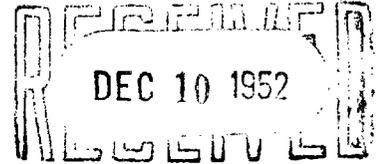


Case 458 KS

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO.



BEAVER LODGE OIL CORPORATION

301 MERCANTILE COMMERCE BUILDING

RIVERSIDE 9091

DALLAS 1, TEXAS

December 8, 1952

CRITCHELL PARSONS
PRESIDENT

Mr. R. R. Spurrier, Secretary - Director
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Mr. Spurrier:

I should like to acknowledge receipt of your letter stating that the hearing on our application for an undersized Mesa Verde drilling unit in the Blanco Field will be held on December 16, 1952.

We understand that it is not necessary to file a formal brief in this matter, but I do want to set out at this time the points we consider important.

Beaver Lodge Oil Corporation is applying for permission to set up a Mesa Verde drilling unit which will include all of the $W\frac{1}{2}$ of Section 32, Township 30 North, Range 8 West, San Juan County, New Mexico, except the $NE\frac{1}{4}$ of the $SW\frac{1}{4}$. This drilling unit will include 280 acres.

El Paso Natural Gas Company owns 120 acres, Skelly Oil Company owns 120 acres, Beaver Lodge Oil Corporation owns 40 acres, and The Texas Company owns 40 acres in the $W\frac{1}{2}$ of Section 32. El Paso Natural, Skelly, and Beaver Lodge have agreed to communitization but The Texas Company has not. Beaver Lodge Oil Corporation has offered to purchase The Texas Company's lease, to take it under a farmout agreement, or to trade a lease which it owns outside of this section to The Texas Company for its lease in the section; but none of these offers have been accepted by The Texas Company.

Beaver Lodge Oil Corporation's lease expires January 12, 1953. We are applying for permission to drill a Mesa Verde well on 280 acres so that loss of our lease may be avoided.

We understand that this 280-acre unit will receive only $\frac{7}{8}$ ths of an allowable if proration is established in the Blanco Field.

Mr. R. R. Spurrier

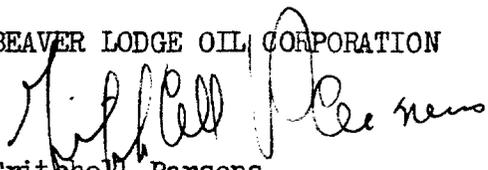
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December 8, 1952

I am sending copies of this letter to El Paso Natural Gas Company, Skelly Oil Company, The Texas Company, and Mr. Owen B. Marron, our attorney in Albuquerque, who will be present at the hearing.

Yours very truly,

BEAVER LODGE OIL CORPORATION


Critchell Parsons

CP:jl
AIR MAIL

cc: El Paso Natural Gas Company
Bassett Tower
El Paso, Texas
Attn: Mr. Sam Smith

The Texas Company
P. O. Box 1720
Fort Worth, Texas
Attn: Mr. E. W. Lewis
Producing Department

Skelly Oil Company
P. O. Box 4083
Albuquerque, New Mexico
Attn: Mr. Paul Teel

Mr. Owen B. Marron
606 First National Bank Building
Albuquerque, New Mexico