1(7) Replication, Transcript, Smill Exhibits, Etc.

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SHELL OIL COMPANY

MIDLAND AREA

MAILING ADDRESS P O BOX 1509 MIDLAND, TEXAS

GENERAL OFFICES PETROLEUM BUILDING MIDLAND, TEXAS

#### September 26, 1947

RE: LEA COUNTY, NEW MEXICO HOBBS POOL NM-131 - SANGER INVESTMENT COMPANY F-1358 - SANGER INVESTMENT COMPANY FARMOUT CONTRACT BETWEEN SHELL AND ROY H. KING DATED FEBRUARY 24, 1947

Mr. Roy H. King c/o Henri L. Bromberg, Jr. 1900 Mercantile Building Dallas 1, Texas

Dear Mr. King:

Under the terms of our farmout contract dated February 24, 1947, you are to drill a test on Tract 10, being the SW/4 SE/4 of Section 27, Township 18-South, Range 38-East at a location satisfactory to Shell and in strict compliance with any and all governmental regulations.

You have advised us that you propose to drill this well 5 feet from the West line and 600 feet from the South line of the SW/4 SE/4 of Section 27, Township 18-South, Range 38-East, Lea County, New Mexico.

So far as Shell is concerned, we are agreeable that the well be drilled at the above location. You will, of course, secure proper authorization from the State of New Mexico.

Very truly yours,

SHELL OIL COMPANY, Incorporated

By Jores Land Agent

FJI/jc

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MR. FRANK E. ISETT

FREY HOTEL HOBBS, NEW MEXICO

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RE TELEPHONE CONVERSATION. SINCE COMMISSION FAS INCLIED NO FIGE ORDER IN THE KING MATTER SUGGEST YOU THEOREM IN THE LAACT FOOTAGE LOCATION WANTED AND SPECIFIC REASON FOR CHANGE. ALSO ADVISE IF SURFACE OWNERS ARE AGREEABLE.

SANTA FE, NEW MEXICO NOVEMBER 12, 1947

> GLORGE A. GRADAR, ATTORNEY OIL CONSERVATION CONTESSION

JULGBLE

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	To KOY H. K	ING		OCTOBER 31	1947
	Care of or Apl. No.		DING	В	VICTORY UY BONDS
	Street and No.			<u>то</u>	DAY
	Place	DALLAS, TEXAS			
	ENTERED DUE TO ABS				/ <b>X</b>
	<u>COMMISSION</u> AGREEAE				
	5 FRET EAST OF THE	WESTLINE, SECTION	27, TOWNSHIP	18 SOUTH, RANGE	
	38 EAST.	ÓBOEGE	A. GRAHAN, AT	TOENEY	
			SERVATION CON		
	(COLLECT) (DAY, LETTER) Server's name and address			Sender's telephone	
	(For reference only)			number	
	<b>T</b>			-	
	CLASS OF SERVICE This is a full-rare Telegram or Cable- gram unless its de- ferred character is in- disseed by a suitable symbol above or pre- ceding the address.	VEST UNI DOBEPH L PRESID	ON	DL=Day Lette NL=Night Let LC=Deferred ( NLT=Cable Nig	tt ttez Cable the Lotter
	This is a full-rate Telegram or Cable- gram unless in de- ferred character is in- diamed by a suitable symbol above or pre- ceding the address. The filing time shown in the date line on telegrams VADO $PD = FLD/$	LLAS TEX 31	EGAN SENT at point of origin. Time of res 17. 1/	Eigt & STANDARIATIME & point of c	tt ttez Cable the Lotter
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### ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

To guard spans mistakes of delays, the sender of a message should order it repeated, that is the telegraphed back to the contraction of a message should order it repeated, that is an unrepeated message and paid by the sender of the message and paid by the send

1 The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the unrepeated-message rate beyond the sum of five hundred dollars, not for mistakes or delays in the transmission of delivery, or for non-delivery, of any message received for transmission at the ropeated-message rate beyond the sum of five hundred dollars, not for mistakes or delays in the transmission of delivery, or for non-delivery, of any message received for transmission at the ropeated-message rate beyond the sum of five thougand dollars, unless specially valued; nor in any case for delays arising from unavoidable interruption in the working of its lines.

2 In any event the Company shall not be liable for damages for mistakes or delays in the transmission or delivery, or for the non-delivery, of any message, whether caused by the negligence of its servants or otherwise, beyond the actual loss, not exceeding in any event the sum of the thousand delivers, at which amount the sender decoder berefat the time in the the message is valued, unless a greater value is stated in writing by the sender berefat the time is the message is stated in and unless the repeated-message rate is paid or agreed to be paid, and an additional charge equal to one-tenth of one per cent of the amount by which such valuation shall exceed five thousand delivers. 3. The Company is hereby made the agent of the sender, without liability, to forward this message over the lines of any other company when necessary to reach its destination.

4. Except as otherwise indicated in connection with the listing of individual places in the field ratifs of the Company, the amount paid for the trust insistence of a domestic elegram or as incoming cable or radio message covers its delivery within the following limits: In effect on the field ratifs of the Company, the amount paid for the trustmission of a domestic elegram field and its of the Company, income the set of the Company is an effect which, as shown by the limits of the Company, the field ratifs of the Company, the field ratifs of the Company is an effect which, as shown by the method the set of the Company, the field ratifs of the Company, the field ratifs of the Company is an effect which as shown by the interference of the Company is the field ratifs of the Company, the liberate is converted and the set of the Company is the field ratifs of the Company, the left ratifs of the Company is the field ratifs of the Company, the left ratifs of the Company is the ratio of the Company is been effected in the set of the Company is the ratio of the Company is been effected in the set of the Company is the ratio of the Company is been effected in the set of the Company is the ratio of the Company is been effected in the set of the company is the ratio of the Company is been effected in the set of the company is the set of the Company is been effected in the set of the company is been effected in the set of the company is been effected in the ratio of the company is been effected in the set of the company is been effected in the set of the company is the set of the company is been effected in the set of the company is been effected in the set of the company is the set of the company is been effected in the set of the company is the set of the company is been effected in the set of the company is been effected in the set of the company is been effected in the set of the set of the company is been effected in the set of the set of the company is been effected in the set of the company is been effected in the

5. No responsibility attaches to this Company concerning messages until the same are accepted at one of its transmitting efficient and if a message is sout to such office by one of the Company's messengers, he acts for that purpose as the agent of the sender.

