

CASING RECORD

<u>Lease and Well No.</u>	<u>Location</u>	<u>Surface Casing</u>	<u>Cemented With - Sx</u>	<u>T.D.</u>	<u>5-1/2 @</u>	<u>Cemented With - Sx</u>
<u>Murphy H. Baxter</u>						
Phillips State 17-5	E 17-17-33	8-5/8 @ 300'	50	4473'	4472'	150
Phillips State B-3	I 18-17-33	9-5/8 @ 330'	250	4605'	4605'	270
Phillips State B-5	O 18-17-33	9-5/8 @ 330'	150	4589'	4589'	250
<u>Zapata Petroleum Corp.</u>						
Phillips State B-4	A 19-17-33	8-5/8 @ 365'	175	4586'	4585'	160
Phillips State B-6	G 19-17-33	8-5/8 @ 368'	175	4410'	4409'	160
Phillips State B-11	C 19-17-33	8-5/8 @ 356'	175	4390'	4390'	180
Western State 11	M 17-17-33	9-5/8 @ 279'	Circ	4420'	4400'	1500
Western State 14	K 17-17-33	8-5/8 @ 278'	Circ	4450'	4450'	2800

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 10/27

CASE 2420

Hearing Date 10/25

DSN @ DF

My recommendations for an order in the above numbered cases are as follows:

Dismiss as requested by applicant

[Signature]
Secretary

PHILLIPS PETROLEUM COMPANY

BARTLESVILLE, OKLAHOMA

October 23, 1961

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Zapata Petroleum Corporation
P. O. Box 3195
Midland, Texas

Attention: Mr. J. Hugh Liedtke

Gentlemen:

Our attention has been called to an application which you have filed before the Oil Conservation Commission of the State of New Mexico for certain water flood operations in the Maljamar Field, Lea County, New Mexico, and being Case No. 2420. In the application, you assert that you are the owner or the owner of operating rights to the Grayburg and San Andres formations underlying all of Section 17 and the N/2 of Section 20 in Township 17 South, Range 33 East, as well as other properties.

As you know, Phillips Petroleum Company asserts ownership of the operating rights to the oil, gas and other mineral rights in the S/2 of Section 17 and the N/2 of Section 20, and has recently filed suit against you and Western Oil Fields, Inc., in the District Court of Lea County, State of New Mexico (No. 19874) to have Phillips' prior rights and interests in such properties established.

You appear to contemplate operations on said properties without Phillips' permission or consent.

Please be advised that you proceed on said S/2 of Section 17 and N/2 of Section 20 without the consent of Phillips and at your own risk and that Phillips does not intend to waive or relinquish any of its rights to or interests in said properties and that Phillips will hold you accountable to it for any violation of Phillips' rights in said properties and for any damage done to its interests in, and for production obtained from, said S/2 of Section 17 and said N/2 of Section 20.

Additionally, your application before the New Mexico Oil Conservation Commission alleges that you are the "owner or the owner of operating rights" to the Grayburg and San Andres formations underlying the N/2 of Section 17, SW/4 of Section 18 and all of Section 19, except the SW/4 SW/4, all in Township 17 South, Range 33 East, and the SE/4 of Section 13, Township 17 South, Range 32 East, all in Lea County, New Mexico, as well as

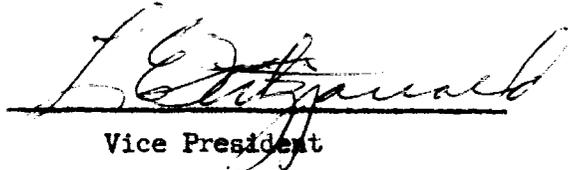
October 23, 1961

other properties. Phillips Petroleum Company has preferential purchase rights covering said described properties. Your application, a copy of which was just recently received by Phillips, was the first indication to Phillips that there may have been assignments of interests in said properties to you and to which Phillips may be entitled to exercise its preferential purchase rights. Please advise what assignments or other transfer or conveyance of interests in whole or in part of the oil and gas leasehold estates covering said properties you have secured and the full terms thereof so that we may consider the exercise of our preferential purchase rights thereto.

Very truly yours,

PHILLIPS PETROLEUM COMPANY

By


Vice President

CBM:rvh

cc: Western Oil Fields, Inc.
1827 Grant Street
Denver, Colorado

Oil Conservation Commission
of New Mexico
Santa Fe, New Mexico