

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

May 28, 1958

El Paso Natural Gas Products Company
P. O. Box 1161
El Paso, Texas

Attention: Mr. R. L. Hamblin

Re: Welch Unit
Approval of First through
Third Enlargements of the
Delaware Participating Areas

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the First, Second and Third Enlargements of the Delaware Participating Areas for the Welch Unit Area, Eddy County, New Mexico, subject to like approval by the U. S. Geological Survey and by the Commissioner of Public Lands of the State of New Mexico.

Eight approved copies of the application were handed to Mr. D. W. Reece.

Very truly yours,

A. L. PORTER, Jr.,
Secretary-Director

ALP/RLS/ir

cc: U. S. Geological Survey - Roswell, New Mexico
Commissioner of Public Lands - Santa Fe, N.M.

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EL PASO NATURAL GAS PRODUCTS COMPANY

POST OFFICE BOX 1161, EL PASO, TEXAS

May 20, 1958

Director
United States Geological Survey
Department of the Interior
Washington 25, D. C.

Commissioner of Public Lands
of the State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico

Oil Conservation Commission
of the State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico

Re: Welch Unit No. 14-08-001-1206
Eddy County, New Mexico
**FIRST THROUGH THIRD ENLARGEMENTS
OF THE DELAWARE PARTICIPATING
AREA.**

Gentlemen:

Pursuant to Section 11 of the Welch Unit Agreement No. 14-08-001-1206, approved by the Commission on January 26, 1954, and approved by the Director on March 8, 1954, El Paso Natural Gas Products Company as Unit Operator, submits for your approval the First, Second and Third Expanded Participating Areas for the Delaware Formation, Welch Unit, Eddy County, New Mexico, which includes in addition to the lands previously admitted to the Delaware Participating Area, the following selections of lands estimated to be productive in paying quantities from the Delaware Formation, to-wit:

FIRST EXPANSION - Effective February 1, 1958

<u>Description of Lands</u>	<u>Acreage</u>	<u>Well Name</u>	<u>Test Date</u>	<u>Initial Potential</u>
<u>Township 26 South, Range 27 East</u> Section 16: SW/4 SW/4	40.00	Welch Unit #3	2-23-58	60 BOPD

SECOND EXPANSION - Effective Date March 1, 1958

<u>Description of Lands</u>	<u>Acreage</u>	<u>Well Name</u>	<u>Test Date</u>	<u>Initial Potential</u>
<u>Township 26 South, Range 27 East</u> Section 20: NE/4 NE/4	40.00	Welch Unit #4	3-20-58	42 BOPD

THIRD EXPANSION - Effective Date April 1, 1958

<u>Description of Lands</u>	<u>Acreage</u>	<u>Well Name</u>	<u>Test Date</u>	<u>Initial Potential</u>
<u>Township 26 South, Range 27 East</u>		Welch Unit #5	4-21-58	41 BOPD
Section 21: NE/4 NW/4	40.00			
Section 16: SE/4 SW/4	40.00			
Total	80.00			

Applicant is submitting separately, in triplicate, its Geologic and Engineering Report, with enclosures, supporting its suggested selection of the proposed Participating Area.

Attached are Schedules II through IV showing the Expanded Participating Areas for the Delaware Formation in the Welch Unit Area. These Schedules describe the Expanded Participating Areas, show the percentage of unitized substances allocated to each unitized tract, and the exact breakdown of percentages allocated to each tract according to the various ownership in said tract. Also attached hereto as Exhibit "A" is a Map of the Welch Unit Area showing the First through Third Expanded Participating Areas for the Delaware Formation.

If these Expanded Participating Areas, numbered One through Three, meet with your approval, please indicate such approval in the space provided on the attached sheet and return an approved copy for our Files. A copy of this letter and a copy of the Schedules attached hereto are being sent to all Working Interest Owners as indicated on the attached sheet.

Very truly yours,

EL PASO NATURAL GAS PRODUCTS COMPANY

By: R. L. Hamblin
R. L. Hamblin, Manager
Land Department

RLH:JFK:jlw
Enclosures

cc: Attached Sheet

APPROVED: _____ Date: _____
Director, United States Geological Survey
Subject to like approval by the appropriate State Officials.

