telegram from Pan American dated March 9, 1962, that neither the working interest nor royalty interest in the NW/4 of said Section 23 was committed to the Unit.

Texaco Inc. as a working interest owner in the Gallegos Canyon Unit objects to the formation of a permanent non-standard gas proration unit. Texaco, however, has no objection to an administrative order approving a six month temporary non-standard gas unit on the condition that Pan American will commit this acreage to the Gallegos Canyon Unit and form a standard 320 acre unit.

March 13, 1962

Texaco believes that if this non-standard unit was approved on a permanent basis and Pan American did not commit the acreage to the Gallegos Canyon Unit it would be necessary for the Unit to drill an unnecessary well in the NE/4 of said Section 23 and ask that a 160-acre non-standard gas unit be dedicated to such a well. Texaco believes that in order to insure the protection of the correlative rights of all parties concerned, a standard 320-acre unit consisting of the N/2 of said Section 23 should be formed.

Yours very truly,

A handwritten signature in dark ink, appearing to read "Dan Brichoff", with a stylized flourish at the end.

CRB-MM

cc: Pan American Petr. Corp.
P. O. Box 480
Farmington, New Mexico