



CORPORATION

POST OFFICE BOX 511 CARLSBAD NEW MEXICO 88220

June 30, 1966

RECEIVED

Mr. H. N. Sweeney  
Post Office Box 1582  
Roswell, New Mexico

JUN 30 1966

U. S. DEPT. OF  
THE INTERIOR

Dear Mr. Sweeney:

We have your letter of May 9, 1966 regarding the Gatuna Canyon unit. From a recent conversation we understand that you propose to drill an initial vertical well which will be located 2,310 feet from the east line and 1,650 feet from the south line of Section 1, T20S, R30E.

Based on the below described location information and casing program, Duval Corporation, as a potash producer with valuable ore reserves in the immediate area, does not object to this oil and gas exploration program provided all of the below stipulated drilling and casing specifications are adhered to:

1. That any subsequent wells drilled in this unit be located within the 10 acre area described as SW/4 of NW/4 of SE/4 of Section 1, T20S, R30E, Eddy County.
2. That any subsequent wells, if drilled by the so-called "directional method", will be vertical to a depth that is at least below the base of the salt section.
3. That the initial and any subsequent wells follow a casing program as good or better than: five strings of pipe, 13-3/8" casing - new, H-40, 48# - will be set in Rustler Anhydrite above salt section at approximately 600 feet, with cement circulated to surface, 10-3/4" casing - new, J-55 40.50# - will be set in Tansill anhydrite below salt section at approximately 1700 feet, with cement circulated to surface, 8-5/8" casing - new J-55, 24# - will be set in base of Capitan reef at approximately 3800 feet, with cement two-staged, if necessary, back into salt protection string, if

EXHIBIT 4  
HALE UNIT AREA

productive, 4-1/2" casing will be cemented through producing zone and production will be through 2-3/8" tubing with packer isolating annulus between tubing and casing from producing zone pressures.

Very truly yours,

DUVAL CORPORATION



T. H. Pate  
Resident Manager

THP/cl

cc: Mr. Houston Clark  
Potash Company of America  
Carlsbad, New Mexico

Mr. J. S. Wright  
U. S. Borax & Chemical Corporation  
Carlsbad, New Mexico

Mr. J. A. Anderson  
United States Geological Survey  
Roswell, New Mexico

Mr. A. L. Porter, Jr.  
New Mexico Oil Conversation Commission  
Santa Fe, New Mexico

Mr. Robert Fulton  
United States Geological Survey  
Carlsbad, New Mexico

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