6. The Company will not be liable too duringles or statutory penalties in the case of any message except an intrastate message in Texas where the object is not presented in a utiling to the Company willing sity day after the message is filed with the Company for transmission, and in the case of an intrastate in essage in Texas where the claim is not presented in a utiling or statutory penalties where the claim is not presented in writing to the Company within alterstate in essage in Texas where the claim is not presented in a utiling of the company within sity day after the message is filed with the Company for transmission, and in the case of an intrastate in essage in Texas where the claim is not presented in writing to the Company within alterstate of essage in Texas we can be defined at the company within the claim is not being to the claim integration of the exceeding a state of the exceeding in the claim is not being to claims for damages or overcharges within the preview of Section 415 or the Communications. Act of 1961. 7. It is agreed that in any action by the Company to recover the tails for any message or messages the preund and correct transmission on I delivery thereof shall be presumed, subject to rebuild by completent evidence.

S. Special terms governing the transmission of messages according to their classes, as transmission below, shall apply to messages in each of such respective classes in addition to all the foregoing terms.

9. No employee of the Company is authorized to vary the foregoing.

DOMESTIC SERVICES

10-42

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#### CLASSES OF SERVICE

#### CABLE SERVICES

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#### TELEGRAMS A full-rate expedited service.

DAY LETTERS

A deferred service at lower than the standard tolegroup rates.

#### SERIALS

#### NIGHT LETTERS

<sup>1</sup> Accepted was to 2 A.M. for delivery net until for them the foll offer proveing ut rates substantiably lower them then the states for the groups and platform des.

# The standard service, at full rates. Code messages, consisting of 5-letter groups only, at a lower rate. DEFERREDS

Fight-language messages, subject to being deterred in favor of full-rate messages, NIGHT LETTERS

#### Gver, Spir phila-Euleria de messages.

ORDINARIES

Oll Conservation of 2014-SSION 1169 18 18 7 1.1 

TO ALL OPERATORS IEA COUNTY

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Attached is a copy of a letter received from Honorable R. H. Beck, Mayor, City of Hobbs, addressed to the Lea County Operators. Representatives of the Oil Conservation Commission and the State Land Office will be present at this meeting.

Rospectfully submitted

GLE NN STALEY

#### November 3, 1947

Lea County Operators Committee Hobbs, New Mexico

#### Attention: Mr. Glenn Staley

#### Gentlemen:

It has been brought to the attention of the City of Hobbs that there exists a strong possibility of future, additional oil well drilling operations within the corporate limits of the municipality.

In view of that possibility, the present population of the City and its prospective future growth, it is deemed advisable for the City to promulgate and adopt adequate, reasonable and uniform regulations for such drilling operations within the corporate area.

It will not be the policy of the City to undertake to unduly restrict operations or to impose unreasonable regulations, but simply to adopt measures most likely to protect all parties affected by oil well drilling, including the public, the surface property owners and the oil and gas lessoe.

Will you kindly roquest representatives of mineral lessess affected, and all other interested parties, to meet with representatives of the City at the Hobbs City Hall at 10:00 o'clock a. m. on November 20th, 1947, for the purpose of discussing and working out details on this proposal. It is desired that lessee representatives attending the meeting, be in position to speak with authority for their respective principals.

Very truly yours,

R. H. Bock, Mayor City of Hobbs

RHE/or

Distributed by Loa County Operators Committee Hobbs, New Moxico November 5, 1947

#### NOTICE OF PUBLICATION STATE OF NEW NEXICO OIL CONSERVATION COEMISSION

The Cil Conservation Commission of New Mexico, pursuant to law, hereby gives public notice of the following hearing to be had at a regular moting of the Commission October 15, 1947, beginning at 10:00 o'clock asme on said date at Santa Fe, New Mexico:

#### STATE OF NEW MEXICO TO:

All named parties in the following case, and notice to the public:

# Case 113

1

In the matter of the application of Roy H. King for an unorthodex location on the  $SM_4^1$  SE<sup>1</sup>/<sub>4</sub> section 27, Township 18 South, Range 38 East in the Hobbs Fool, Lea County, New Mexico.

Given under the seal of the Oil Conservation Commission of New Mexico, at Santa Pe, New Mexico, on October 1, 1947.

OIL CONSERVATION CORLISSION

BY R. R. Spurrior, Secretary

LAA COUTY OPERATORS CORDINATED COMPLEMENTS, 1947 Hobbs, New Poxico

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#### AFFIDAVIT OF PUBLICATION

State of New Mexico, County of Lea

I. Robert L. Summers

Of the Hobbs Daily News-Sun, a daily newspaper published at Hobbs, New Mexico, do solemnly swear that the clipping attached hereto was published once a week in the regular and entire issue of said paper, and not in a supplement thereof for a

period of One issue

weeks.

beginning with the issue dated.....

October 2, , 19 47

and ending with the issue dated .....

19 Publisher.

Sworn and subscribed to before me

this 3 rd. day of

October 19 47 ieu ones Notary Public. Ι.

My commission expires .....

Jamiary 7, 19 51 (Seal)

This newspaper is duly qualified to publish legal notices or ad-vertisements within the mean-ing of Section 3, Chapter 167, Laws of 1937, and payment of fees for said publication has been made.

1

# **LEGAL NOTICES**

 LEGAL NOTICES

 October 2

 NOTICE OF PUBLICATION

 STATE OF NEW MEXICO

 OIL CONSERVATION

 COMMISSION

 The Oil Conservation Commission of New Mexico, pursuant

 to law, hereby gives public notice

 of the following hearing to be

 had at a regular meeting of the

 Commission October 15, 1947,

 beginning at 10:00 o'clock a.m.

 cn said date at Santa Fe, New

 Mexico:

 STATE OF NEW MEXICO TO:

 All named parties in the fol 

 lowing case, and notice to the

 public:

 CASE 113

 In the matter of the applica 

 tion of Roy H King for an un 

 orthodox location on the SW1/4

 SE1/4 section 27, Township 18

 South, Range 38 East in the

 Hobbs Pool, Lea County, New

 Mexico.

 Given under the seal of the

Mexico.