APPROVED: _____ Date: _____
Commissioner of Public Lands
Subject to like approval by the United States Geological
Survey and the Oil Conservation Commission.

APPROVED: *A. L. Porter, Jr.* Date: *May 28, 1948*
Oil Conservation Commission
Subject to like approval by the United States Geological
Survey and the Commissioner of Public Lands.

The foregoing approvals are for the First, Second and Third Expanded Participating
Areas for the Delaware Formation, under the Welch Unit Area, 14-08-001-1206, Eddy
County, New Mexico.

WELCH UNIT
WORKING INTEREST OWNERS

COPIES OF THE FOREGOING LETTER HAVE BEEN SENT TO THE FOLLOWING WORKING INTEREST OWNERS:

Pan American Petroleum Corporation
P. O. Box 1410
Ft. Worth, Texas

El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas

Magnolia Petroleum Company
P. O. Box 900
Dallas, Texas

Elmer L. Lockwood
750 West 5th Street
Ft. Worth, Texas

Mr. George G. Snowden, and wife
4 East 66th Street
New York 21, New York

Humble Oil & Refining Company
P. O. Box 1287
Roswell, New Mexico

Mr. James H. Snowden, and wife
750 West 5th Street
Ft. Worth, Texas

Sunshine Royalty Company
P. O. Box 147
Roswell, New Mexico

Gulf Oil Corporation
P. O. Drawer 1290
Ft. Worth 1, Texas

John M. Kelly, and wife
P. O. Box 5671
Roswell, New Mexico

SCHEDULE II
 FIRST EXPANDED PARTICIPATING AREA FOR THE DELAWARE FORMATION
 WELCH UNIT AREA

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	TRACT NUMBER OWNERSHIP and	PERCENTAGE	PERCENTAGE COMMITTED	PRESENT ACTUAL PARTICIPATION
LC-068823-C	T-26-S, R-27-E Sec. 21: NW/4 NW/4	40.00	<u>Tract 12-B</u> Royalty: Working Interest: El Paso Natural Gas Products Co. O.R.R.I.:	12.500000% 59.84375% 27.65625% <u>100.000000%</u>	12.500000% 59.84375% 27.65625% <u>100.000000%</u>	50%
<u>WELCH UNIT #2 Well</u>						
State of New Mexico E-1719-7	T-26-S, R-27-E Sec. 16: SW/4 SW/4	40.00	<u>Tract 24-B</u> Royalty: Working Interest: El Paso Natural Gas Products Co. O.R.R.I.:	12.500000% 54.68750% 32.81250% <u>100.000000%</u>	12.500000% 54.68750% 32.81250% <u>100.000000%</u>	50%
<u>WELCH UNIT #3 Well</u>						

Effective February 1, 1958

SCHEDULE II
FIRST EXPANDED PARTICIPATING AREA FOR THE DELAWARE FORMATION
WELCH UNIT AREA

RECAPITULATION

Description of Lands in Participating Area:
Township 26 South, Range 27 East, N.M.P.M.
Section 21: NW/4 NW/4
Section 16: SW/4 SW/4

Total Number of Acres in Participating Area:	80.00
Total Number of Acres Committed To Participating Area:	80.00
Percent of Basic Royalty Interest Committed:	100.00%
Percent of Working Interest Committed:	100.00%
Percent of Overriding Royalty Interest Committed:	100.00%

