

Stroup and Yates Oil Company
Artesia, New Mexico

August 22, 1942

Loco Hills Pressure Maintenance Assoc., Inc.
Corner Building
Artesia, New Mexico

Gentlemen:

We are in receipt of your letter regarding hearing before the Conservation Commission. We are in favor of the 30 barrel per well per day ton allowable for the Loco Hills area and wish to be represented thus at the hearing on August 28th.

Very truly yours,

STROUP AND YATES OIL COMPANY

By:

Harvey E. Yates

No. of wells represented:

9

ILLEGIBLE

C. J. DEXTER
PRESIDENT

BERT ASTON
VICE-PRESIDENT

FRED BRAINARD
SECRETARY-TREASURER

Loco Hills
Pressure Maintenance Association, Inc.

ARTESIA, NEW MEXICO

August 30, 1942

MEMBERS

S. P. YATES
C. M. POPE, JR.
EMERY CARPER
G. M. PURSWELL
J. M. MURRAY, SR.
MARTIN YATES, JR.

Loco Hills Pressure Maintenance Association
Artesia, New Mexico

Gentlemen:

This will acknowledge receipt of your form letter of August 7th referring to the petition before the Conservation Commission for a hearing at which we will request not more than thirty (30) barrels per day be withdrawn from any well in the Loco Hills area, until conditions justify further increase as shown by engineering studies.

Each of the companies whose names appear below approve this plan of operation and should I not have a person present at the meeting on August 28th, I will authorize you to speak for these companies in favor of the thirty (30) barrel per day limit as outlined above.

Yours very truly,

BASSETT & RIRNEY, et al
YATES, et al
DIXON & YATES OIL CO.
JONES & YATES
FRANKLIN & YATES

By

Martin Yates III

MY:n

No. of wells represented:

24

ILLEGIBLE

BRAINARD & GUY
OIL PRODUCERS

ARTESIA, NEW MEXICO

August 27, 1942

Loco Hills Pressure Maintenance Assoc., Inc.
Carmen Building
Artesia, New Mexico

Gentlemen:

Your form letter of August 7th, regarding hearing before the Conservation Commission requesting a thirty barrel per day ton allowable for Loco Hills Field, received. We heartily approve of the plan for a 30 barrel ton allowable and wish to be represented as such at the hearing.

Very truly yours,

BRAINARD & GUY

By

Ind. Mangano

No. of wells represented:

6

ILLEGIBLE

C. J. DEXTER
PRESIDENT

BERT ASTON
VICE-PRESIDENT

FRED BRAINARD
SECRETARY-TREASURER

Loco Hills Pressure Maintenance Association, Inc.

ARTESIA, NEW MEXICO

MEMBERS

S. P. YATES
C. M. POPE, JR.
EMERY CARPER
G. M. PURSWELL
J. M. MURRAY, SR.
MARTIN YATES, JR.

August 22, 1942

Loco Hills Pressure Maintenance Association
Artesia, New Mexico

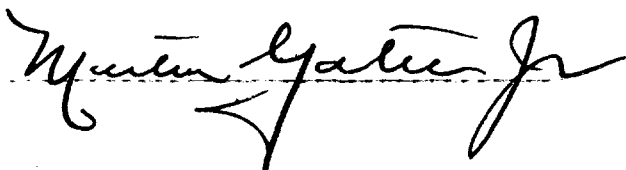
Gentlemen:

This will acknowledge receipt of your form letter of August 7th referring to the petition before the Conservation Commission for a hearing at which we will request not more than thirty (30) barrels per day be withdrawn from any well in the Loco Hills area, until conditions justify further increase as shown by engineering studies.

Each of the companies whose names appear below approve this plan of operation and should I not have a person present at the meeting on August 28th, I will authorize you to speak for these companies in favor of the thirty (30) barrel per day limit as outlined above.

Yours very truly,

SATIRE & YATES
M. YATES, JR. & CONTINENTAL OIL CO.
ELVANN, WELCH & YATES

By 

No. of Wells represented:

14

ILLEGIBLE

Rec'd.
9-12-42

Box 597
Lovington, N. M.
August 10, 1942

Loco Hills Pressure M. Assn., Inc.
Artesia, New Mexico

ATTENTION: Mr. Brainard

Dear Fred:

Responding to your enquiry of the 7th inst., I am in thorough
accord with the proposal to limit maximum production to 30
bbls for Loco Hills.

Yours very truly,


GORDON M. CONE

GMC.s

S. P. YATES
Oil Operator and Producer
219 WARD BUILDING
Artesia, New Mexico

August 22, 1942

Loco Hills Pressure Maintenance Association
Artesia, New Mexico

Gentlemen:

This will acknowledge receipt of your form letter of August 7th referring to the petition before the Conservation Commission for a hearing at which we will request not more than thirty (30) barrels per day be withdrawn from any well in the Loco Hills area, until conditions justify further increase as shown by engineering studies.

Each of the companies whose names appear below approve this plan of operation and should I not have a person present at the meeting on August 28th, I will authorize you to speak for these companies in favor of the thirty (30) barrel per day limit as outlined above.

Yours very truly,

S. P. YATES

By



No. of wells represented:

6

ILLEGIBLE

C. J. DEXTER
PRESIDENT

BERT ASTON
VICE-PRESIDENT

FRED BRAINARD
SECRETARY-TREASURER

Loco Hills
Pressure Maintenance Association, Inc.

ARTESIA, NEW MEXICO

MEMBERS

S. P. YATES
C. M. POPE, JR.
EMERY CARPER
G. M. PURSWELL
J. M. MURRAY, SR.
MARTIN YATES, JR.

August 25, 1942

Loco Hills Pressure Maintenance Association, Inc.
P. O. Box 126
Artesia, New Mexico

Gentlemen:

Yours of August 7th, referring to the petition before the Conservation Commission for a hearing regarding a 30 barrel top allowable per day for the Loco Hills area, is received.