Given under the seal of the Oil Conservation Commission of New Mexico, at Santa Fe, New Mexico, on October 1, 1947. OIL CONSERVATION COMMISSION By R. R. Spurrier, Secretary

NOTICE OF PUBLICATION STATE OF NEW MEXICO CORRECTION COMMISS Conservation Commiss COI The Oil Conservation Commission : New Manic>, pursuant to law, hereb, gives public notice of the following lear-ing to be had at a regular meeting of the Commission October 15, 1947, begin-ning at 10:00 o'clock a.m. on said date at Santa P., New Mexico: STATE OF ISW MEXICO TO: All named parties in the following case, and notice to the public Case 113

STATE OF FEW MEXICO TU: All named parties in the following case, and notice to the public: Case 113 In the matter of the application of Roy H. Klux: for an unorthodox location on the SV14 SE14 section 27, Town-ship 18 Svith, Range 38 East in the Robhs Pool. Lea County, New Mexico. Given under the seal of the Oil Con-servation Commission of New Mexico, at Santa, Fe, New Mexico, on October 1, 1947. 5a. 1947

7. OIL CONSERVATION COMMISSION By R. R. SPURRIER, (AL) Secretary. (SEAL) Pub. Oct. 3, 1947.

Affidavit of Publication

State of New Mexico, l County of Santa Fe

1, John E. Faker, being first duly sworn,

declare and say that I am the (Billiness thanger) (Editor) of the Santa Fe

ss.

New Mexican, a daily newspaper, published in the English

Language, and having a general circulation in the City and County of Santa Fe, State of New Mexico, and being a newspaper duly qualified to publish legal notices and advertisements under the provisions of Chapter 167 of the Session Laws of 1937; that the publication, a copy which is hereto atached, was published in said paper one call week

for one time convention adaptation thereased and the second secon the regular issue of the paper during the time of publication, and that the notice was published in the newspaper proper, and not in any supplement, once when for

one time wetencomeaninety, the first publication being on the

October 19.47, and the task protection 

for said advertisement has been (duly made), or (assessed as court costs); that the undersigned has personal knowledge of the matters and things set forth in this affidavit.

PUBLISHER'S BILL

......times, \$.....

Tax \$.....

Total ..... \$ 2.70

Received payment,

By.....

.....

Manager Subscribed and sworn to before me this 3 hd, A.D., 194 day of

My Commission expires

<u> 14 14 2</u>

Notary Public

# VL CONSERVATION COMMISSIO SANTA FE, NEW MEXICO



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Cont.

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GEORGE A. (RAHAM, Attorney Oil Conservation Commission

# VIL CONSERVATION COMMISSIC SANTA FE, NEW MEXICO

P. 0. Box 871 October 1, 1947 THE SANTA FE NEW MEXICAN Santa Fe, New Mexico RE: Case No. 113 - Notice of Publication Gentlemen: Please publish the enclosed notice once, immediately. Please proof-read the notice carefully and send a copy of the paper carrying such notice. UPON COMPLETION OF THE PUBLICATION, PLEASE SEND PUBLISHER'S AFFIDAVIT IN DUPLICATE. For payment please submit statement in duplicate, accompanied by voucher executed in duplicate. The necessary blanks are enclosed. Very truly yours, Gorgen. prham

GAC:bpw

GEORGE A. CRAHAM, Attorney Oil Conservation Commission

# IL CONSERVATION COMMISSIO SANTA FE, NEW MEXICO

P. 0. Box 871 October 1, 1947

THE HOBBS DAILY NEWS-SUN Hobbs, New Mexico

RE: Case No. 113 - Notice of Publication

Gentlemen:

Please publish the enclosed notice once, inmediately. Please proof-read the notice carefully and send a copy of the paper carrying such notice.

UPON COMPLETION OF THE PUBLICATION, PLEASE SEND PUBLISHER'S AFFIDAVIT IN DUPLICATE.

For payment please submit statement in duplicate, accompanied by voucher executed in duplicate. The necessary blanks are enclosed.

Very Fruly yours, GEORGE A. GRAMAM, Attorney Oil Conservation Commission

GAG:bpw

BEFOR' THE OIL CONSERVATION COMMISSION STATE OF NEW MEXICO

#### Santa Fe, New Mexico

NOTICE OF PUBLICATION STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

"The Oil Conservation Commission of New Mexico, pursuant to law, hereby gives public notice of the following hearings to be had at a regular meeting of the Commission October 15, 1947, beginning at 10:00 o'clock A.M., on said date at Santa Fe, New Mexico:

\*STATE OF NEW MEXICO TO:

All named parties in the following cases, and notice to the Public:

CASE NO. 112

"In the matter of the application of the Grayburg Oil Company of New Mexico for permission to produce well No. 13-B on its Keely (federal) lease in the NF/4 of Section 26, Township 17 South, Range 29 Past, N.M.P.M. in Eddy County, New Mexico.

#### CASE NO. 113

"In the matter of the application of Roy H. King for an unorthodox location on the SW/4 SE/4 section 27, Township 18 South, Range 38 East in the Hobbs Pool, Les County, New Mexico.

"Given under the seal of the Oil Conservation Commission of New Mexico, at Santa Fe, New Mexico, on October 1, 1947.

OIL CONSTRVATI N COMMISSION

/s/ R. R. Spurrier

By: R. R. Sparrior, Scoretory

S E A L"

Said meeting was called at 10:00 o'clock A.M., bednesday, October 15, 1947, in the Coronado Hoom of the La Monda Hotel, Sonta Ve, New Mexico.