Effective February 1, 1958

SCHEDULE III
SECOND EXPANDED PARTICIPATING AREA FOR THE DELAWARE FORMATION
WELCH UNIT AREA

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	TRACT NUMBER OWNERSHIP and	PERCENTAGE	PERCENTAGE COMMITTED	PRESENT ACTUAL PARTICIPATION
LC-068823-C	T-26-S, R-27-E Sec. 21: NW/4 NW/4	40.00	<u>Tract 12-B</u> Royalty: Working Interest: El Paso Natural Gas Products Co. O.R.R.I.:	12.500000% 59.84375% 27.65625% 100.000000%	12.500000% 59.84375% 27.65625% 100.000000%	33.333333%
<u>WELCH UNIT #2 Well</u>						
State of New Mexico E-1719-7	T-26-S, R-27-E Sec. 16: SW/4 SW/4	40.00	<u>Tract 24-B</u> Royalty: Working Interest: El Paso Natural Gas Products Co. O.R.R.I.:	12.500000% 54.68750% 32.81250% 100.000000%	12.500000% 54.68750% 32.81250% 100.000000%	33.333333%
<u>WELCH UNIT #3 Well</u>						
LC-068823-C	T-26-S, R-27-E Sec. 20: NE/4 NE/4	40.00	<u>Tract 12-B</u> Royalty: Working Interest: El Paso Natural Gas Products Co. O.R.R.I.:	12.500000% 60.62500% 26.87500% 100.000000%	12.500000% 60.62500% 26.87500% 100.000000%	33.333333%
<u>WELCH UNIT #4 Well</u>						

Effective March 1, 1958

SCHEDULE III
SECOND EXPANDED PARTICIPATING AREA FOR THE DELAWARE FORMATION
WELCH UNIT AREA

RECAPITULATION

Description of Landsin Participating Area:
Township 26 South, Range 27 East, N.M.P.M.
Section 21: NW/4 NW/4
Section 16: SW/4 SW/4
Section 20: NE/4 NE/4

Total Number of Acres in Participating Area:	120.00
Total Number of Acres Committed To Participating Area:	120.00
Percent of Basic Royalty Interest Committed:	100.00%
Percent of Working Interest Committed:	100.00%
Percent of Overriding Royalty Interest Committed:	100.00%

Effective March 1, 1958

SCHEDULE IV
THIRD EXPANDED PARTICIPATING AREA FOR THE DELAWARE FORMATION
WELCH UNIT AREA

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	TRACT NUMBER OWNERSHIP and PERCENTAGE	PERCENTAGE COMMITTED	PRESENT ACTUAL PARTICIPATION
LC-068823-C	T-26-S, R-27-E Sec. 21: NW/4 NW/4	40.00	<u>Tract 12-B</u> Royalty: 12.50000% Working Interest: E1 Paso Natural 59.84375% Gas Products Co. 27.65625% O.R.R.I.: 100.00000% TOTAL	12.50000%	20.00000%
<u>WELCH UNIT #2 Well</u>					
State of New Mexico E-1719-7	T-26-S, R-27-E Sec. 16: SW/4 SW/4	40.00	<u>Tract 24-B</u> Royalty: 12.50000% Working Interest: E1 Paso Natural 54.68750% Gas Products Co. 32.81250% O.R.R.I.: 100.00000% TOTAL	12.50000%	20.00000%
<u>WELCH UNIT #3 Well</u>					
LC-068823-C	T-26-S, R-27-E Sec. 20: NE/4 NE/4	40.00	<u>Tract 12-B</u> Royalty: 12.50000% Working Interest: E1 Paso Natural 60.62500% Gas Products Co. 26.87500% O.R.R.I.: 100.00000% TOTAL	12.50000%	20.00000%
<u>WELCH UNIT #4 Well</u>					
LC-068823-C	T-26-S, R-27-E Sec. 21: NE/4 NW/4	40.00	<u>Tract 12-B</u> Royalty: 12.50000% Working Interest: E1 Paso Natural 59.84375% Gas Products Co. 27.65625% O.R.R.I.: 100.00000% TOTAL	12.50000%	20.00000%
<u>WELCH UNIT #5 Well</u>					
State of New Mexico E-1719-7	T-26-S, R-27-E Sec. 16: SE/4 SW/4	40.00	<u>Tract 24-B</u> Royalty: 12.50000% Working Interest: E1 Paso Natural 54.68750% Gas Products Co. 32.81250% O.R.R.I.: 100.00000% TOTAL	12.50000%	20.00000%

