



CITIZEN SERVICE PETROLEUM COMPANY

CITIZEN SERVICE PETROLEUM COMPANY
BARTLESVILLE, OKLAHOMA

July 17, 1961

ILLEGIBLE

Whaley Company, Incorporated
Continental Life Building
Fort Worth 2, Texas

Re: Drilling Queen Sand Ditch Waterflood
Clay County, N. M.

Gentlemen:

As you know, we are interested in covering the cooperative arrangement with you and the company of your State No. 2 well, Ford Well No. 2, N. M., Clay County, N. M.

Since you are not to contribute the Dr. Roy Unit and could not justify the drilling of horizontal wells around the perimeter of your 40-acre tract, this arrangement seems to be the only fair way to enter the waterflood and this part of the pool. As discussed earlier in letters, in my opinion, the proposed cooperative arrangement should flow from the Ford Well No. 2, N. M., to the pool to your well and then to the Ford Well No. 2, N. M., plus a portion of the conversion expense on two Ford Well No. 2 wells, plus a portion of the injection water cost to these two wells. The contract you does not include any of the Ford Well No. 2, N. M., and Ford Well No. 2, N. M., plus proposed input wells.

Since we have not received the cooperative agreement executed by Whaley Company, we presume you received the agreements, but your letter of June 20, 1961, to the New Mexico Oil Conservation Commission failed to mention that we had submitted a cooperative input agreement to you. We appreciate your statement to the Commission that you do not intend to "trick" us. Will you please execute and return the proposed cooperative water injection agreement?

In reply to letter, the New Mexico Oil Conservation Commission has not received your application of June 21, 1961, for permission to drill waterflood wells in Dr. Roy Unit wells, including the two involved in the proposed agreement with you. Our Hobbs, N. M.,

Whaley Company, Inc. deposited

Page Two

July 17, 1961

ILLEGIBLE

office makes recommendations and with no endorsement of approval when the Commission has taken action. While your telegram to the Commission on June 26, 1961, as referred to above, and the attached amended Oil Reports, your letter to them on that date neither suggests nor objects to the use of the two acre non-water subject area. We appreciate your expressing not to object to our application. Of course the excessive size of our lease waterflood would require some attention to be called to prevent us from flooding the oil field. It is our intention to flood the 40 acre tract and the 40 acre tract.

I thank you for your letter of the 26th and for your telephone conversation agreement.

Very truly yours,

E. P. Clark
Chief of the Safety Recovery Engineer

EEF:66

cc - Oil Conservation Commission
Santa Fe, N. M.

Oil Conservation Commission
Hobbs, N. M.

State Engineer
Santa Fe, N. M.