

Water Resources Division  
P.O. Box 4217  
Albuquerque, New Mexico 87106  
May 9, 1967

RECEIVED

Mr. Charles A. Brown  
Pennzoil Company  
1007 Midland Savings Building  
Midland, Texas 79701

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C. C. C.  
ARTESIA, OFFICE

Dear Mr. Brown:

Subject: Possible acquisition of the Pennzoil Yates-State No. 1,  
Sec. 32, T. 20 S., R. 30 E., Eddy County, New Mexico  
for use as Capitan aquifer water observation well.  
State Oil and Gas Lease No. K-4278

This office is engaged in a study of the hydrology of the subsurface Capitan Limestone and associated formations in southeastern New Mexico and western Texas. As part of this program we are establishing a network of water level observation wells using abandoned cased oil tests as the observation wells. In the event that the Yates-State No. 1 should prove to be an unsuccessful exploration test and would be plugged by Pennzoil, we would like to include this well in our observation program.

If the New Mexico District, Water Resources Division of the U. S. Geological Survey would be able to take over the hole after had been plugged back to the base of the Capitan Limestone, we would assume all future costs, expense, and liability with respect to plugging and abandonment in accordance with the prevailing New Mexico Oil Conservation Commission regulations. Pennzoil would probably want to reserve the oil and gas rights to this well as we are interested only in water information.

If you would like to discuss this proposal further, please do not hesitate to call me collect at 505-247-0311, ext. 2246. We certainly appreciate Pennzoil's cooperation with our study. Thank you.

Sincerely yours,

William L. Hiss  
Hydrologist

For William E. Hale  
District Chief, WRD

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