



Case 946

CONTINENTAL OIL COMPANY

PETROLEUM BUILDING
ROSWELL, NEW MEXICO

R. L. ADAMS
DIVISION SUPERINTENDENT
OF PRODUCTION
NEW MEXICO DIVISION

August 22, 1955

Mr. W. B. Macey, Secretary & Director
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Mr. Macey:

Reference is made to Case Number 946 in which you requested a letter regarding the position the Federal Government would take with respect to enlarging the existing proration units along the South line of the Continental Oil Company's Russell Federal Lease located in Section 35 T-26-S, R-31-E, Eddy County, New Mexico. Prior to the hearing, this matter was discussed with Mr. John Anderson, Oil and Gas Supervisor for the U. S. Geological Survey in Roswell. Mr. Anderson was informed of our desires to consolidate the four proration units consisting of approximately 25 acres each located along the South line of our lease so as to form two proration units of approximately 51 acres each. He was also informed we would propose to the Oil Conservation Commission that production be allocated to the two wells which would be drilled along the South line on the basis of these consolidated proration units. Mr. Anderson informed me that he could see no objection to the proposal at this time but that he would retain the right to demand additional development along the South line

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of the subject lease should inequitable drilling occur in a way of offset development. Since Mr. Anderson was fully aware of our proposal and in the absence of any objection by his office at the hearing held August 18th, I feel sure that no objection to our proposal will be voiced at this time by the Federal authorities. If any additional information is required concerning this matter, we would be very happy to forward it to you.

Yours very truly,

A handwritten signature in cursive script, reading "R. L. Adams".

RLA-HH

cc: Mr. John Anderson
Oil and Gas Supervisor
United States Geological Survey
Roswell, New Mexico