

P. O. Box 810
Farmington, New Mexico
87401

January 12, 1965

CONSERVATION & PRORATION

Mr. E. C. Arnold
New Mexico Oil Conservation Commission
1000 Rio Brazos Road
Aztec, New Mexico

K 27-26-15

Dear Sir:

This is to call your attention to the sale of crude oil from our Navajo Tribe "AR" Well No. 1 for the month of December, 1964.

The well had an allowable of 776 barrels for the month of November, 1964 and an allowable of 6014 for December, 1964. There was no oil sold in November because of no transporter. The November oil was sold in December along with the December allowable. The total amount of oil to be sold by the end of December was 6790 barrels. The crude oil purchaser bought and shipped 7138 barrels. This is 348 barrels over what could be sold legally.

We have discussed this with McWood and discovered that they made an error in totaling the amount of crude oil purchased and run for the month.

We have advised McWood Corporation that such production violations cannot be tolerated. They have advised TEXACO Inc. that their accounting methods will be changed to prevent further occurrences of this nature. We have revised our handling of production reports from this lease so that further violations will not occur.

Very truly yours,

C. P. Farmer

C. P. Farmer
District Superintendent

DLC-LC

Approved: *Ernest C. Gandy*

Date: 1-12-65

P.O. Box 810
Washington, New Mexico
87401

January 18, 1964

CONSENT TO SETTLEMENT

Mr. J. H. Arnold
New Mexico Oil Conservation Committee
1000 First Street, N.E.
Albuquerque, New Mexico

Dear Sir:

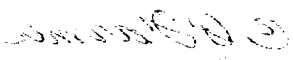
This is to certify that the oil from our Navajo Tribe "A" well No. 1 for the month of December, 1964,

The well used an allowance of 775 barrels for the month of November, 1964 and an allowance of 601 1/2 for December, 1964. There was no oil sold in November because of no truck. The November oil was sold in December along with the December allowance. The total amount of oil to be sold by the end of December was 676 barrels. The crude oil purchased weight and shipped 1158 barrels. This is 248 barrels over what could be sold legally.

We have discussed this with Hobbs and discovered that they made an error in totaling the amount of crude oil purchased and run for the month.

We have advised Hobbs Corporation and they agree that violations cannot be tolerated. They have agreed to correct further occurrences of this nature. We have revised the handling of production reports from this lease so that future violations will not occur.

Very truly yours,


J. H. Arnold
Navajo Tribal Representative

Date: _____
By: _____
Title: _____