You are authorized to speak in favor of the 30 barrel per day limit in behalf of companies listed below.

Yours very truly,

SANDERS BROTHERS

By

Wm. Sanders

No. of Wells Represented:

17 Wellenters

C. J. DEXTER
PRESIDENT

BERT ASTON
VICE-PRESIDENT

FRED BRAINARD
SECRETARY-TREASURER

Loco Hills
Pressure Maintenance Association, Inc.

ARTESIA, NEW MEXICO

MEMBERS

S. P. YATES
C. M. POPE, JR.
EMERY CARPER
G. M. PURSWELL
J. M. MURRAY, SR.
MARTIN YATES, JR.

August 25, 1942

Loco Hills Pressure Maintenance Association, Inc.
P. O. Box 126
Artesia, New Mexico

Gentlemen:

Yours of August 7th, referring to the petition before the Conservation Commission for a hearing regarding a 30 barrel top allowable per day for the Loco Hills area, is received.

You are authorized to speak in favor of the 30 barrel per day limit in behalf of companies listed below.

Yours very truly,

ASTON & FAIR
FRANKLIN PETROLEUM CORPORATION
ASTON, LUCAS & ASTON

By 

No. of Wells represented:

26

C. J. DEXTER
PRESIDENT

BERT ASTON
VICE-PRESIDENT

FRED BRAINARD
SECRETARY-TREASURER

Loco Hills
Pressure Maintenance Association, Inc.

ARTESIA, NEW MEXICO

August 25, 1942

MEMBERS

S. P. YATES
C. M. POPE, JR.
EMERY CARPER
G. M. PURSWELL
J. M. MURRAY, SR.
MARTIN YATES, JR.

Loco Hills Pressure Maintenance Association, Inc.
P. O. Box 126
Artesia, New Mexico

Gentlemen:

Yours of August 7th, referring to the petition before the Conservation Commission for a hearing regarding a 30 barrel top allowable per day for the Loco Hills area, is received.

You are authorized to speak in favor of the 30 barrel per day limit in behalf of companies listed below.

Yours very truly,

GRAYBURG OIL COMPANY OF NEW MEXICO - *will Pres*
PREMIER PETROLEUM COMPANY - *Secy*

By

J. M. Murray, Sr.

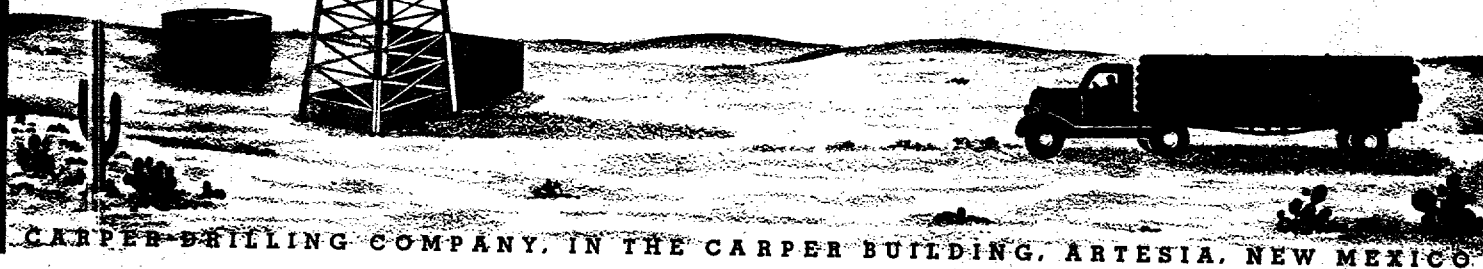
No. of Wells represented:

EMERY CARPER
Manager
GRADY BOOKER
Secretary-Treasurer
STANLEY CARPER
Drilling Dept.
GLENN BOOKER
Oil Service Dept.
MARSHALL ROWLEY
Production Dept.

TELEPHONE 147

CARPER

OIL PRODUCTION & DRILLING



CARPER DRILLING COMPANY, IN THE CARPER BUILDING, ARTESIA, NEW MEXICO

Artesia, New Mexico
August 25, 1942

Loco Hills Pressure Maintenance Association, Inc.
P. O. Box 126
Artesia, New Mexico

Gentlemen:

Yours of August 7th, referring to the petition before the Conservation Commission for a hearing regarding a 30 barrel top allowable per day for the Loco Hills area, is received.

You are authorized to speak in favor of the 30 barrel per day limit in behalf of companies listed below.

Yours very truly,

CARPER DRILLING COMPANY
CARPER, MILES & TALLMADGE

By Emery Carper

No. of Wells represented:

5

Copy of letter from Foster Morrell, Acting Supervisor,
Oil and Gas Operations, to Oil Conservation Commission

August 14, 1942

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Attention: Mr. John M. Kelly

Gentlemen:

Mr. Fred Brainard, Secretary and Treasurer of the Loco Hills Pressure Maintenance Association, Inc., Artesia, New Mexico, has furnished this office with a copy of a resolution petitioning the Oil Conservation Commission for a hearing on the proposal "that a maximum rate of withdrawal of 30 barrels per day per well be established for the Loco Hills area, including back allowables, until conditions justify a further increase as shown by engineering studies."

This letter is to advise that no objection is offered by this office to the proposed limitation of maximum rate of withdrawal from wells in the Loco Hills area insofar as wells on Government lands are concerned. Such limitation should assist greatly in preventing waste by keeping volumes of gas produced with oil more nearly commensurate with the capacity of the pressure plant being operated for the pressure maintenance project. The limitation in rate of withdrawal also should tend to lengthen the flowing life of wells and greater ultimate recovery.

