

Hugh L. Johnston, Sr.
8th. Floor Pet. Bldg.
Roswell, New Mexico
March 23, 1965

Mr. Ted Milberry, Director,
Oil & Gas Administration
Commissioner of Public Lands office
Santa Fe, New Mexico.

Dear Sir:

Please refer to your letter dated March 24, 1965 regarding my request for your approval to commingle the Oil and Gas production from the subject Leases.

Attached is a Flat showing the location of each well and a diagram showing our tank Battery, Oil & Gas Separators and lines from our wells to the Separators and Battery. One of the Separators is used to test the wells, individually, during each month. These tests are made, so that we will be assured that each well is producing, only, its full daily allowable of Oil.

Well No. 1 L is located on Lot No. 3 Containing 28.17 acres The present allowable is 28 bbls per day.

Well No. 4 is located on Lot No. 4 containing 28.40 acres. The present allowable is 28 bbls. per day.

Well No. 3 is located 990' from the south line and 1375' from the west line Sec. 30 TWP 17-S R-29E on a 40 acre tract. The present allowable is 39 bbl. per day.

All of these wells are in Sec. 30 TWP 17-S R 29E Bddy County New Mexico.

The average gravity of the Oil is 37 at 60 degrees Fahrenheit The price of the Oil is \$2.95 per bbl. on 40 gravity Oil. The average price for the Oil produced by these wells is approximately \$2.86 per bbl.

At the present time we are selling this Oil to the Permian Corp. of Midland Texas. A charge of 13¢ per bbl. for hauling is deducted from the price of this Oil.

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We are now making every effort to obtain a pipe line connection for this oil so that the trucking charge can be eliminated.

We shall appreciate your consideration of this matter.

Very truly yours,

Harold Johnston SL

HLJ/cj

B/CC to: NMCCO-Santa Fe. ✓
NMCCO-Artesia.
OTAC-Santa Fe.

C
O
P
Y

March 24, 1965

Mr. Eugene L. Johnston, Sr.
8th Floor Petroleum Building
Room 831
Roswell, New Mexico

In RE: commingling of
State of New Mexico
Leases B-7596 & E-4201

Dear Sir:

Before we can approve your above request, we should like to have a schematic diagram showing your tank batteries and your metering system for the proposed installation; also a plat showing the wells involved and all other pertinent data such as production for each well, gravity and price per barrel.

Upon receiving this information, we will again review your request.

Very truly yours,

GUYTON B. RAYS,
Commissioner of Public Lands

By

TED BILBERRY, Director,
Oil and Gas Administration

GBH/RGM/TB/kcl

w/cc to: Oil Conservation Commission ✓
Oil and Gas Accounting Commission

Hugh L. Johnston, Sr.
2th. Floor Pet. Bldg.
Room-831
Roswell, New Mexico

Mar. 19, 1965

Honorable Guyton B. Hayes
Commissioner of Public Lands
P. O. Box-1148
Santa Fe, New Mexico

Dear Sir:

Re: State of New Mexico
Leases E-4201 and B-7596
Eddy County, New Mexico

Continental Oil Company is the record owner of the following State of New Mexico Oil and gas leases;

Lease No. 1 (Continental Lease No. 50711)
State of New Mexico Oil and Gas bearing
Serial No. E-4201, dated September 11,
1950, by the state of New Mexico, as Lessor,
to Continental Oil Company, a Delaware cor-
poration, as Lessee, covering, among other
lands, the following described lands in
Eddy County, New Mexico, to wit:

Township 17 South, Range 29 East, NMPM
Section 30: Lots 1, 2, 3, E/2 NW/4

Lease No. 2 (Continental Lease No. 19109)
State of New Mexico Oil and Gas Lease bear-
ing Serial No. B-7596, dated May 10, 1938,
by the State of New Mexico, as Lessor, to
Continental Oil Company, as Lessee, cover-
ing, among other lands, the following
described lands in Eddy County, New Mexico,
to-wit:

Township 17 South, Range 29 East, NMPM
Section 30: Lot 4, SE/4 SW/4

and which specifically described 232.22 acres of
land, more or less.

Honorable Guyton B. Hayes
Page 2

By a Contract for developement between Continental Oil Company and H. L. and Lesta Johnston, executed on Dec. 21, 1964, the shallow rights in and under the subject acreage down to and includeing (1) 2,600 ft. below the surface of the ground, or (2) 100 ft. below the greatest depth penetrated in the drilling of the initial test well, were farmed out to H. L. and Lesta Johnston. Also, H. L. Johnston Sr. was given the assignment of Operator down to the above mentioned depth.