MEMBLAG DE THE COS LODGE PRESSAT

Hon. Thomas J. Habry, Governor, Chairman Hon. John E. Miles, State Len: Commissioner, Meaber Hon. R. R. Spurior, Secritary, State Oil Conservation Complianion, Horbor Hon, Luke J. Frazi r. Attorney Hon. George Grahom, Attorney

## <u>R 1 6 1 5 7 1 1</u>

#### HAST

#### O'MPANY

10.11155

R. F. Miller	Grayburg Oll Company of L. H.	Arbonin, N. H.
John E. Cochran, Jr.	Attorney for Grayburg Oil Company	Artisia, H. M.
J. B. Hardin		Hobbs, H. H.
Frank D. Gerähor	diadate Frairic Oil Consequ	Allen i Weter
Harvey Hardison	Steadard of Texes	Hidland, Yessa
Poster Norrell	8. 8. G. S.	Roswell, N. H.
Lloyd L. Gray	(w)f 011 Corporation	(misa, Oklohos
Roy O. Karbrough	oth Conservation Constants	我们的话。话,问。
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negister (Cont'd)

#### NAME

Walter Famariss, Jr Raymond A. Lynch H. R. Mearkley John M. Kelly W. D. Girand, Jr. W. E. Hubbard R. S. Devey Nelson Jones Guy Shepard R. J. Heard Joe W. Lackey Wm. E. Bates E. D. Corbett Jack V. Slackgole Glenn Staley N. Raymond Lamb William B. Macey

J. O. Seth John D. Culp A. E. Willig H. D. Murray Frank E. Isett Henry Forbes G. H. Gray

#### COMPANY

Phillips Petroleum (Legal Dept.) Phillips Petroleum Co. Independent Attorney Humble Oil Company Humble Oil Company Humble Oil Company State of New Mexico Grayburg Oil Company Malco Refineries, Inc. The Texas Company Humble Pipe Line Company Stanolind Oil Purchasing Co. Lea County Operators N. M. Bureau of Mines & Mineral Resources Oil Conservation Commission Starolind Oil Company Stanolind Oil Company The Texas Company The Texas Company Roy H. King (Representative) Continental Oil Company Repollo Oil Company

#### AUDRESS

Hobbs, N. M. Midland, Texas Odessa, Texas Roswell, N. M. Hobbs, N. M. Houston, Texas Midland, Texas Santa Fe, N. M. Loco Hills, N.M. Roswell, N. M. Midland, Texas Midland, Texas Hobbs, N. M.

Artesia, N. M. Artesia, N. M. Santa Pe, N. M. Hobbs, N. M. Ft. Worth, Texas Midland, Texas Midland, Texas Midland, Texas Midland, Texas

#### PROCEEDINGS

Meeting called by John E. Miles, Land Commissioner & Member. Case Docket for #112 read by George Graham, Attorney.

BY JOHN E. COCHRAN, JR.

Governor Mabry, Members of the Commission: This is a matter in which the Grayburg Oil Company of New Mexico makes application for permission to produce Well No. 13-B on the Keely lease located in the NE/4 S.26, T. 175, Range 29E, N.M.P.M., in Eddy County, New Mexico.

(After being duly sworn, Mr. Raymond Miller testified as follows)

MR. COCHRAN:

Will you state your name please?

MR, MILLER:

Raymond Hiller.

MR. COCHRAN:

By whom are you employed?

Mr. Hiller:

Grayburg Oil Company of New Mexico.

MR. COCHRANA

In what capacity are you employed?

MR. MILL-R:

As froduction Ingineer.

MR. COCHRAN:

As Production Engineer for Grayburg Off Commonly, what do your dutter conclut of?

MR. MILLER:

They include the setting of casing, acidizing and composition of the well's termination or bottom hole pressure, gas-oil ratio and compilation of records.

MR. COCHRAN:

As production engineer, you are familiar with all the properties and wells located in Eddy County?

A. I am.

Q. In your application you designated the Keely B well?

A. Yes, sir.

Q. Do you have a map the Commission might see the location of that well?

A. Yes, sir. I have here a plat showing the entire unit area of the Keely B Well.

Q. The quarter-section cross stitched on the map, that is a part of the Evely B Lease?

A. Yes, sir.

Q. How many wells have been drilled on this lease?

A. Thirteen.

Q. How many in the NE/4 of section 26?

A. Five.

- Q. Will you explain to the Commission when the first four wells were drilled on this tract?
  - A. Keely 1-B was completed in April 30, 1943. Keely 4-B NE/4 completed March 30, 1944. Keely 7-B SW/4 NF/4 completed July 31, 1944. 8-B SE/4, NE/4 completed February 21, 1945.
- Q. From what horizons do those four wells produce?

A. San Andres.

Q. From what depth?

A. You mean top of San Andres or pay?

Q. Pay?

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A. 2800 fost to 3100 fost.

- Q. On this 160 acre tract, the fifth well is located approximately in the center of the tract will you tell the Co-mission the history of the drilling?
  - A. This well, located 1345 feet from the north line and 1295 feet from the east line, S/26. The well was drilled to a total depth of 5076 feet, completed in the Yese Formation, unproductive of oil or gas at that depth. We plugged back to 3050 feet, used 7 inch casing and completed it as an oil well capable of producing in excess of 200 barrels per day.
- Q. You have tested the well?

A. Yos,

Q. Is the well shut in at the present time?

A. Yes, it is shut in.

Q. In your application to the Commission, you asked that you be permitted to produce the 13-B Well?

A. Yes, sir.

Q. In doing that you proposed to produce the total allowable as fixed by the Commission for the total 4 wells on the 160 acre tract?

A. Yes, sir.

Q. The production from that 160 acres would be the equivalent of the allowable for the 4-40 acre units?

A. Yes, sir.

Q. In your opinion, would producing this tract in that manner be in the interest of conservation and prevention of waste?

A. It would.

Q. In your opinion would it result in a greater recovery of oil from that 160 acres?

A. I believe it would.

Q. This is a federal lease?

A. Yes, sir.

- Q. Have you communicated with the United States Geological Survey to ascertain their feeling about this application?
  - A. We have, and I have here a letter from Mr. Foster Morrell, District Supervisor, in which he states the Survey has no objection to our producing this well in this manner.

MR. COCHRAN:

We offer this letter in evidence.

(Letter from Mr. Foster Morrell, District Supervisor of the United States Geological Survey, offered in evidence as Exhibit #1.)

- Q. Mr. Miller, if you are permitted to produce the 13-B well, will the rights of any other operator be affected?
  - A. No, sir. As shown on the map, all surrounding property is oused by the Grayburg Oil Company and its associated companies.
- Q. If the Commission grants this permission to produce this well, will it enable you to make certain engineering studies?
  - A. Yes it will. We contemplate selecting other quarter sections with comparable wells, comparing the decline and bottom hole pressure and increase in gas-oil ratio with the other quarter sections and determine perhaps a better spicing program for the unit area as a upple.
- Q. The production of this tract in this phase would guide you, to a certain extent, in your development.