Any approval of a voluntary maximum rate of withdrawal as requested in this case, should provide for the right of the petitioners to request a higher maximum rate at some future time commensurate with the rate then current in adjoining areas whenever production practices and engineering studies warrant or justify increased withdrawal.

Very truly yours,

FOSTER MORRELL, Acting
Supervisor, Oil and Gas Operations.

cc;
Loco Hills Pressure
Maintenance Assn., Inc.

Foster Morrell

R. W. FAIR INTERESTS

OIL PRODUCER * ROYALTIES
PEACH AND PECAN GROWER

CITIZENS NATIONAL BANK BUILDING
BOX 689 - PHONE 3321

TYLER, TEXAS

August 22, 1942

-- Division --

C410

Loco Hills Pressure Maintenance Association
Artesia, New Mexico

Gentlemen:

This will acknowledge receipt of your form letter of August 7th referring to the partition before the Conservation Commission for a hearing at which we will request not more than thirty (30) barrels per day be withdrawn from any well in the Loco Hills area, until conditions justify further increase as shown by engineering studies.

Each of the companies whose names appear below approve this plan of operation and should I not have a person present at the meeting on August 28th I will authorize you to speak for these companies in favor of the thirty (30) barrel per day limit as outlined above.

Yours very truly

R. W. FAIR / 0
FRIENDSHIP OIL CO. /
ROSE CITY OIL CO. /
R.W.FAIR & FAIR FOUNDATION 7
ALLEN, FAIR & POPE, JT. VENT. 6
KINSOLKS TRUST, R.W.Fair, Trustee /
BRIGHT & GORDON /
FAIR & BRIGHT 2

By

R. W. Fair

No. wells:

20

SB..rp

30 wells
1

October 4th, 1941

Colonel J. D. Atwood
J. P. White Building
Roswell, New Mexico

My dear Colonel Atwood:

When preliminary discussions were being had relative to your association, mention of it was made to me from time to time by Mr. Dexter, and I advised him on all occasions that I was heartily in accord with any consistent plan which would conserve oil and gas and lengthen the life of the field; that I would also support such a movement so long as it should be operated and conducted for the benefit of all concerned in a fair and impartial manner.

Roland Rich Woolley

4/ wellb

Woolley

July 1, 1940

Loco Hills Pressure Maintenance Association, Inc.
Artesia, New Mexico

Gentlemen:

With respect to the pro-rata payments which you have received from me from time to time, as one of the operators in the Loco Hills district, you are at liberty to use said funds for the best interest of your Association, pursuant to the direction of the Board of Directors. This applies to all future contribution payments you receive from me, without liability on your part.

(Signed)

Roland Rich Woolley

Woolley

Petitioner Ex #1
AB

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

* * * *

IN THE MATTER OF THE APPLICATION OF MARTIN YATES, JR.,
AND ROBERT SALLEE FOR A CLOSER PLACING PERMIT
THAN IS AT PRESENT PERMITTED BY THE
RULES OF THE COMMISSION.

WAIVER AND ANSWER

TO THE HONORABLE OIL CONSERVATION COMMISSION, STATE OF NEW
MEXICO:

Comes now Allen, Fair & Pope, ~~Inc.~~, and hereby accepts
service of a copy of the Petition of Martin Yates, Jr.,
and Robert Sallee in this cause and does further enter its
general appearance herein.

Allen, Fair & Pope, ~~Inc.~~, further states that it does
hereby give its consent and does expressly waive any ob-
jections to the purposed location stated in the Petition
of Martin Yates Jr., and Robert Sallee, filed in this
cause, and does hereby expressly consent to the entrance
of the order requested by said petitioners at a hearing
held at any time without further notice.

ALLEN, FAIR & POPE, ~~INC.~~ *J. Venture*
E. V. Allen
C. M. Pope
R. V. Fair
Its

ATTEST:

[Signature]

STATE OF Lynn
Tom Green :
COUNTY OF Tom Green : ss

Jerry Chesnut, being duly sworn on behalf of the Republic Production Company, a corporation, deposes and says: That he is General Superintendent of said corporation; that he has read the foregoing Waiver and Answer; that he signed and executed the foregoing Waiver and Answer on behalf of said corporation and with the authority of the Board of Directors of said corporation; and that the matters and things set forth in the foregoing Waiver and Answer are true and correct.

Jerry Chesnut

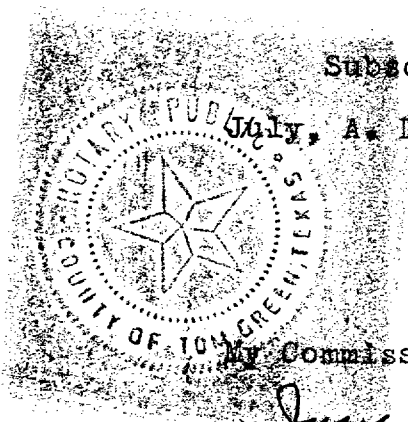
Subscribed and sworn to before me this 21 day of July, A. D., 1941.

Catherine Burleson
Notary Public

Catherine Burleson
Notary Public, and for Tom Green County, Texas

My Commission Expires:

June 1, 1943



a corporation, will be required to off-set said tract or pay compensating royalty to the United States of America in accordance with the provisions of its lease on said land; that Ernest A. Hanson, Supervisor of Oil and Gas Operations of the United States Department of the Interior, Geological Survey, has determined said compensating royalty to be 1.5 percent; that petitioners have heretofore agreed with the Republic Production Company, a corporation, to relieve the said Republic Production Company, a corporation of the obligation of paying said compensating royalty by paying the same to the United States of America; that the Republic Production Company, a corporation, in reliance on said agreement does hereby give its consent and does expressly waive any objections to the purposed location stated in the Petition filed in this cause, and does further expressly consent to the entrance of the order requested by said petitioners at a hearing held at any time without further notice.

