

OIL CONSERVATION COMMISSION

207 CARPER BUILDING

ARTESIA, NEW MEXICO

October 2<sup>nd</sup>, 1960

Oliver E Payne, Attorney  
Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Re: The Darcy Corporation, Federal  
Lillie No. 1, Unit K, Sec. 10-  
T16S-R30E, Eddy County, N.M.

Dear Ollie,

Enclosed please find several pages of correspondence between the Hobbs office and the Darcy Corporation concerning the latter's attempts to have a gas pool established for the subject well.

The Darcy Corporation originally called this to my attention and I referred them to the Hobbs office who in turn turned it back to me.

Essentially the situation is this, the Darcy Corporation has completed the subject well as a Loco Hills (Grayburg) gas well adjacent to West Henshaw-Grayburg Oil Pool and they wish to have a separate gas pool established for this well. The Loco Hills gas zone lies about 150 to 200 feet above the Premier (Grayburg) zone which is the producing interval in the West Henshaw-Grayburg Pool. But, I do not feel that sufficient evidence is now available to declare that the upper and lower zones are separate and distinct reservoirs and do, therefore, recommend that a hearing be held at which the operator shall have the opportunity to make such proof.

Very truly yours,

R. L. Stamets  
Geologist

RLS/hb