A. Yes, sir. It would.

MP, R, R, SPURCINR;

We have had several cases of 5-option drilling before the Condission, and in most cases the Company has come before the Commission before the well was drilled. MR. SPURRIER (Cont'd.)

I wonder if you want to show in the record you drilled this well for some other purpose?

MR. COCHRAN:

When you commenced drilling 13-B, what was the circumstances surrounding the drilling of that well, what depth did you propose to go?

- A. 5,000 feet. Did drill it to a total depth of 5076 feet and as I said, penetrated the upper Yeso.
- Q. At the time this well was drilled it was a wildcat test in search of deeper test?

A. Yes, sir.

- Q. Did you have any definite plan as to what you might do with the well if it were not a producer?
  - A. Yes. The United States Geological Survey originally approved this location when we proposed, if unproductive, to use it as a gas inject well in re-pressuring; in assuch as it was a very good producer and gave us an oppertunity to make these studies, we thought it would be in the interest of conservation to produce the well.

Q. As an oil well instead of inject well?

A. That is right.

Q. You have obtained permission from the United States Geological Survey to do that?

A. Yes, sir.

Q. That is the reason you make this application to produce this well as an oil well?

A. Yos, sir.

MR. SPURRIFR:

How much do you anticipate producing from 13-B per day?

A. It will be approximately 37 or 38 barrels a day.

MAL SPURRISH:

Then how much would you produce from each of the other four?

A. 1-B and 4-B are marginal wells - during the Month of September they produced an average of 29 barrels per day. 7-B and 8-B, top allowable wells, during the nonth of Captamber produced 48 barrels per day.

COMMICATIONER MILLES:

Any other witnesses? (No response)

Any questions?

MR. GFDRG CELINGER (Skelly 011 Company)

No. Millor, I use interacted in your statement with respect to future development, you were conducting some reservoir tests which would affect your future development in this area. Is it your idea - you intend to drill 5 option wells on other quarter meeting? A. If these reservoir studies indicate it would be better, we have that in mind.

COMMISSION R MIL S:

That isn't included in this hearing?

A. That is right.

MR. SELINGER:

I understand your application is to divide the total lease allowable amongst the five wells?

A. Correct.

- Q. I believe two of them are now marginal units, also all the wells on the lease - this particular quarter section - become marginal units. How do you intend to divide your allowable in those instances?
  - A. If they are all marginal wells we will be able to produce legally all the oil the wells will make.
- Q. In other words, you will produce all five wells to capacity?

A. That is right.

- Q. An operator that offsets a tract as five wells in which his own tract has only four wells - when all wells are down to margin, the five well tract will receive more oil than the four well tract or marginal tract?
  - A. They might get a little less if the five wells were not making as much as the four wells.
- Q. Suppose all wells produce 35 barrels and the adjoining one producing 35 barrels, the five well tract would receive more oil?
  - A. That is right. The other operator would have the privilege of drilling more wells.
- Q. They would have a tendency of drilling five option wells in marginal tracts?
  - A. That would not necessarily be true, it would depend entirely on the individual operator.

MB. FOST R MORAFLL:

For the benefit of the record - a question for some time, particularly in the shallower area in Eddy County, as to whether full recovery of oil can be obtained through 4 -acre spacing of wolls. There have been a number of applications for five option wells. It has been explained to the Consission why this particular location was approved by my office. Primarily, because it was a dry hole - **x** Deep test formations, in view of the fact a good oil well, we recommended and gave our approval of use of this well ac an oil well provided they obtained the consent of the Commission - San Andree production of 3100 feet can possibly increase ultimate recovery by additional milling. This particular well will aid in determining whether that oil could be obtained within the Grayburg Cooperative Repressuring Agreement aperovel by the Department. We are working now toward completing unitization of upper zones which will permit closer space irrespective of 40 acre sub-division lines. It is, I think, very good as a conservation move. The same thing in Square Lake and Maljamur, it is a matter whether additional oil will may the cost of drilling.

COMMISSION'R MIL "G:

Anyone class have a questiou? (No a success)

The Order will be granted.

#### CAST NO.113

BY MR. FRANK E. ISETT (Representing Mr. Noy H. King).

Our request is for an unorthodox location in S. 27, T. 18S, Range 38E, in the Hobbs Pool, Lea County, New Mexico.

We would like to amend that petition calling for the location to be 600 feat from the south line and 5 feet from the west line and the SW/4 of the SE/4 of section 27, township 18S, range 38E. Since making this original petition I have had Mr. West make a map of the area and he finds the location would have to be 650 feet from the south line and, as shown on this plat, due to the fact that it ends in an addition to the City of Hobbs and these plats here are built up and have houses on them, the locations could not be 320 feet from each line on that account; therefore, we ask permission to drill the well 650 feet north of the south line which puts it on vacant lots and will be no damage to the property. We also request it be 5 feet from the west line as this is the particular Shell Oil Company used in drilling #2 Sanger in direct offset to the West. They made 330 feet from the south line and 5 feet from the vest line. There is considerable depth in the formation to the east and for that reason we asked the Commission for a location that is the same pit of the Shell Oil Company.

GOVERNOR MABRY:

Shell Oil Company seem to agree to this?

MR. ISBIT:

Yes, sir, they have approved it.

GOVERNOR MABRY :

The amendment is allowed.

(After being duly sworn, Mr. Isett testified as follows)

Our petition is that we be granted unorthodox location on the Sanger lease at the edge of the City of Hobles, S. 27, T. 188, R 38E. Our reasons for desiring this location to be 650 feet from the south line of the City of Hobbs is the City has built an addition in this area; we have permission of the Shell Oil Company to drill this well, and reason for asking the location 5 feet from the west line we are using the same method the Shell Oil Company used on their #2 Sanger investment company well, which is the west offset to our proposed well. The reason for this unorthodox location is the fact that the dip in the formation to the west is very rapid. Our geologist thinks we would stand a great deal better chance of getging a producer, conseduently aid in the recovery of oil from that section.

MR. LAKS PRASIEL:

Do you offer in evidence Exhibit No. 2?

A. I offer in evidence a letter from the Shell Oit Someany, dated September 26, 1947, as Exhibit 2.

Me. FRAMI RE

What is Exhibit No. 1?

MR. GPONG. CRAHAM:

A. Exhibit No. 1 is a man drawn by Nr. Most a licensed engineer, showing the proposed location of this well.

No. Isolt, the original large provides no well on be drilled within 300 feet of a structure?