REPUBLIC PRODUCTION COMPANY

By *James Hanson*
Its *Gen. Mgr.*

ATTEST:

Subscribed and sworn to before me this 1st day of
June, A. D., 1941.

My Commission Expires:

June 1, 1945

Catherine Carlson
Notary Public
Catherine Carlson

Notary Public, in and for Tom Green County, Texas

300
5
26
25

Artesia, New Mexico
June 23, 1941

Republic Production Company
San Angelo, Texas

Gentlemen:

This is to advise that Mr. Robert Sallee and I purpose to secure the permission of the Oil Conservation Commission of the State of New Mexico to drill a well for oil and gas in the southeast corner of the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 2, Township 18 South, Range 29 East, N. M. P. M., Eddy County, New Mexico, at a point 100 feet north of the south line of said tract and 100 feet west of the east line of said tract. We are advised that you own the oil and gas lease and leasehold estate embracing the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 35, Township 17 South, Range 29 East, N. M. P. M., Eddy County, New Mexico, by virtue of a lease issued by the United States of America.

In consideration of your making no objection to the proposed location we agree to relieve you of the obligation of paying compensating royalty to the United States of America to which our location will subject your lease. Mr. Ernest A. Hanson, Supervisor of Oil and Gas Operations of the Geological Survey of the United States Department of the Interior, advised that the compensating royalty for which your lease would become obligated would be 1.5 percent. We agree to pay this sum or any other sum computed on the basis of the regulations promulgated by the Secretary of the Interior of the United States and will save you harmless from any obligation to pay the same caused by a well situated on our purposed location.

Very truly yours,

SALLEE & YATES

By

Martin Yates, Jr.

ACCEPTED:
REPUBLIC PRODUCTION CO.

By James H. H. H. H.

12
EX 5
8/2

P. O. Box 997
Roswell, New Mexico
July 15, 1941

Mr. Martin E. Yates, Jr.
Artesia, New Mexico

Re: Las Cruces 028775(b).

Dear Sir:

Following our conversation of recent date, I have calculated the percent of compensatory royalty that would be charged against lease Las Cruces 028775(b), in the event you drilled your well 100 feet north and 100 feet west of the Southeast corner of the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 2, T. 17 S., R. 29 E.

The compensatory royalty would be 1.5 percent.

Very truly yours,

Ernest C Arnold
ERNEST C. ARNOLD, Acting Supervisor,
Oil and Gas Operations.

ECA:th

Relieved *4/* *#2*
CP

ALLEN, FAIR & POPE, INC.
P. O. Box 689
TYLER, TEXAS

June 10, 1941

Mr. Martin Yates, Jr.
Artesia, New Mexico

Dear Sir:

This is to advise you or any one concerned that we hereby waive any objections to your contemplated location one hundred (100) feet from the South line, one hundred (100) feet from the East line of the NW $\frac{1}{4}$ of NE $\frac{1}{4}$, Section 2, Township 18S, Range 29E, Eddy County, New Mexico.

Yours very truly,

ALLEN, FAIR & POPE

By *C.M. Pope*

CMP/p

F SERVICE

This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

WESTERN UNION

1201

SYMBOLS

DL = Day Letter
NT = Overnight Telegram
LC = Deferred Cable
NLT = Cable Night Letter
Ship Radiogram

R. B. WHITE
PRESIDENT

NEWCOMB CARLTON
CHAIRMAN OF THE BOARD

J. C. WILSON
FIRST VICE-PRESIDENT

(44)

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

PSF37 7=SANANGELO TEX 22 1044A

SALEE AND YATES=AJ=

1941 JUL 22 AM 10 46

RETEL. LOCATION APPROVED. SIGNED WAIVER MAILED YESTERDAY.
JERRY CHESNUTT.

Peterson 4 #3
23

SALEE.

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

July 7, 1941

C
O
P
Y

The Santa Fe New Mexican
Santa Fe, New Mexico

Artesia Advocate
Artesia, New Mexico

Re: Case #26, Notice for Publication

Gentlemen:

Please publish the enclosed notice once, immediately. Please proof read the notice carefully and send a copy of the paper carrying such notice.

Upon completion of the publication, please send publisher's affidavit.

For payment, please submit statement in duplicate accompanied by voucher executed in duplicate. The necessary voucher blanks are enclosed.

Very truly yours,

Oil Conservation Commission

By

Carl B. Livingston
Chief Clerk & Legal Advisor

CBL:MS

CASE NO. 26

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE PETITION OF MARTIN YATES, JR., AND
ROBERT SALLEE FOR A WELL LOCATION IN THE SE. CORNER OF THE
NW $\frac{1}{4}$ NE $\frac{1}{4}$ 2-18S-29E, EDDY COUNTY FOR STRUCTURAL REASONS, AT A
POINT CLOSER TO THE BOUNDARY LINE OF SAID 40-ACRE TRACT THAN
IS PERMITTED BY PRESENT RULES OF THE COMMISSION.

TRANSCRIPT OF PROCEEDINGS AT HEARING
STATE CAPITOL BUILDING
SANTA FE, NEW MEXICO
JULY 25, 1941

Pursuant to order of the Commission setting July 25, 1941, at
two o'clock in the afternoon, for hearing in the above entitled matter,
said hearing was convened at said hour in the hall of the House of
Representatives, Capitol Building, Santa Fe, New Mexico, the Commission
sitting as follows:

HON. JOHN M. KELLY, Secretary, State Geologist
HON. H. R. ROGERS, Member, Commissioner of Public Lands
HON. CARL B. LIVINGSTON, Chief Clerk and Legal Advisor.