Effective April 1, 1958

SCHEDULE IV
THIRD EXPANDED PARTICIPATING AREA FOR THE DELAWARE FORMATION
WELCH UNIT AREA

RECAPITULATION

Description of Lands in Participating Area:
Township 26 South, Range 27 East, N.M.P.M.
Section 21: NW/4 NW/4, NE/4 NW/4
Section 16: SW/4 SW/4, SE/4 SW/4
Section 20: NE/4 NE/4

Total Number of Acres in Participating Area:	200.00
Total Number of Acres Committed to Participating Area:	200.00
Percent of Basic Royalty Interest Committed:	100.00%
Percent of Working Interest Committed:	100.00%
Percent of Overriding Royalty Interest Committed:	100.00%

Effective April 1, 1958

In reply refer to:
Unit Division

File

May 28, 1958

609

El Paso Natural Gas Products Company
P. O. Box 1161
El Paso, Texas

Attention: Mr. R. L. Hamblin

Re: Welch Unit
Approval of First Through
Third Enlargements of the
Delaware Participating Areas

Gentlemen:

This is to advise that the Commissioner of Public Lands, of the State of New Mexico, has this date approved the First, Second and Third Enlargements of the Delaware Participating Areas for the Welch Unit Area, Eddy County, New Mexico, subject to like approval by the U. S. Geological Survey and by the Oil Conservation Commission.

Eight approved copies of the application were handed to Mr. D. W. Reece and the remaining copies retained by this office.

Very truly yours,

MURRAY E. MORGAN,
Commissioner of Public Lands

BY:

Ted Bilberry, Supervisor
Oil and Gas Division

MEM/MMR/s

cc: U. S. Geological Survey- Roswell, New Mexico
Oil Conservation Commission- Santa Fe, N.M.

In reply refer to:
Unit Division

May 28, 1958

File
609

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El Paso Natural Gas Products Company
P. O. Box 1161
El Paso, Texas

Attention: Mr. R. L. Hamblin

Re: Welch Unit Area,
Eddy County, New Mexico

Gentlemen:

We are handing you herewith nineteen copies of designation of El Paso Natural Gas Products Company, as successor Unit Operator, Welch Unit Area, Eddy County, New Mexico. Also the resignation of Pan American Petroleum Corporation (formerly Stanolind Oil and Gas Company).

This approval being made this 28th day of May, 1958 by the Commissioner of Public Lands of the State of New Mexico.

Very truly yours,

MURRAY E. MORGAN
Commissioner of Public Lands

BY:

Ted Bilberry, Supervisor
Oil and Gas Division

MEM/MMR/s

cc:

U.S. Geological Survey-Roswell, New Mexico

Oil Conservation Commission-Santa Fe, New Mexico

In reply refer to:
Unit Division

File Case
609

May 28, 1958

El Paso Natural Gas Products Company
P. O. Box 1161
El Paso, Texas

Attention: Mr. R. L. Hamblin

Re: Welch Unit
Approval of Initial
Participating Area

Gentlemen:

This is to advise that the Commissioner of Public Lands has this date approved the Initial Delaware Formation Participating Area for the Welch Unit area, Eddy County, New Mexico, subject to like approval by the U. S. Geological Survey and by the Oil Conservation Commission.

Eight approved copies of the application were handed to Mr. D. W. Reece and the remaining copies were retained by this office.

Very truly yours,
MURRAY E. MORGAN,
Commissioner of Public Lands

BY:
Ted Bilberry, Supervisor
Oil and Gas Division

MEM/MER/s

cc: U. S. Geological Survey - Roswell, N.M.
Oil Conservation Commission - Santa Fe ✓

EL PASO NATURAL GAS PRODUCTS COMPANY

POST OFFICE BOX 1161, EL PASO, TEXAS

April 17, 1958

*File
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Director
United States Geological Survey
Department of the Interior
Washington 25, D. C.

Commissioner of Public Lands
of the State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico

Oil Conservation Commission
of the State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico

Re: Welch Unit, No. 14-08-001-1206,
Eddy County, New Mexico
**PLAN OF DEVELOPMENT FOR FIRST
SIX MONTHS OF CALENDAR YEAR 1959.**

Gentlemen:

Reference is made to the captioned Plan of Development, wherein the location of the Welch Unit #7 Well is described as being in the SW/4 NW/4 Section 16, T-26-S, R-27-E. This location appeared in the Plan of Development as the result of a clerical error. The correct location for the Welch Unit #7 Well is the SW/4 NW/4 Section 21, T-26-S, R-27-E.

