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Leonard & Levers, State well #8, located 1320 feet from the S line and 1320 feet from the E line of section 21-178-29E. Drilling ceased October 28, 1932 at a total depth of 2281 feet with initial production of 700,000 cubic feet per day. This well is about one-half mile from the boundary of the subject permit.

The Barnsdall Oil Company has submitted a notice of intention to drill well #1, 330 feet from the S line and 1650 feet from the W line of section 22-178-29E. on the subject permit. This office has accepted this notice of intention to drill as a request for authority to drill and is passing it to you for approval with the following comment and recommendations.

The location proposed by the Barnsdall company is between the Grayburg field and the Leonard and Levers field but only approximately one-half mile from the closest gas well in the latter field. The geological information available indicates that both of these fields are located on a regional fold which dips to the east. It is probable that oil or gas or both would be found in a well drilled on the proposed location. Under these conditions it is fair to assume that there is some drainage of this permit due to the production of gas from the Leonard and Levers field and that under the conditional terms of the extension of time, the Supervisor has authority to approve the drilling of this well.

In the notice of intention to drill, the operator proposes to cement the 8 1/2 inch casing on top of lime expected at about 2150 feet and 6 5/8 inch casing at about 2300 feet in order to braden-head the gas expected between these depths. The gas would be valuable for lease use and in case a surplus was available there is a fair probability that it could be sold to the Pease Valley Gas Company. The oil pay is expected at about 3000 feet.

It is recommended that the notice of intention to drill be approved as outlined. In that the G. L. O. letter of March 21, 1931 has recognized the Barnsdall Oil Company as the operator on this permit the Roswell office has not requested a designation of agent for the proposed drilling.

The Tulsa representative of the Barnsdall will call at your office on Monday, December 5, 1932 and submit the required drilling bond at that time.

Very truly yours,

J. W. Steele.

cc Supervisor
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