APPEARANCES:

Wallace W. Irwin	Culbertson & Irwin, Inc.	Midland, Texas
E. A. Culbertson	" " " "	" "
W. W. LaForee	Montecito Corp.	Midland, Texas
Ira VanTuyt	Gulf Oil Corp.	Hobbs, N. M.
Glenn Staley	Proration Office	Hobbs, N. M.
W. K. Davis	El Paso Natural Gas Co.	Jal, N. M.
Keith F. Quail	Sallee & Yates	Artesia, N. M.
R. M. Sallee	Sallee & Yates	Artesia, N. M.
S. P. Hannifin	Magnolia Pet. Co.	Roswell, N. M.
J. S. Griffith	Humble O. & R. Co.	Roswell, N. M.
Leo R. Manning	Land Office	Santa Fe, N. M.
Harry Leonard	Leonard Oil Co.	Roswell, N. M.
D. R. McKeithan	Phillips Pet. Co.	Bartlesville, Okla.
C. A. Daniels	" " "	Amarillo, Texas
Edgar Kraus	Atlantic Rfg. Co.	Carlsbad, N. M.

The hearing was called to order by Mr. Kelly, who requested Mr.
Livingston to read the notice of hearing, as follows:

BY MR. LIVINGSTON:

"The Oil Conservation Commission, by law invested with juris-
diction as the oil and gas regulatory body of the State of New Mexico,
hereby gives notice of the following public hearing to be held at the
Capitol, Santa Fe, New Mexico:

Case No. 26

The petition of Martin Yates, Jr., and Robert Sallee
for a well location in the SE corner of NWNE 2-18S-29E,

Eddy County, for structural reasons, at a point closer to the boundary line of said 40-acre tract than is permitted by present rules of the Commission. This case is set for 2 o'clock P.M., July 25, 1941.

Any person having any interest in the subject of the said hearing shall be entitled to be heard.

The foregoing Notice of Publication was made pursuant to the direction of the Commission at its Executive Meeting June 25, 1941.

Given under the seal of said Commission at Santa Fe, New Mexico, on July 3, 1941.

OIL CONSERVATION COMMISSION

By (Sgd) John M. Kelly
Secretary."

BY MR. QUAIL: We desire to have Mr. Sallee sworn.

ROBERT SALLEE,

being first duly sworn to tell the truth, the whole truth, and nothing but the truth, was examined by Mr. Quail, and testified as follows:

DIRECT EXAMINATION

BY MR. QUAIL: If the Commission please, there is a map attached to this petition, marked "Exhibit A". If you will follow by sections, the locations referred to --

Q Will you state your name?

A Robert Sallee.

Q What is your business?

A Producer.

Q Are you the same Robert Sallee, engaged in the production of oil in Eddy County, who made this petition?

A I am.

Q Are you a member of the partnership of Sallee & Yates?

A I am.

Q Do you have a direct interest in the producing property belonging to that partnership?

A I do.

Q Are you fully acquainted with the petition on file with this Commission referring to a new location for a well?

A I am.

Q I will ask you, Mr. Sallee, referring to a map here -- this map shows the location of a well in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Sec. 36, T. 17 S., R. 29 E., Eddy County, New Mexico --

BY MR. KELLY: You stated the location of your well wrong?

BY MR. QUAIL: I was referring to this well (indicating on map).

Q The NW $\frac{1}{4}$ of the SW $\frac{1}{4}$, what do you know about that?

A The Republic Production Company drilled that well, and it was not a well in the Loco Hills area, or in the Loco Hills sand.

Q The map further shows a well located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Sec. 35, T. 17 S., R. 29 E. --

A I would like to retract my statements, - I was mistaken -- that well was drilled by Allen-Fair & Pope -- the first well mentioned, in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Sec. 36. That was drilled by Allen-Fair & Pope.

BY MR. KELLY: That was also a dry hole?

A That was a dry hole.

BY MR. QUAIL:

Q With reference to the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Sec. 35?

A The Republic Production Company.

Q Did that well produce in the Loco Hills sand?

A It did not.

Q The map further shows a location in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Sec. 2, T. 18 S., R. 29 E.

A That well was drilled by Sallee & Yates, and that is a producer in the Loco Hills.

Q That well is how good?

A That is as good as the average well.

BY MR. KELLY: That statement does not tell the Commission anything. The question is, how good a well is it?

A I would say 300 barrels a day.

BY MR. QUAIL:

Q That map shows a well in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Sec. 2, 18S., R. 29 E. What do you know in regard to that well?

A That well will make 400 barrels a day.

Q Is that well producing from the Loco Hills horizon?

A It does.

Q Another well in the $SE\frac{1}{4}NW\frac{1}{4}$ of Sec. 2, T. 18 S., R. 29 E. What do you know with regard to that?

A That is R. W. Fair's well, and that well will make approximately 300 barrels a day.

Q Is that well producing commercially from the Loco Hills horizon?

A It is.

Q And the map shows a well located in the $NE\frac{1}{4}NE\frac{1}{4}$ of Sec. 2, T. 18 S., R. 29 E. What do you know with reference to that well?

A That well was drilled by Allen, Fair & Pope. That well did not produce -- I heard they got twenty barrel well 130 feet below the Loco Hills sand.

Q Do you know where they picked that up?

A The Loco Hills horizon was at 2620 feet.

BY MR. KELLY: But no commercial production?

A Yes, sir.

Q The map shows another well in the $NW\frac{1}{4}NW\frac{1}{4}$ of Sec. 2, T. 18 S., R. 29 E., the location of the well being out of the southwest corner of that tract. What do you know with reference to that well?

A That well was drilled by Bassett & Birney. They also reached that pay, and they also produced a pay below the Loco Hills.