The Welch Unit #7 Well was commenced on March 21, 1959, and drilled to a total depth of 2181 feet. Five and one-half inch casing was set at total depth and perforated opposite the Delaware Sand. On April 6, 1959, the well was subjected to a sand oil fracturing process and placed on pump. At the present time the well is producing 100% water.

The Welch Unit #8 Well was commenced April 1, 1959, at a location in the SE/4 SW/4 Section 16, T-26-S, R-27-E, and drilled to a total depth of 2220 feet. At the present time the Welch Unit #8 Well is being tested.

Copies of this letter are being sent to the Working Interest Owners shown on the attached sheet.

Very truly yours,

EL PASO NATURAL GAS PRODUCTS COMPANY

By: *R. L. Hamblin*
R. L. Hamblin, Manager
Land Department

RLH:JFK:mc

cc: Attached List

WELCH UNIT
WORKING INTEREST OWNERS

COPIES OF THE FOREGOING LETTER HAVE BEEN SENT TO THE FOLLOWING WORKING INTEREST OWNERS:

**Pan American Petroleum Corporation
P. O. Box 1410
Ft. Worth, Texas**

**El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas**

**Magnolia Petroleum Company
P. O. Box 900
Dallas, Texas**

**Elmer L. Lockwood
750 West 5th Street
Ft. Worth, Texas**

**Mr. George G. Snowden, and wife
4 East 66th Street
New York 21, New York**

**Humble Oil & Refining Company
P. O. Box 1287
Roswell, New Mexico**

**Mr. James H. Snowden, and wife
750 West 5th Street
Ft. Worth, Texas**

**Sunshine Royalty Company
P. O. Box 147
Roswell, New Mexico**

**Gulf Oil Corporation
P. O. Drawer 1290
Ft. Worth 1, Texas**

El Paso Natural Gas Company

El Paso, Texas

December 4, 1957

Mr. John A. Anderson
Regional Oil and Gas Supervisor
United States Geological Survey
P. O. Box 6721
Roswell, New Mexico

Mr. Murray E. Morgan
Commissioner of Public Lands
Unit Division
State Land Office
Santa Fe, New Mexico

Re: Welch Unit Agreement
Eddy County, New Mexico

Gentlemen:

By a notice dated October 29, 1957 we notified you that we considered our Welch Unit #1-X well to be a non-commercial well.

Subsequent to that determination, El Paso Natural Gas Company, acting under a Designation of Agent by Pan American Petroleum, and moving with all due diligence and with your approval, moved on to our Welch Unit #2 well on November 13, 1957. This location is 660 feet from the North line, and 560 feet from the West line of Section 21, T-26-S, R-27-E, Eddy County, New Mexico. You will recall that this hole was originally spudded as a relief hole as a preventive measure to prevent cratering and a possible blow-out in the Welch Unit #1 well. This hole was bailed dry and deepened from 1890' to a total depth of 2115'. The top of the Delaware lime was encountered at 2052'. Logs were run and casing was run and cemented. The Delaware sand from 2105' to 2111' was perforated with three torpedo shots per foot. This zone was fraced with 2000 gallons petro jel and 3000 pounds of sand and 200 pounds of adamite. The formation broke at 2300 pounds and average injection rate was 3.9 barrels per minute. The well was swabbed and potentialled 49 barrels of fluid on a 24-hour test on November 27, 1957, of which 31-1/2 barrels were of oil and 17-1/2 barrels were of water. Rods and a pump were installed and the well pumped 42.75 barrels of oil and 2.25 barrels of water in another 24-hour test. This was flush production and is expected to decrease. We are now pumping the well to see if production will hold up and to determine whether this will be a commercial well.

