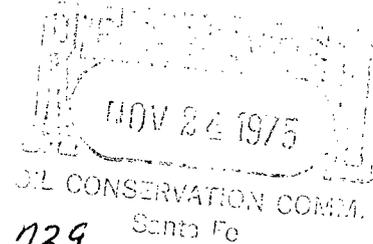




CHACE OIL COMPANY, INC.

313 Washington S.E.
Albuquerque, New Mexico 87108
(505) 266-5562

November 22, 1975



NSL-739
104 F
Blue Hill 14

Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Re: Request for ~~Communitization and~~
Approval of a Non-Standard drill
site for the Gulf Federal #1 Well
Unit "C", Section 13, T22N, R7W
Sandoval County, New Mexico

Attention: Mr. James Kapteina

Gentlemen:

500' FNL 1800' FWL

Due to the different ownership of royalty owners on the west half and east half of the NW $\frac{1}{4}$ of Section 13, we hereby request permission to communitize this 160 acre tract to comprise the production unit.

Chace Oil has a farm-out agreement on this tract, the west half being in the acreage farmed out from Kirby Oil et al, and the East $\frac{1}{2}$ of the unit being a farmout from Gulf Oil. (See Plat)

Gulf Oil and Kirby will receive a copy of this request, and to our knowledge no objection to this communitization will be made.

Chace Oil Company would also like to request the approval of a non-standard gas well location in this NW $\frac{1}{4}$ of Section 13, under Rule 104, Paragraph F.

The basis for this request is that, on 10-25-75, Chace Oil completed the Rusty Federal #1, located in Unit P, 800' SL & 800' EL of Section 11, as an oil well in a 3400' Menefee sand.

Since this well was a producer it was noted that Gulf's lease NM 0554433 was expiring on February 28, 1975. We requested a farmout from them for a Menefee and Point Lookout (4100') test. This farmout was granted and the well was spudded on 2-28-75 to extend the lease.

Expecting the well to be an oil producer, we staked the location in Unit "C" 500' NL & 1800' WL of Section 13.

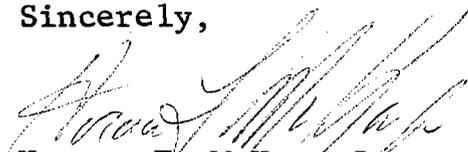
At this time the only indication of production in the Upper Chacra was a show on the mud logger in the Rusty Federal #1 well.

The well was drilled to a total depth of 4100' and 4½" casing set to 4015'. Tests were run on the Point Lookout and Menefee sands, but no commercial production was obtained. These lower perforations were plugged off and a gas completion was made in the Upper Chacra from 1969-2041, for OFP of 713 Mcf/D.

The attached plat shows the acreage held by Chace from the separate farm-outs and the non-standard location and unit to be communitized.

Should you need any additional information please advise.

Sincerely,



Horace F. McKay, Jr.