Q Referring to a well located in the $SW\frac{1}{4}SW\frac{1}{4}$ of Sec. 35, T. 17 S., R. 29 E. What do you know about that well?

A That well was drilled by Jones & Yates. That also failed to produce in the Loco Hills -- a light well in a lower pay -- I am not familiar with what pay.

Q The petition which is on file with the Commission, asking for permission to make a location in the $NW\frac{1}{4}NE\frac{1}{4}$ of Sec. 2, T. 18 S., R. 29 E., at a point 100 feet north of the south line, and 100 feet west of the east line. Why do you wish to locate a well at that particular point?

A It seems the wells prove the shore line runs between Fair well there in the $NE\frac{1}{4}$ of the $SW\frac{1}{4}$ of Sec. 2, and the Republic Production well in the $SE\frac{1}{4}SE\frac{1}{4}$ of Sec. 35.

Q In your opinion, would a well drilled on that particular tract at the

regular location, permit it to be a producing well?

A It has a chance. I doubt, if you draw a straight line across from this well --

BY MR. KELLY: You will have to set the wells out.

A It is proven the shore line is between the Fair well in the $SE\frac{1}{4}$ of the $NW\frac{1}{4}$ of Sec. 2 and the Allen, Fair & Pope well in the $SW\frac{1}{4}$ of the $NW\frac{1}{4}$ of Sec. 2.

BY MR. QUAIL: If the Commission please, the shore line to which he is making reference, is indicated in the attached map.

BY MR. KELLY: The Commission would like to know what you mean by the "shore line". Do you mean the edge of the sand in the Loco Hills pay?

A The edge of the Loco Hills pay, yes.

Q Is there, in your opinion, more chance of producing oil in that area? You are familiar with each of the wells that have been drilled in that area, than, in all possibility, the sands in about the vicinity indicated to be a shore line on the map attached to the petition and marked "Exhibit A"?

A Yes, I think that is proven by the drilling, the wells in the $SE\frac{1}{4}NW\frac{1}{4}$ of Sec. 2, and the well in the $NE\frac{1}{4}$ and $NW\frac{1}{4}$ of Sec. 2, and also the well over in the $SE\frac{1}{4}SE\frac{1}{4}$ of Sec. 35.

Q Mr. Sallee, I ask you, if you are unable to locate that well at the proposed location, thereby being forced to the regular location, if it would be, economically, the thing to do to drill at the regular location?

A I would not recommend it.

Q In other words, your chances of getting a dry hole are far too great?

A Correct.

Q Mr. Sallee, I will ask you to state, if you know, who are the owners of the offset tracts to the forty acres on which you propose to drill?

A Allen, Fair & Pope to the west; the Republic Production Company to the north; Sallee & Yates to the east, and Sallee & Yates to the south.

Q In other words, as to the petition here, the $NE\frac{1}{4}NE\frac{1}{4}$, the $SE\frac{1}{4}NE\frac{1}{4}$ and the $SW\frac{1}{4}NE\frac{1}{4}$ are owned by Sallee & Yates?

A That is correct.

Q And the SE $\frac{1}{4}$ NW $\frac{1}{4}$ is owned by Allen, Fair & Pope?

A By R. W. Fair.

Q And the SW $\frac{1}{4}$ NW $\frac{1}{4}$ is owned by Bassett & Birney?

A That is correct.

BY MR. KELLY: In order to simplify this, the only location would be the direct offset,- we are only interested in --

BY MR. QUAIL: And that is the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Sec. 35, T. 17 S., R. 29E.

A Owned by the Republic Production Company.

Q That is owned by the Republic Production Company?

A Yes, sir.

Q With reference to making this proposed location, have you had occasion to contact Allen, Fair & Pope?

A We have.

Q What was their response?

A They have stated -- we have a letter stating they would give us a formal waiver, and then the formal waiver followed the letter.

Q Waiver to what?

A A waiver to drilling a well in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ 100 feet north of the south line --

BY MR. KELLY: Again you have mis-stated the location -- it is the southeast corner of the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 2, 18 S., R. 29 E., 100 feet west of the east line, and 100 feet north of the south line of the forty acres.

BY MR. QUAIL:

Q I hand you this instrument, marked "Petitioner's Exhibit No. 1", and ask you to state what it is?

A That is a waiver from Allen, Fair and Pope permitting that location.

BY MR. QUAIL: I offer this in evidence.

PETITIONERS' EXHIBIT NO. 1

"BEFORE THE OIL CONSERVATION COMMISSION

OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF MARTIN YATES, JR., AND
ROBERT SALLEE FOR A CLOSER PLACING PERMIT THAN IS AT PRESENT
PERMITTED BY THE RULES OF THE COMMISSION.

WAIVER AND ANSWER

TO THE HONORABLE OIL CONSERVATION COMMISSION, STATE OF NEW MEXICO:

Comes now Allen, Fair & Pope, and hereby accepts service of a

copy of the Petition of Martin Yates, Jr., and Robert Sallee in this cause and does further enter its general appearance herein.

Allen, Fair & Pope further states that it does hereby give its consent and does expressly waive any objections to the proposed location stated in the Petition of Martin Yates Jr., and Robert Sallee, filed in this cause, and does hereby expressly consent to the entrance of the order requested by said petitioners at a hearing held at any time without further notice.

ALLEN, FAIR & POPE

(Sgd) G. V. Allen

(Sgd) C. M. Pope, Jr.