A. I never have seen the original lease. Mr. King secured the formula from the Shell Oil Company. There were no structures on the plat at the time except a lease house and windmill in the center of the section.

MR. GRAHAM:

Your desire is to drill a well that will still be on your structure and at the same time away from the house unit?

A. It will be across the road from any house.

MR. GRAHAM:

The land is privately owned land?

A. Yes, sir.

GOVERNOR MABRY:

Is that all?

MR, SPURRITR:

In event you obtain production here, what would a property owner who offsets you - what would his alternative be, is it possible he could drill a well to secure a fair share of oil that underlies the property?

A. No, sir. The surface of the land was sold by Sanger Investment Company to a real estate man in Hobbs. They bought it knowing about the oil and gas lease made by Sanger Investment Company and Shell.

MR. NELSON JONES (Humble Oil Company)

Did I understand you to say your reasons for wishing to drill at the point shown in the application you are afraid you might get a dry hole as a regular hole.

A. Ve could not drill the regular 330 because it would put it right where a house stands.

MR. JONES:

I believe I heard you say 5 feet - one of the lines?

A. Yes, sir.

MR. JONFS:

You purpose to get that close to the line is to have a better chance of getting production?

A. Yes, str.

MR. JONPS:

It is your feeling part of this screage is likely to be dry?

A. Yes, sir.

MR. JORFA:

In event you get a producer 5 feet from the line, do you expect the full 40 scre allowable?

A. I am not a geologist or engineer. If we find San Andres high for instance #5 of the Shell Oil Company found a considerable doubt as compared to #3, the west offset, yet they are allowed a full 40 acre unit. No. 2 of the Shell which is 5 feet from the west line found a very nearly flattening and its allowable is full unit. If we should find that flattening continues we feel we should be allowed a 40 acre unit.

MR. JONES:

Suppose you find it doesn't contain it?

A. I suppose it would be up to the Concession.

MR. JONES:

I am trying to get your attitude. It would be your whole tract wasn't productive - a full allowable would be allocated to a 40 acre unit.

A. The Shell-Turner #1, directly south offset to this well is allowed a 40 acre unit.

MR. JON'S:

Do you intend to take any precaution to assure a straight hole will be drilled?

A. Yes, sir.

MR. JONES:

What method do you use?

A. In Texas we usually run an acid test and find out how the hole is.

MR. JONES:

You intend to file any result with the Commission? -

A. We would be glad to, yes, sir.

MR. JONES:

Thank you.

COMMISSIONFR MILES:

Anyone else?

MR. A. F. WILLIG (The Texas Company)

I don't believe you have described the amount of acreage contained in your lease?

A. It is exceptional - we have an option of four 40-acre tracts. We decided as we finish each well, if the first well is a dry hole the chances are we wouldn't exercise our option on the others.

Ma, MILLIG:

If you not production on this well, how much acreage would that valid?

A. Valid 40 heres and have obtion to drill on any other 40 on the section.

MR, MORRELL:

I have no position with respect to the necessity for adjusting locations by reason of tounsite of Hobbs or any other tounsite. I do raise a serious question with respect to drilling within 330 feet of the line of a 40 acre pro-ration unit where it depends entirely on owners in of adjoining acrenge. In this case the Fetitioner has a satisfactory agreement with the Shell for approving this particular location as between themselves. The question is raised in the matter of all parties concerned. If this 40 acres - this 40 acre tract was owned and offset the operator objected, that party would be unable to wrill this location. Granting this petition outright would then give right to one party, the other party might not be entitled to the consideration which would be given that operator to recover such oil as unier his property. Then the question in this type of case, an adjustment of allowable might not permit him to drill the well where he thinks best. A well 5 feet from the line could not be approved on a federal oil and gas lease. If this particular 40 happened to be federal land he could not drill - we might have 40 acres in a similar situation and would have to deny that right to our lesses. We desire to give our lesses the same right of neutralization, if the State can allow those we can go under the State law and make an exception under the Federal. The question would be whether an adjustment would be possible to drill as close as 5 feet to the line. I offer this suggestion for consideration.

COMMISSIONER MILES:

Anyone else? (No Response)

The case will be taken under advisement and a decision rendered at a later date.

MR. ISFTT:

I would like to make another statement - In reference to getting permission to drill this well within 300 feet, when this lease was taken over there was just one little old shack on the land.

I want the record to show when the Shell Oil Company took over the lease in its regular form which contains a clause that no well shall be within 300 feet of any house now on said premises, but does not pertain to any house built after the lease is token over.

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#### 1451 NO. 113

#### 1000 L.N. 732

IN THE MATTER OF THE APPLICATED OF ROY M. KING FOR AN DEOMEDORX LOGATION ON THE SWADE, OF BROCHED 27, TOMESHAP 10 BOUTH, WARDE 36 MAST, N.M.P.M. TH THE HODDS FOOL, LEA COUNTY, NEW MEXICO.

### CREER OF THE CORDESION

#### BY THE CORNESSION:

This nucler case on repularly for housing at 10:00 prefect A.H., Getober 15, 1947, at Santa Be, New Mexico, before the Gil Conservation Consission of New Mexico, hereinafter referred to as the "Commission."

NCM, on this 29th day of Letober, 1947, the Commission having before it for consideration the testimony adduced at the hearing of said cause and being fully advised in the premises:

#### 54.S:

1. That the applicant, No. N. King, holds under farm out contract from Shell Oil Company the SM2S12 of Section 27, Tornship 13 South, Hange 38 East, N.M.P.N. for the purpose of drilling a test well thereon.

2. That the indicated subsurface geology and the fact of residences and other structures on the surface thereof make it inconvenient to drill a test well at an orthodox or regular location upon the said tract.

3. That the Shall Oil Congany is the owner of the mineral rights in the surrounding acroage, and have signified their agreesbleness to the location proposed for the test well by Applicant ling.

