

UNITED STATES
DEPARTMENT OF THE INTERIOR

Artesia office
Geological Survey
Received
Dec. 13, 1943
Roswell, New Mexico

COPY

~~GEOLOGICAL SURVEY~~

Bureau of Mines

Washington 25, D. C. December 9, 1943.

MEMORANDUM for the Commissioner of Indian Affairs,
and the Director, Geological Survey.

The Bureau of Mines has received a telegram from Mr. W. C. McMillan of the Continental Oil Company stating that his company, The Stanolind Oil and Gas Company, and the Standard Oil Company of Texas are preparing a request for approval of the surrender of the oil and gas lease, I-149-ind. - 5852, and the abandonment of the Tocito No. 1 well, on the Tocito structure in San Juan County, New Mexico. Mr. MacMillan said that he will bring the request to Washington next week and asked that this Bureau advise you of its position with respect to the lease and well.

Pursuant to the contract between the Bureau and the three companies made by telegrams and letters during the period from April 16 to July 1, 1943, the Continental Oil Company cased the Tocito No. 1 well and did other work required by representatives of the Department to test the well for production of helium-bearing gas. Subsequently members of the Bureau's staff made extensive determinations under various conditions of the pressure of the well and the volume and composition of the fluids produced. These tests and determinations have shown that the well will not produce commercial quantities of oil or fuel gas and that, although the noncombustible gas produced by the well is of a composition and pressure that would make it suitable for helium production if it could be produced in adequate quantity, the volume of flow is too small to warrant its use for helium production. Therefore, this Bureau does not know of any reason why the companies' request to surrender the lease should not be approved, and it is of the opinion that the plugging of the well will be to the best interest of all concerned.

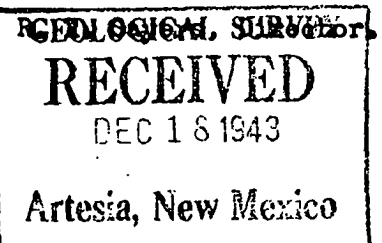
The procedure for plugging the well to protect the formations, the division of costs between the Bureau of Mines and the companies, and the recovery of salvaged materials will be discussed with representatives of the Office of Indian Affairs and the Geological Survey when Mr. MacMillan arrives in Washington on December 16.

Copies of this memorandum are being sent to Mr. McCaskill of the Office of Indian Affairs and Mr. Deeds of the Geological Survey in Washington, and are being transmitted by air mail to Mr. J. M. Stewart, Superintendent of the Navajo Indian Agency at Window Rock, Arizona, and to Mr. L. G. Snow, Oil and Gas Supervisor of the Geological Survey, at Roswell, New Mexico.



ccs to Mr. McGaskill, Mr. Deeds,
Mr. Stewart-airmail, Mr. Show-airmail
Dr. Deaton-airmail; Mr. Seibel-airmail
Mr. Cattell-Mr. Kennedy

(Stamped)



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