(Sgd) R. W. Fair

STATE OF TEXAS)
COUNTY OF SMITH)

On this 17th day of July, 1941, before me personally appeared R. W. FAIR, C. M. POPE, JR. and G. V. ALLEN to me known to be the persons described in and who executed the foregoing instrument and acknowledged that they executed the foregoing instrument and acknowledged that they the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

(Sgd) Barbara Wood, Notary Public

My commission Expires
May 31, 1943

(SEAL)

- Q Did you have any other communication from Allen, Fair & Pope?
- A We have a letter from them.
- Q To whom is that letter directed?
- A To Martin Yates, Jr.
- Q In giving this testimony you are speaking as a partner of Martin Yates, Jr.?
- A Yes, sir.
- Q I hand you this instrument, marked "Petitioners' Exhibit No. 2", and ask you to state what that is?
- A That is the letter from Allen, Fair & Pope approving our location.

PETITIONERS' EXHIBIT NO. 2

"G. V. Allen, President

C. M. Pope, Jr., Secretary

ALLEN, FAIR & POPE, INC.
P. O. Box 689
EYLER, TEXAS

June 10, 1941

Mr. Martin Yates, Jr.

Artesia, New Mexico

Dear Sir:

This is to advise you or any one concerned that we hereby waive any objections to your contemplated location one hundred (100) feet from the South line, one hundred (100) feet from the East line of the NW $\frac{1}{4}$ of NE $\frac{1}{4}$, Section 2, Township 18S, Range 29E, Eddy County, New Mexico.

Yours very truly,

ALLEN, FAIR & POPE

CMP/p

By (Sgd) C. M. Pope, Jr.

Q Further, Mr. Saltee, have you had any contact with the Republic Production Company with reference to that location, with reference to whether they have any objection?

A We have.

Q In what form?

A They wired us they would give a waiver, and followed the wire with a waiver.

Q Are you acquainted with the general superintendent of the Republic Production Company?

A Yes, sir.

Q Who is he?

A Jerry Chesnutt.

Q I hand you this paper, marked Petitioners' Exhibit No. 3, and ask you to state what that is?

A That is the wire from Chesnutt approving our location.

BY MR. QUAIL: We offer Exhibit No. 3 in evidence.

PETITIONERS' EXHIBIT NO. 3

WESTERN UNION
SANANGELO TEX 22 1044A

1941 JUL 22 AM 10 46

SALEE AND YATES -AJ-

RETEL. LOCATION APPROVED. SIGNED WAIVER MAILED YESTERDAY

JERRY CHESNUTT

SALEE.

Q I hand you Petitioners' Exhibit No. 4 and ask you to state what that is.

A That is the waiver to the location.

Q By whom is it signed?

A Chesnutt.

BY MR. QUAIL: We offer Petitioners' Exhibit No. 4 in evidence.

PETITIONERS' EXHIBIT NO. 4

"BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE
OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF MARTIN YATES, JR.,
AND ROBERT SALLEE FOR A CLOSER PLACING PERMIT THAN IS
AT PRESENT PERMITTED BY THE RULES OF THE COMMISSION

WAIVER AND ANSWER

TO THE HONORABLE OIL CONSERVATION COMMISSION, STATE OF NEW MEXICO:

Comes now the Republic Production Company, a corporation, and hereby acknowledges service of a copy of the Petition of Martin Yates, Jr., and Robert Sallee in this cause and does further enter its general appearance herein. The said Republic Production Company, a corporation, expressly admits the allegations contained in the Petition.

The said Republic Production Company, a corporation, states that it is the owner of a certain oil and gas lease and leasehold estate embracing the Southwest Quarter of the Southeast Quarter (SW $\frac{1}{4}$ SE $\frac{1}{4}$) of Section Thirty-Five (35), Township Seventeen (17) South, Range Twenty-Nine (29) East, N.M.P.M., Eddy County, New Mexico, which tract of land is an off-set to the tract of land with reference to which petitioners request the right to make an unorthodox location; that if petitioners should develop a commercial well on said tract of land the Republic Production Company, a corporation, will be required to off-set said tract or pay compensating royalty to the United States of America in accordance with the provisions of its lease on said land; that Ernest A. Hanson, Supervisor of Oil and Gas Operations of the United States Department of the Interior, Geological Survey, has

determined said compensating royalty to be 1.5 percent; that petitioners have heretofore agreed with the Republic Production Company, a corporation, to relieve the said Republic Production Company, a corporation of the obligation of paying said compensating royalty by paying the same to the United States of America; that the Republic Production Company, a corporation, in reliance on said agreement does hereby give its consent and does expressly waive any objections to the purposed location stated in the Petition filed in this cause, and does further expressly consent to the entrance of the order requested by said petitioners at a hearing held at any time without further notice.

REPUBLIC PRODUCTION COMPANY

By (Sgd) Jerry Chesnutt
Its Gen Supt.

ATTEST:

Subscribed and sworn to before me this 21st day of July, A. D. 1941.

(SEAL)

(Sgd) Catherine Burleson
Notary Public
Catherine Burleson
Notary Public, in and for Tom Green
County, Texas

My Commission Expires:

June 1, 1943."

STATE OF TEXAS §
 : ss
COUNTY OF TOM GREEN §

Jerry Chesnutt, being duly sworn on behalf of the Republic Production Company, a corporation, deposes and says: That he is General Superintendent of said corporation; that he has read the foregoing Waiver and Answer; that he signed and executed the foregoing Waiver and Answer on behalf of said corporation and with the authority of the Board of Directors of said corporation; and that the matters and things set forth in the foregoing Waiver and Answer are true and correct.

(Signed) Jerry Chesnutt

Subscribed and sworn to before me this 21st day of July, A.D. 1941.

(Signed) Catherine Burleson
Notary Public
Catherine Burleson
Notary Public, in and for Tom Green County,
Texas."

My Commission Expires:
June 1, 1943

A In getting your waiver from the Republic Production Company did any matter come up in connection with compensatory royalty by which the Republic tract would become obligated on the tract which is the subject of this petition?

A Yes, sir, that matter came up.