#### TO US THEREFORE CLUBELD:

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R. C. Spences



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01 SYMBOLS DL = Day Letter NL = Night Letter LC = Deferred Cable NLT = Cable Night Letter Ship Radiogram

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination VA107 16 COLLECT=HOBBS NLIEX 2 1018A GEORGE GRAHAM STATE LAND OFFICE=

SANTA FE NMEX=

# THE PUBLICATION BEING PRINTED BY NEWS SUN TODAY AND PRINTERS AFFIDAVIT BEING MAILED TO YOU= ROY YARBOUGH:

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE



# COPY OF WESTERN UNION TELEGRAM

# October 2, 1947

ROY H. KING TUTOT MAREGUAL BALK HELEDANG LATTAS 1, PRAS

FIES (S ADAUGE MAS ABLE OF OFT NOTICE FURTHER IN HOURS PAPER FOR HEARTING ON PROPOSED GARGES WELLS. YOU SUPERING PROPAGE STREAM OFTIGICS FOR A.H., OFFOBER 15 AT TALEFORA HOURS AT SANIA FOR.

OIL CONSTRUCTION CONTRACTOR

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ACCROS A. CRAUAN Attorney

#### NOTICE OF PUBLICATION STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

The Oil Conservation Commission of New Mexico, pursuant to law, hereby gives public notice of the following hearing to be had at a regular meeting of the Commission October 15, 1947, beginning at 10:00 o'clock a.m. on said date at Santa Fe, New Mexico:

#### STATE OF NEW MEXICO TO:

All named parties in the following case, and notice to the public:

# Case 113

In the matter of the application of Roy H. King for an unorthodox location on the  $SW_4^1$   $SE_4^1$  section 27, Township 18 South, Range 38 East in the Hobbs Pool, Lea County, New Mexico.

Given under the seal of the Oil Conservation Commission of New Mexico, at Santa Fe, New Mexico, on October 1, 1947.

OIL CONSERVATION COMMISSION

BY A Spurser R. R. SPURRIER, Secretary

Dallas, Texas October 1, 1947

Oil Conservation Commission Santa Fe, New Mexico

Gentlemen:

- 1

The undersigned, Roy H. King, files this, his petition, for permission to drill a well known as Roy H. King - Sanger Well No. 1 in the S.W. 1/4 of the S.E. 1/4 of Section 27, Township 18 South, range 38 East, Lea County, New Mexico.

(1) Such well is to be drilled 5 feet from the West line and 600 feet from the South line of said S.W. 1/4 of the S.E. 1/4 of said Section 27, Township 18 South, range 38 East, Lea County, New Mexico.

(2) The land is patented and the surface thereof is owned by various owners, but all the minerals, including the oil and gas therein are owned by Sanger Investment Company of 1900 Mercantile Bank Building, Dallas, Texas, and others claiming mineral and royalty interests under said Janger Investment Company, subject to an oil and gas lease thereon in favor of Shell Oil Company, Incorporated.

(3) The reasons for drilling this well at such irregular or unorthodox location are as follows:

The land in question is located on the outskirts of the City of Hobbs and houses are located on the surface of the land at the place where a regular location would fall and because of the existence of these structures on the surface of the land, it is desireable and necessary to drill such well at a location other than the regular location, and it is desired to drill such well at a location 5 feet East of the West line for the reason that petitioner is informed and believes that a location farther East would be off structure and probably not productive. There are two blocks of houses situated North of the South line of the 40 acres in question and for that reason it would be impracticable Oil Conservation Comm.

October 1, 1947

to drill at a location 330 feet from such South line because of the existence of such structures on the surface of the land at that location.

Petitioner in this connection respectfully shows to the Commission that a well, if drilled at the location herein requested, will create neither waste nor hazards condusive to waste.

(4) In this connection, your petitioner respectfully shows to the Commissioner that Shell Oil Company, Incorporated, owns and operates the leases adjoining the 40 acres in question on all sides and said Shell Oil Company, Incorporated, has agreed to the drilling of the well herein applied for at the above location, as shown by letter of that Company addressed to petitioner, dated September 26, 1947, the original or which letter has heretofore been filed with the Commission.

Wherefore, the undersigned petitioner respectfully prays that notice of this petition be given as required by law and the rules of the Commission, and that upon hearing hereof this honorable Commission grant this, his petition to drill his Roy H. King - Sanger No. 1 well at the above location.

Respectfully submitted,

H. KING

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September 30, 1947

New Mexico Oil Conservation Consission Santh Fe, New Mexico

Attention: Mr. George Graham, Atty.

Gentle cen:

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**-** \*

I am sending you her with agreement of Shell Cil Company to my drilling by Sender # 1 well six hundred feet from South line and five feet from Mest Line of the S.M.  $\frac{1}{2}$ of Section 27, Township 10 - South Range 38 - East.

Please advice me here telegren collect date I am to appear before contrasion.

Very truly yours,

RGE H. KING . Noy RUA. ïset

Yoy H. King Company Income Tax Accountants First National Bank Building Dallas, Texas

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ATT: Pr. Loop o Grala , Auty.

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New Moxico Oil Conservation Convision Sente Fe, New Mexico 1

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# COIPY OF WESTERN UNION TELEGRAM

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SANTA FE, NEW MEXICO SEPTEMBER 29, 1947

MR. ROY H. KING FIRST NATIONAL BANK EUTELING DALLAS 1, TEXAS

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SATISFACTORY FOR CHELL TO WAIVE OF JOIN YOU IN PETITION VHICH SHOULD ARRIVE SANTA FE EARLIEST POSSIBLE LATE. LOUBTFUL IF PUBLICATION CAN BE HAD

BEFORE MEETING.

And and the some

GEORGE GRAHAM, ATTORNEY NEW UNITED OIL CONMERVATION COLVISSION

ON CONSTRUCT OF C FIRST NATIONAL BANK BUILDING DALLAS I, TEXAS 山田山 ال رجن ا J

ROY H. KING

FIRST NATIONAL BANK BUILDING WICHITA FALLS TEXAS

Dallas, toms Sept. 21, 1947

New Texico Gil Conservation Commission, Santa Fe, New Mexico.

Gentlemen:-

Mr. R. R. Spurier

I have your letter of Sept. 18th, reading as follows:

" ir. Noy H. Hing,

First National Dank Bldg.,

Dallas, Texas Dear Fr. Ting:

I have your letter of September 12th with which you enclose three "Notices of Intention to Drill", a well to be known as Sanger, Well No. 1, SW: of the SE; Sec. 27. Twp. 188, Rge, 385 in the Hobbs field of Lea Courty. According to the rules and regulations of the New Mexico Oil Conservation Commission, it will be necessary for you to come before the Cil Conservation Convission in open hearing and obtain permission to make what is known as an unorthodox location. If there are any offset operators who will be interested in this location, I suggest that you contact them and make some arrangement before you bring petition before the Oil Commission.