Page 2

Mr. John A. Anderson
Mr. Murray E. Morgan
December 4, 1957

This letter is being written to keep you fully advised of unit operations on the Welch Unit and to see if you concur in our belief that drilling operations on the Welch Unit #2 well were sufficient to extend the six-month drilling obligation in Section 9 of the Welch Unit Agreement from January 1, 1958 (six months from completion of the Welch #1-X well on July 1, 1957) to July 1, 1958. It may be possible, if the Welch #2 well holds up well enough, that we could determine the #2 well to be commercial prior to January 1, 1958. However, our Production Department would like to get some production history on this well to determine if it is going to be commercial and to determine whether additional development of Delaware sand for oil production is justified.

Please advise your desires in this matter.

Yours very truly,

EL PASO NATURAL GAS COMPANY

By  _____

El Paso Natural Gas Company

El Paso, Texas

October 29, 1957

Director
United States Geological Survey
Department of the Interior
Washington, D. C.

Commissioner of Public Lands
of the State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico

Oil Conservation Commission
of the State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico

Re: Welch Unit Area,
Eddy County, New Mexico
NON-COMMERCIAL WELL

Gentlemen:

El Paso Natural Gas Company, having drilled the Welch #1-X Well under Designation of Agent by Pan American Petroleum, Operator, has concluded that the following well in the Welch Unit Area is not capable of producing unitized substances in paying quantities from the Atoka Formation:

The Welch #1-X Well is located 660' from the North line and 760' from the West line of Section 21, Township 26 South, Range 27 East, Eddy County, New Mexico. This well was originally spudded June 30, 1956 and completed as a producing well in the Pennsylvanian Formation at a depth of 12,620' on October 15, 1956. The well was tied in and we produced it as a production test until March 31, 1957, when it became commercially non-productive. We commenced deepening operations on the Welch #1-X Well on May 10, 1957, and finished drilling on July 1, 1957. The well was drilled to a total depth of 13,848' in the Devonian Formation. This formation was found to be non-productive and the well was plugged back to 12,490' to the Atoka Formation. After being shut-in for 96 hours the well was tested on July 26, 1957. The well tested at an IP of 1,540 MCFGPD with an SIPC of 3951# and an SIPT of 3951#.

Page Two
October 29, 1957

The production from this well is steadily decreasing and in the absence of official disapproval, this well will continue to be considered non-commercial.

A copy of this letter is being sent to each of the working interest owners shown on the attached sheet.

Very truly yours,

EL PASO NATURAL GAS COMPANY

By



Sam Smith
Manager
Land Department

SS:JRB:bg
Att.

Re: Welch Unit

Copies of the foregoing letter have been sent to the following Working Interest Owners:

Pan American Petroleum Company
P. O. Box 1410
Ft. Worth, Texas

Magnolia Petroleum Company
P. O. Box 900
Dallas, Texas

Helmerich & Payne, Inc.
First National Bank Building
Tulsa, Oklahoma

Gus Layton and wife
3221 Stadium Drive
Ft. Worth, Texas

George G. Snowden and wife
4 East 66 Street
New York 21, New York

Ora R. Hall, Jr. and wife
Santa Fe,
New Mexico

Helon Orton Ham Watson and husband
504 South Ash
Carlsbad, New Mexico

Kenneth E. Sweetser and wife
1646 29th Avenue
Oakland 1, California

Jessie Thomson Kinahan and husband
2709 South Harrison
Denver, Colorado

Thomas C. Closson, Jr. and Marge H.
Closson
1384 Santa Rosa
Santa Fe, New Mexico

John M. Kelly and wife
P. O. Box 5671
Roswell, New Mexico

Elmer, Earl Ray, Frances & Mary Lynn
Forehand
P. O. Box 977
Carlsbad, New Mexico

Sunshine Royalty Company
P. O. Box 147
Roswell, New Mexico

Gulf Oil Corporation
P. O. Drawer 1290
Ft. Worth 1, Texas

Hatfield Oil Company
1316 N. Kelley
Odessa, Texas

James H. Snowden and wife
750 West 5th Street
Ft. Worth, Texas

Clendenin J. Ryan and wife
515 Madison Avenue
New York 22, New York

Frank D. Elliott and wife
Box 703
Roswell, New Mexico

Hoover H. Wright and wife
Santa Fe,
New Mexico

Dorothy L. Hanks and husband
411 South Mesa Street
Carlsbad, New Mexico

Emma T. Russell and husband
712 North Main Street
Roswell, New Mexico

Mary Closson Hess and husband
815 East 5th Street
Roswell, New Mexico

John E. Miles
P. O. Box 971
Santa Fe, New Mexico

A. C. Holder and wife
P. O. Box 96
Lovington, New Mexico

April 10, 1957

Mr. John Anderson, Supervisor
United States Geological Survey
P. O. Box 6721
Roswell, New Mexico

