

WHALEY COMPANY, INCORPORATED

CONTINENTAL LIFE BUILDING
FORT WORTH 2, TEXAS

WILLIAM D. MORRIS
PRESIDENT

June 26, 1961

OIL AND GAS PRODUCTION
TEXAS AND NEW MEXICO

Oil Conservation Commission
State of New Mexico
P. O. Box 871
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

A few days ago we received a copy of a letter dated June 21, 1961, written by Cities Service Petroleum Company to you requesting that three of their wells in the Drickey Queen Sand Unit in Chaves County, New Mexico, be placed on water injection for the reason that pressure had shown up in our State No. 2. On receiving the copy of this letter, we rechecked our reports and found that the increase in water in Well No. 2 is due entirely to the fact that we have been putting water in No. 2 Well to dissolve the salt. Prior to April 1961 we have watered the well several times. In April we watered it one time with 25 barrels of water. In May we put 125 barrels of water in the well which is included in the 167 barrels of water made by the well. We feel quite sure that we have had no effect of any kind up to now from the waterflood efforts of the Cities Service Petroleum Company repressuring operations in the Drickey Queen Sand Area.

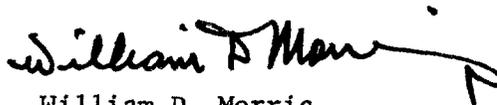
May we state further that we decline to go into the Drickey Queen Sand Unit for the reason that we did not feel the Cities Service Engineers allowed us anything like the original reserves contained under our 40-acre tract. We have assured them, however, that we have no desire to "ride" them and that should we receive any benefits in the way of increased production in our well from their repressuring work, we will be glad to negotiate some equitable arrangement mutually satisfactory to us and them and pay them on the basis of increased barrels of oil produced. We hope that we can work out a satisfactory arrangement to compensate them for any benefits we receive from their repressuring operations.

In order to correct the record, we enclose you herewith corrected Forms C-115 on our New Mexico State Lease for the months of April and May, 1961. We are also sending the Cities Service Petroleum Company a copy of this letter and a copy of the amended reports. Simply for the record, we attached to the Reports copies of our Gauger's Reports showing water put into these wells to dissolve the salt.

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We would also like to make it a part of the record that over the past history of this well there have been times when for brief periods it will produce a very considerable amount of oil and then it will decline again to practically nothing. This behavior has occurred long before Cities Service Petroleum Company started waterflood operations so we know it was not caused by any effort on their part.

Yours respectfully,



William D. Morris

WDM:dbk
Enclosures

cc: Cities Service Petroleum Company
P. O. Box 97
Hobbs, New Mexico
Attention: Mr. E. F. Motter
Assistant Division Engineer
cc: Cities Service Petroleum Company
Cities Service Building
Bartlesville, Oklahoma
Attention: Mr. E. E. Funk
Chief Secondary Recovery Engineer

Verifax Copies To:
Oil Conservation Commission
P. O. Box 2045
Hobbs, New Mexico

State Engineer
P. O. Box 1069
Santa Fe, New Mexico
Attention: Mr. Frank Irby

Mr. John H. Trigg
P. O. Box 5629
Roswell, New Mexico

Great Western Drilling Company
P. O. Box 1659
Midland, Texas

Texas-New Mexico Pipeline Company
P. O. Box 1510
Midland, Texas

Mr. H. B. Phillips, Superintendent
Whaley Company, Inc.
P. O. Box 925, Kermit, Texas