Attention:

Very truly yours,

RRS: SSP

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(Signed) R. R. SPURAIER "

Inasmuch as 1 am obtaining the acreage on a fara-out from the Shell, and the Shell has the acreage adjoining on the West, the East, the North and the South, would a waiver of objections from the Shell suffice in lieu of formal motice to Shell as an offset operator and its appearance at a hearing? I am taking the matter up with Shell and would than' you to advise me promptly in rely to the foregoing.

Return addressed air weil envelope is enclosed.

STATE OF NEW MEXICO OFFICE OF STATE GEOLOGIST SANTA FE, NEW MEXICO

September 18, 1947

Mr. Roy H. King First Natl Bank Bldg., Dallas, Texas

Dear Mr. King:

I have your letter of September 12th with which you enclose three "Notices of Intention to Drill", a well to be known as Sanger, Well No. 1,  $SW_{3}^{1}$  of the  $SE_{4}^{1}$ , Sec. 27, Tnp. 18S, Rge, 38E in the Hobbs field of Lea County. According to the rules and regulations of the New Mexico Oil Conservation Commission, it will be necessary for you to come before the Oil Conservation Commission in open hearing and obtain permission to make what is known as an unorthodox location. If there are any offset operators who will be interested in this location, I suggest that you contact them and make some arrangement before you bring petition before the Oil Commission.

Very truly yours,

RRS:bsp

Oil Conservation Counission, Santa Po, New Mexico.

, K

Contlemen:

I am sending you herewith three notices of intention to drill, as this location being an exception to the regular location your Hobbs office told to send them direct to you.

Owing to some houses being located 330 ft.north of the south line of Sec.27 I have to go 600 ft-north for the location.I am asking for the location to be five feet east of the west line of this S.W. of S.E. as the Shell used the same pattern when they drilled their Sanger #2 well which is the west offset to this location, being 1320 ft. west and 270 ft. south of this requested location.

As the formations are dipping fairly rapidly to the east we feel we will get a good well at this location and a location 330 ft.from the west line would put the well where a house is located.

While the durface of this land belongs to J.F. Maddox et.al Hobbs, they bought the surface subject to the oil and gas lease of the Shell Cil Co.on this land, and my location is on a 40 acre farm out from the Shell Oil Co. No oil rights or interests in the minerals under this land went with the sele of the fee, they are still vested in the Sanger Invostment Co. and others as before sale of fee.

As I must start this well soon I will appreciate your kindness very much in advising me at your earliest convenience.

Assuring you of my appreciation of your kindness and courtesy.I remain,

Very traly yours; by Frank B.Ist

Dallas, Texas. Sept. 1 3th. 197

OIL CONTENANTION COMMISSION SAMPA F. OW MERICO.

SEP 1. 1947

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P.S.Please address all correspondence to Roy M.King, First Natl.Bank Bldg., Dalles, Texas. of April 200 Form C-101

#### NEW MEXICO OIL CONSERVATION COMMISSION

#### Santa Fe, New Mexico

#### NOTICE OF INTENTION TO DRILL

Notice must be given to the Oil Conservation Commission or its proper agent and approval obtained before drilling begins. If changes in the proposed plan are considered advisable, a copy of this notice showing such changes will be returned to the sender. Submit this notice in triplicate. One copy will be returned following approval. See additional instructions in Rules and Regulations of the Commission.

	<u></u>	ns, Toxas.	Sept.1	2th.1947.	
OIL CONSERVATION COMMIS Santa Fe, New Mexico,	ssion,	Place		Date	
Gentlemen:					
You are hereby notifie	d that it is our intention t	o commence the	drilling of a well to	be known as	
Roy H.King		Sanger	Well No. 1	in S. T. S. M. 1	
Company or C	perator	Lease			
of Sec. 27 , T 18 S.	. <u>B 38 I.</u> , N. M., P.	M., Hobbs	Field,	Lea County.	
X	The well is 600 f	eet (N.) (🕉) of	the South li	ne and five feet	
	(E.) (N.) of the lest				
	(Give location from directions.)	section or other	r legal subdivision	lines. Cross out wrong	
	If state land the oil and				
╏╍┼╾╎╌┼╌╽╍┽╌╎╌┼╌┨	If patented land the own	ner is J.F.	Maddox et.al.		
┠╶┼╌┼╾┿╼┿╼┿╼╋	Address	obbs, Merr ''ex	ico.		
	If government land the permittee is				
	Address				
	The lessee is				
AREA 640 ACBES	Address	· · · · · · · · · · · · · · · · · · ·			
LOCATE WELL COBBECTLY	We propose to drill well v	with drilling equi	pment as follows:		

The status of a bond for this well in conformance with Rule 39 of the General Rules and Regulations of the Commission is as follows: Will be glad to furnish hond whenever you require it before drilling.

We propose to use the following strings of casing and to land or cement them as indicated:

Size of Hole	Size of Casing	Weight Per Foot	New or Second Hand	Depth	Landes' or Cemented	Sacks Centent
10in.	10in.	40	second hand	020 <b>54</b>	comented	coment to surface.
85/8	7:n.	ົ <u>41</u> 6.ວອກາໄອະຮ 17 " "	17 17	1050 ft.or top of San Andres lime	ч	150 sacks or more if necess

If changes in the above plan become advisable we will notify you before cementing or landing casing. We estimate that the first productive oil or gas sand should occur at a depth of about <u>40.50</u> feet.

Additional information: This location is exactly 1200 ft.eact and 270 ft.morth of Shell (0 Sander, due to houses being located 200 ft.morth of S.Line of Sec. 27-105-300.or directly east of Shell Sun ver (0. 3.7.) of S.D.; is a fermout from the Shell Cil So.to Boy H.King.

Approved, 19	Sincerely yours,
except as follows:	Pox H. Mullow Tolling
	Company or Operator By
	By Frank S. Lookt
	Position Assistant.
OIL CONSERVATION COMMISSION,	Send communications regarding well to
Ву	Name 107 D. MAR
Title	Address Marte Mythe Sont Males, Salars, Sanas

5 A 1