

PAN AMERICAN PETROLEUM CORPORATION

P. O. Box 268

Lubbock, Texas 79401

March 26, 1964

MAIN OFFICE OCC

1964 MAR 30 AM 8:13

*file
Case 3025*

AFE 36,966
Eddy County,
New Mexico

New Mexico Oil Conservation Commission
State of New Mexico
Santa Fe, New Mexico

Attention: Mr. James Durrett

Gentlemen:

Supplementing our request of March 18, 1964 we are enclosing Application of Pan American dated March 20, 1964 for preliminary approval of the Long Draw Unit Area and form of Unit Agreement. A copy of this Application has been filed with the Commissioner, and we have been advised by Mrs. Rhea that the form of Unit Agreement is satisfactory, as amended. If there is any further information needed, please advise.

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION

John H. Thompson
John H. Thompson

JHT:js
Enclosures

PAN AMERICAN PETROLEUM CORPORATION

OIL AND GAS BUILDING P. O. BOX 1410

FORT WORTH 1, TEXAS

March 20, 1964

Re: Long Draw Unit
Eddy County
New Mexico

The Director
United States Geological Survey
Washington, D. C.

Through:

John A. Anderson
Regional Oil and Gas Supervisor
United States Geological Survey
Roswell, New Mexico

E. S. (Johnny) Walker
Commissioner of Public Lands
State of New Mexico
Santa Fe, New Mexico

Gentlemen:

It is proposed that an oil and gas unit be formed approximately 24 miles West Northwest of the City of Carlsbad, New Mexico. The proposed unit will embrace the leases and lands hereinafter described as to all oil and gas formations below the surface (or down to the basement complex) in said leases and lands included in the proposed unit area. Accordingly, application is hereby made for preliminary approval of such Federal Unit:

1. It is proposed that the following described lands be included in the Long Draw Unit Area in Eddy County, New Mexico:

<u>Township 20 South, Range 23 East, N.M.P.M.</u>	<u>Acres</u>
Section 24: The S/2	320.00
Section 25: All	640.00
Section 36: The N/2	320.00
 <u>Township 20 South, Range 24 East, N.M.P.M.</u>	
Section 19: Lots 1, 2, 3 and 4, the E/2 of the W/2 and the E/2	637.76
Section 20: The W/2	320.00
Section 30: Lots 1, 2, 3 and 4, the E/2 of the W/2 and the E/2	637.82
Section 31: Lots 1, 2, 3 and 4, the E/2 of the W/2 and the E/2	<u>638.94</u>

Total acres in unit area: 3514.52

March 20, 1964

The proposed unit area, insofar as it covers all oil and gas formations below the surface, includes 3,194.52 acres of land covered by Federal leases NM 03021, NM 03021-A, NM 03588, NM 03588-A, NM 04117, NM 04117-A, NM 06361, NM 06361-A, NM 015590, NM 015590-A, NM 016169, NM 020769, NM 024924 and NM 033089. The total Federal acreage in the proposed Long Draw Unit Area comprises 90.8949% of the unit area.

The proposed unit area, insofar as it covers all oil and gas formations below the surface, includes 320 acres covered by State of New Mexico Leases E-3937 and OG-4664. The total State acreage in the proposed Long Draw Unit Area comprises 9.1051% of the unit area. There are no patented fee lands included in the presently proposed Long Draw Unit Area. The proposed unit area is outlined on the attached plat marked Exhibit "A". The unit area comprises 17 tracts of land as shown on the proposed Exhibit "B" attached hereto and made a part hereof.

2. It is proposed that a test well be drilled in the unit area at a location in the SE/4 of the above described Section 25 to an approximate total depth of 9300 feet unless the top of the Mississippian Formation is penetrated at a lesser depth. In drilling to such depth or formation, all possible pay zones will be penetrated at such location.

3. Pan American Petroleum Corporation will prepare the Unit Agreement for the proposed unit and plans to use the 1963 reprint of the model form as is shown in 30 CFR, Section 226.12, with current modifications. The said Unit Agreement has been modified to include applicable amendments which are designed to apply to the State of New Mexico leases. Attached hereto is the proposed form of the Unit Agreement, marked Exhibit "C", which has been modified with respect to the definition of the term "working interest" commencing in line 14 on page 1 of the Unit Agreement, which definition has been inserted. The provisions of the said Unit Agreement have not been amended to eliminate provisions pertaining to fee lands since at some future time it might be possible that the unit area might be enlarged to include fee lands therein.

4. In justification of the proposed unitization of the Long Draw Unit Area to all depths, there is attached hereto in triplicate a Geological Memorandum dated March 10, 1964, marked Exhibit "D", to which Geological Memorandum there is attached as Exhibit 1 an isopachous map and an Exhibit 2 which is a structural contour map. It is requested that the information contained in such Geological Memorandum and its attached exhibits be treated as confidential.

It is submitted that the information contained in the Geological Memorandum and its attached exhibits, which includes all of the geological information available to the applicant, indicates that the proposed unit area is geologically suited for unitization as to all depths below the surface thereof. It is further submitted that orderly development through unitization will be in the interest of conservation and that if the area is unitized prior to commencement of drilling operations to the unitized formation, orderly development will be assured. It is the belief of the applicant that the area is

The Director
The Commissioner

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March 20, 1964

sufficiently attractive to justify the drilling of a test well to the depth hereinabove specified and specified in the Geological Memorandum, and that the drilling of such well will constitute an adequate initial exploratory program in the interest of conservation. Because of the diversity of ownership in the proposed unit area as evidenced in Exhibit "B", orderly development will be assured by formation of said unit.

Very truly yours,

PAN AMERICAN PETROLEUM CORPORATION

By William T. Smith APPROVED
On 3/24/64
Attorney in Fact

LCR:vc

PAN AMERICAN PETROLEUM CORPORATION

MAIN OFFICE OCC

P. O. Box 268
Lubbock, Texas

1964 MAR 20 AM 8:11

March 18, 1964

Case 3025

RE: AFE 36,966
Eddy County,
New Mexico

New Mexico Oil Conversation Commission
Santa Fe, New Mexico

Attention: Mr. James Durett

Dear Sir:

Confirming telephone conversation, we ask that you please advertise and place on the April 8, 1964 Docket our proposal to form the Long Draw Unit comprising approximately 3514 acres of Federal and State lands in Township 20-S, Ranges 23 and 24E, Eddy County, New Mexico

Your cooperation in this matter is sincerely appreciated.

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION

John H. Thompson
John H. Thompson

JHT:lm

DOCKET MAILED

Date 3-27-64