HFM/ev

cc: Mr. Griffith
Gulf Oil Corporation

Charles Osgood, Jr.
Kirby Exploration

Guy Feneyrou
Aquitaine

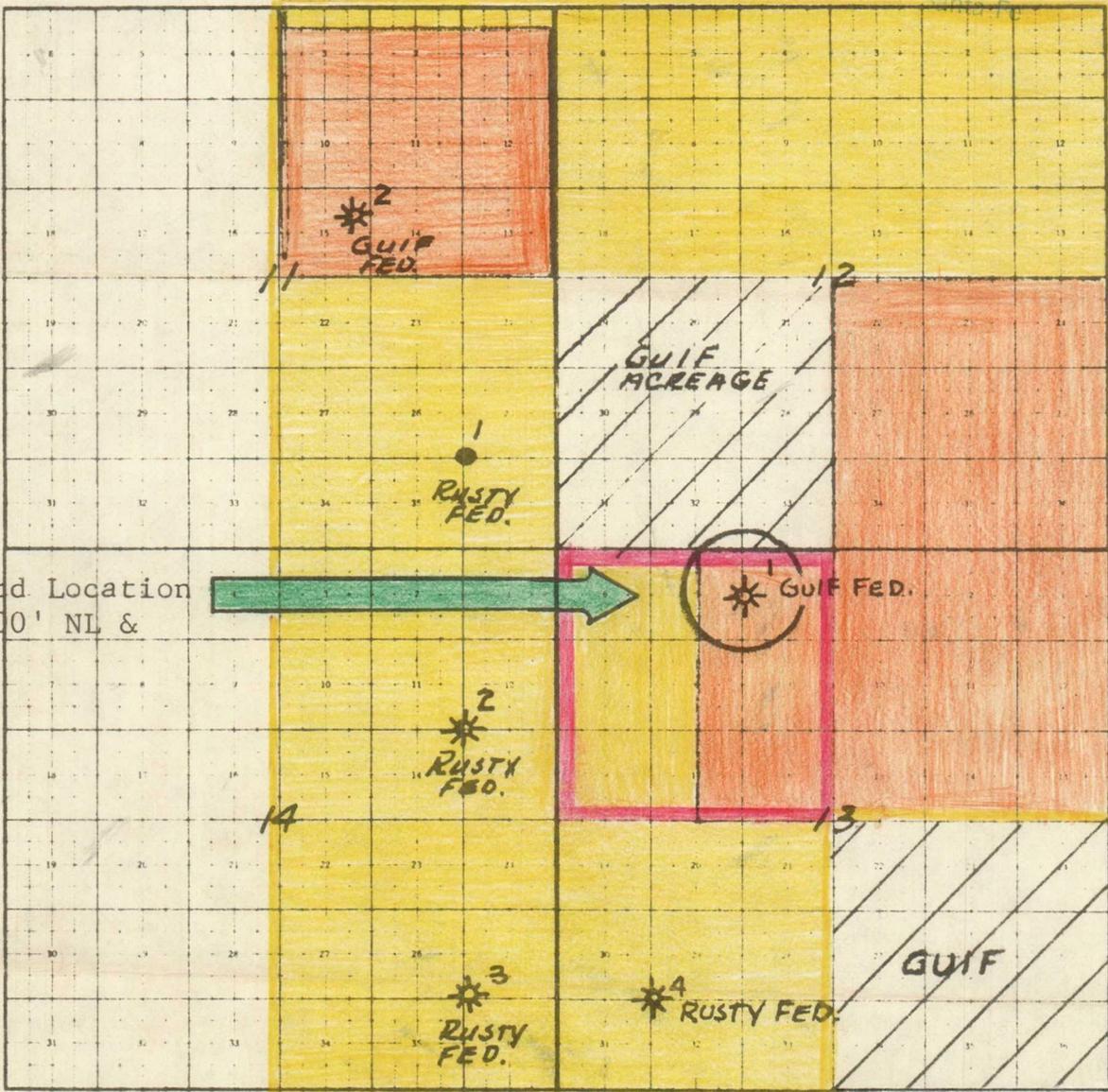
Jerry Long
U.S.G.S.

TOWNSHIP PLAT

Township 22N, Range 7W, County SANDOVAL

State N.M.

RECEIVED
NOV 2 1973
L. CONSERVATION COMM.



Non-Standard Location
Unit "C" 500' NL &
1800' WL

-  160 Acre Block on which communitization is requested and approval of a Non-Standard drill site.
-  Total Chace Acreage covering farm-outs from Kirby & Gulf
-  Kirby et al, Farm-out acreage
-  Gulf Farm-out acreage
-  Gulf offset acreage

Scale 3 inches = 1 Mile

OIL CONSERVATION COMMISSION
Ayer DISTRICT

OIL CONSERVATION COMMISSION
BOX 2088
SANTA FE, NEW MEXICO

DATE Nov 26, 1975

RE: Proposed MC _____
Proposed DHC _____
Proposed NSL _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____

Jim Kapteina

RECEIVED
DEC 1 - 1975
OIL CONSERVATION COMM.
Santa Fe

Gentlemen:

I have examined the application dated _____
for the Chace Oil Co. Gulf Federal #1 C-13-22N-7W
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

Approve

Yours very truly,

AR Kendrick