Mr. E. S. Walker
Commissioner of Public Lands
Santa Fe, New Mexico

Gentlemen:

The Welch Unit Agreement for the development and operation of lands in Township 26 South, Range 26 East; Township 26 South, Range 27 East; Township 25 South, Range 27 East; Eddy County, New Mexico, was approved by the Commissioner of Public Lands of the State of New Mexico January 26, 1954, and by the Acting Director, United States Geological Survey March 8, 1954.

In compliance with Section 9 of the Unit Agreement, the Welch Unit #1 Well, located 660' from the North and West lines of Section 21, T-26-S, R-27-E, was plugged and abandoned as a dry hole by Stanolind Oil and Gas Company on September 24, 1954. An extension was approved on February 29, 1956 which allowed Stanolind until March 24, 1956 to re-enter this well and deepen same to 13,800'. Stanolind commenced operations on this well March 20, 1956, and El Paso Natural Gas Company, by agreement with Stanolind and Snowden, et al and acting under a Designation of Agent, took over operation of the well effective April 9, 1956 and attempted to deepen to the required depth. Due to difficulties encountered in the hole, we were forced to plug and abandon this well on May 5, 1956. On June 30, 1956, the Welch Unit #1-X was spudded at a location 100' east of the Welch Unit #1 and completed as a producing well in the Pennsylvania Formation at a depth of 12,620' on October 15, 1956.

After tying-in this well, we produced same until March 31, 1957 as a production test, and El Paso Natural Gas Company, as Unit Operator, and Stanolind Oil and Gas Company and James Snowden, et al, as non-operators, have now decided to deepen this well to the Devonian Formation.

At the present time there are only two rigs in the area large enough to deepen this hole. Both rigs are nearing total depth of their present holes. We intend to use the first one of these which is available to deepen our Welch Unit #1-X Well. We hope to be drilling by April 15, 1957, but may not be able to obtain one of these rigs until after that date. In any event we should have a rig on the well by May 1, 1957.

Mr. John Anderson
Mr. E. S. Walker

Page 2

April 10, 1957

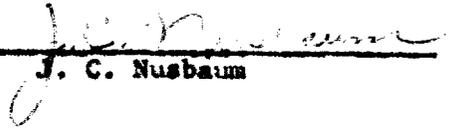
This letter is written to advise you of the exact status of this unit and well. We would appreciate your advising us if our plans as set forth above are satisfactory and meet with your approval. We believe that this is purely an operational problem. Please advise if you concur and if this meets all unit requirements.

Very truly yours,

EL PASO NATURAL GAS COMPANY

R. L. HAMBLIN

By



J. C. Nusbaum

cc: Oil Conservation Commission

RLH:VLD:eb

Case 109

February 14, 1956

In reply refer to:
Unit Division

Stanolind Oil and Gas Co.
P. O. Box 899
Roswell, New Mexico

Re: Welch Unit Agreement
Eddy County, New Mexico

Attention: Mr. J. H. Thompson

Gentlemen:

We are enclosing one original and five copies of your request for approval of your interpretation of Article 9 of the Welch Unit Agreement, which was approved by the Commissioner of Public Lands February 10, 1956.

We agree with the interpretation of Article 9 that the deepening operation of Welch Unit Well No. 1 complies with Article 9, and we feel that you would be entitled to six (6) months after final abandonment of such well to commence a second well.

However, this approval is granted subject to full approval by the United States Geological Survey.

Very truly yours,

E. S. WALKER
Commissioner of Public Lands

MMR/m
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