Q I will ask you if at any time either you or they had occasion to contact the Federal Government with reference to that compensatory royalty?

A Yes, sir, we did, to see what the compensatory royalty would be.

Q What did they advise?

A They told us they would compute it and give it to us.

Q Did they?

A They did.

Q What did they find?

A 1.5%.

Q I will ask you to state, if you know, under the rules and regulations how the amount of the compensatory royalty is determined, approximately?

BY MR. KELLY: I don't think that is relevant.

Q You stated a few minutes ago you had been advised by the Department as to the total amount. From whom did you get that communication?

A Mr. Arnold.

Q What is his position?

A Deputy Supervisor of the Federal Oil and Gas Operations.

Q I hand you Petitioners' Exhibit No. 5, and ask you to state what that is.

A That is the letter from Mr. Arnold advising us the amount of the compensatory royalty that would be due.

PETITIONERS' EXHIBIT NO. 5

"P. O. Box 997
Roswell, New Mexico
July 15, 1941

Mr. Martin E. Yates, Jr.
Artesia, New Mexico

Re: Las Cruces 028775(b).

Dear Sir:

Following our conversation of recent date, I have calculated the percent of compensatory royalty that would be charged against lease Las Cruces 028775(b), in the event you drilled your well 100 feet north and 100 feet west of the Southeast corner of the

NW¹/₄NE¹/₄ of Section 2, T. 17 S., R. 29 E.

The compensatory royalty would be 1.5 percent.

Very truly yours,

, (Signed) Ernest C. Arnold
ERNEST C. ARNOLD, Acting Supervisor,
Oil and Gas Operations.

ECA:th

BY MR. QUAIL: I realize you are not interested in this, but I do want to get this into the record to establish that agreement between Sallee & Yates and the Republic Production Company. It is merely evidence of the agreement between Sallee & Yates and the Republic Production Company.

BY MR. KELLY: You realize it will not bind the Commission in any way?

BY MR. QUAIL: Yes. I ask to be allowed to put it in the record.

Q At any time did you and Mr. Yates have occasion to enter into an agreement between you and the Republic Production Company?

A We did, we agreed to pay it.

Q How was that handled?

A Mr. Yates gave the Republic Production Company a letter.

Q Was that letter accepted or not by the Republic Production Company?

A It was accepted.

Q I hand you Petitioners' Exhibit No. 6 and ask you to state what it is.

A That is a letter advising the Republic Production Company that we will pay the compensatory royalty on their offset acreage if they would be obliged to pay it over to the government.

Q By whom is that signed?

A Martin Yates, Jr.

Q By whom was it accepted for the Republic Production Company?

A Jerry Chesnutt.

BY MR. QUAIL: I offer Petitioners' Exhibit No. 6 in evidence.

PETITIONERS' EXHIBIT NO. 6

"Artesia, New Mexico
June 23, 1941

Republic Production Company
San Angelo, Texas

Gentlemen:

This is to advise that Mr. Robert Sallee and I purpose to secure the permission of the Oil Conservation Commission of the

State of New Mexico to drill a well for oil and gas in the southeast corner of the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 2, Township 18 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, at a point 100 feet north of the south line of said tract and 100 feet west of the east line of said tract. We are advised that you own the oil and gas lease and leasehold estate embracing the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 35, Township 17 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, by virtue of a lease issued by the United States of America.

In consideration of your making no objection to the purposed location we agree to relieve you of the obligation of paying compensating royalty to the United States of America to which our location will subject your lease. Mr. Ernest A. Hanson, Supervisor of Oil and Gas Operations of the Geological Survey of the United States Department of the Interior, advised that the compensating royalty for which your lease would become obligated would be 1.5 percent. We agree to pay this sum or any other sum computed on the basis of the regulations promulgated by the Secretary of the Interior of the United States and will save you harmless from any obligation to pay the same caused by a well situated on our purposed location.

Very truly yours,

SALLEE & YATES

By (Signed) Martin Yates, Jr.
MARTIN YATES, Jr.

ACCEPTED:
REPUBLIC PRODUCTION CO.

By (Signed) Jerry Chesnutt."

Q I ask you who is the lease holder of this tract on which you propose to drill this well?

A The State of New Mexico.

Q Any royalty that might be due from you as the result of your production would be payable to the State of New Mexico?

BY MR. KELLY: I make a correction, the lessor is not the State of New Mexico but an institution under the State of New Mexico.

BY MR. QUAIL: That is all unless the Commission wishes to ask some questions.

BY MR. LIVINGSTON: Mr. Quail, I am asking this of you, not as a witness, but merely as attorney -- this is for clarification. I understand

from your petition that the only three units that would be affected by your unorthodox location are those immediately adjoining nearest the well, and they are owned by Allen, Fair & Pope and the Republic Production Company?

A Yes, the only offset tracts affected by this location. The other tracts are owned by this witness and his partner and Allen, Fair & Pope and the Republic Production Company.

BY MR. LIVINGSTON: And there would be one in the corner.

BY MR. KELLY: They own that.

Anybody else wish to question this witness as to the feasibility of his location?

(No answer).

Witness dismissed.

BY MR. QUAIL: Mr. Yates is here, if the Commission wishes any information as to the other wells.

BY MR. KELLY: No.

BY MR. QUAIL: That closes our case.

BY MR. LIVINGSTON: The Commission has authorized me to state that the Commission will take this case under advisement and will issue an order as soon as practicable.

C E R T I F I C A T E

I certify that the foregoing and attached thirteen and a fraction pages of typewriting are a true, correct and complete transcript of the shorthand notes taken by me, and all of the exhibits offered in evidence, at the hearing in the above entitled cause, and by me reduced to typewriting.

WITNESS my hand this 2nd day of August, 1941.


Esther Barton