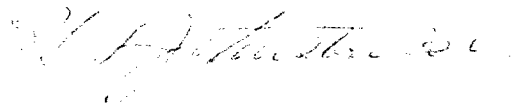
- Effective Feb. 1, 1965 our well No. 1 was completed on Lot No. 3 on the lands, described on page one, of this letter also well No. 2 was completed effective Feb. 1, 1965, on Lot No. 4, and well No. 3 was completed Mar. 5, 1965 on the SE $\frac{1}{4}$ of the SW $\frac{1}{4}$ of Sec. 30 TWP 17-S R-29E.

We were unaware that our Farmout from Continental covered parts of two seperate Leases until this matter was called to our attention by Carroll Lee of the New Mexico Oil and Gas accounting Commission. Mr. Lee informed us that we should obtain permission to Commingle the oil from these two Leases.

The Royalty and Ownership under the subject Leases are exactly the same. Attached is a copy of letter dated Mar. 16, 1965 directed to you stateing that Continental oil Company as owner of record, has no objection to Commingling the oil and Gas production from these two Leases.

We shall appreciate very much your approval to Commingle the Oil and Gas under the subject Leases to be effective Feb. 1, 1965.

Very truly yours,



LMC/cj
CC: NMOCC-santa Fe
NMOCC-Artesia
LMC/santa fe

4/25 Renewed

CONTINENTAL OIL COMPANY

P. O. BOX 460

HOBBS, NEW MEXICO

March 16, 1965

PRODUCTION DEPARTMENT
HOBBS DISTRICT
JACK MARSHALL
DISTRICT MANAGER
G. C. JAMIESON
ASSISTANT DISTRICT MANAGER

1001 NORTH TURNER
TELEPHONE: EX 3-4141

Honorable Guyton B. Hayes
Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico

Dear Sir:

Re: State of New Mexico
Leases E-4201 and B-7596,
Eddy County, New Mexico

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State of New Mexico Oil and Gas Lease bearing Serial No. E-4201, dated September 11, 1950, by the State of New Mexico, as Lessor, to Continental Oil Company, a Delaware corporation, as Lessee, covering, among other lands, the following described lands in Eddy County, New Mexico, to-wit:

Township 17 South, Range 29 East, NMPM
Section 30: Lots 1, 2, 3, E/2 NW/4

Lease No. 2 (Continental Lease No. 19109)
State of New Mexico Oil and Gas Lease bearing Serial No. B-7596, dated May 10, 1938, by the State of New Mexico, as Lessor, to Continental Oil Company, as Lessee, covering, among other lands, the following described lands in Eddy County, New Mexico, to-wit:

Township 17 South, Range 29 East, NMPM
Section 30: Lot 4, SE/4 SW/4

and which specifically describes 232.22 acres of land, more or less.

Honorable Guyton B. Hayes
Page 2

By that certain Contract for Development between Continental Oil Company and H. L. and Lesta Johnston, executed on December 21, 1964, the shallow rights in and under the subject acreage down to and including (1) 2,600 feet below the surface of the ground, or (2) 100 feet below the greatest depth penetrated in the drilling of the initial test well, were farmed out to H. L. and Lesta Johnston.

It is our understanding that the farmouttee, H. L. and Lesta Johnston, has completed three wells on the subject acreage, one being located on lease bearing Serial No. E-4201, and the other two being located on lease bearing Serial No. B-7596. We further understand that production of crude oil is being obtained from all three wells.

This is to inform you, as requested by Mr. Johnston, that Continental Oil Company, as owner of record, has no objection to commingling the production from the two subject leases.

Yours very truly,



GCJ-DFW

cc: NMOCC-Santa Fe
NMOCC-Artesia
Mr. H. L. Johnston-Roswell
Mr. R. G. Parker-Port Worth

LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE

VMDEE
Santa Fe

CONTINENTAL OIL COMPANY

P. O. BOX 460
HOBBS, NEW MEXICO

March 16, 1965

PRODUCTION DEPARTMENT
HOBBS DISTRICT
JACK MARSHALL
DISTRICT MANAGER
G. C. JAMIESON
ASSISTANT DISTRICT MANAGER

1001 NORTH TURNER
TELEPHONE: EX 3-4141

Honorable Guyton B. Hayes
Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico

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Honorable Guyton B. Hayes
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Yours very truly,



GCJ-DFW

cc: NMOCC-Santa Fe
NMOCC-Artesia
Mr. H. L. Johnston-Roswell
Mr. R. G. Parker-Fort Worth