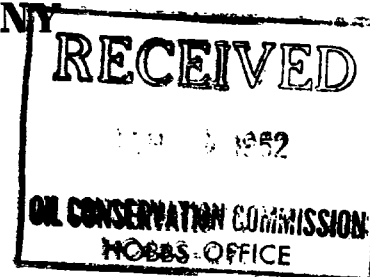


**PHILLIPS PETROLEUM COMPANY**

Box 2105  
Hobbs, New Mexico  
December 29, 1951



*Mr. R. O. Yarbrough*  
Mr. R. O. Yarbrough  
Oil and Gas Inspector  
New Mexico Oil & Gas Conservation Commission  
Box 1545  
Hobbs, New Mexico

Dear Sir:

We solicit from the New Mexico Oil & Gas Conservation Commission written permission to commingle oil from each of the following three wells now being drilled by the Phillips Chemical Company. It will be noted that all three 40-acre tracts upon which these wells are located are continuous and contiguous with each other.

<u>Lease &amp; Well</u>	<u>Location</u>
Chem-Santa Fe No. 1	NE/4 SW/4 Section 20, T-17-S, R-35-E, Lea County, N. M.
Chem-Santa Fe No. 2	SW/4 SE/4 Section 20, T-17-S, R-35-E, Lea County, N. M.
Chem-Santa Fe No. 3	NW/4 NW/4 Section 29, T-17-S, R-35-E, Lea County, N. M.

These three wells are under State Land Oil and Lease No. B-2388, all are located on Common School Land, and all will produce from the Vacuum Pool Reservoir.

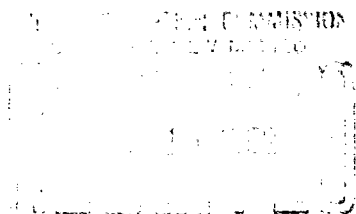
Please direct your reply to the undersigned, Box 2105, Hobbs, New Mexico.

Yours very truly,

PHILLIPS PETROLEUM COMPANY

A handwritten signature in dark ink, appearing to be "R. H. Dunn".

R. H. Dunn  
District Superintendent  
Production Department



LEH:MH

*Handwritten: 11-1-52*

January 23, 1952

Phillips Petroleum Company  
Box 2105  
Hobbs, New Mexico

Attention: Mr. R. H. Dunn, District Superintendent, Production Department

Gentlemen:

This writer has been out of the office for almost three weeks with influenza and only now do I acknowledge receipt of your letter of December 29, 1951 in which you asked the State Land Office for permission to commingle oil from three wells now in the process of drilling by the Phillips Chemical Company. You state that these wells are in the NE/4 SW/4 of Section 20 and the SW/4 SE/4 of Section 20 and the third located in the SW/4 NW/4 of Section 29, all in Township 17 South, Range 35 East. It is indicated that this activity is in the Vacuum Pool in Lea County.

Although you state that these three operations are under State Lease B-2388, a check of our records discloses that the two forties in Section 20 are a part of Lease B-2388 by Assignment from the Phillips Petroleum Company; that the forty acres in Section 29 is an Assignment out of Lease B-1501. Our records disclose that all three tracts are Common School land.

It has always been the practice of this office to respect the general theory of the 'basic lease.' It is for this reason that this office cannot give the permission you ask although we recognize the practicality of your suggestion.

May I suggest that you review the Rules and Regulations of the Oil Conservation Commission particularly Order No. 850 in Case No. 189 particularly with reference to Rule 309 therein. Should your company see fit to make application to the Oil Conservation Commission for an exception to Rule 309, the State Land Office would offer no opposition but the matter probably would have to be worked out similar to the solution in an earlier case of the Phillips Petroleum Company in the Caprock area.

This seems to be a small matter and no damage probably would or could result from granting you the authority requested but we are unable to do so because of the central tank battery rule of the Oil Commission.

Very truly yours,

George A. Graham

**OIL CONSERVATION COMMISSION**

P. O. BOX 871  
SANTA FE, NEW MEXICO

February 1, 1952

C  
O  
P  
Y  
  
Mr. R. H. Dunn  
District Superintendent  
Production Department  
Phillips Petroleum Company

Dear Sir:

We agree with Mr. Graham's comments of January 23, 1952. And according to our Rules and Regulations it will be necessary to hold a hearing.

When we receive your application in triplicate, we shall schedule this case for the March 20 hearing.

Very truly yours,

W

Secretary and Director

cc: Mr. G. A. Graham

*Pete Porter*

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 6, 1952

Phillips Petroleum Company  
Box 2105  
Hobbs, New Mexico

Gentlemen:

RE: OCC Case 347

The application submitted by your company for permission to commingle in the same tank battery oil to be produced from Phillips Chemical Co.'s Chem-Santa Fe Wells 1, 2 and 3, Vacuum Field, has been set up as Case 347 and is set to be heard at the regular March 20, 1952, hearing of the Oil Conservation Commission at 9 a.m., Mabry Hall, Santa Fe.

Legal advertising has been properly issued.

Very truly yours,

W. B. Macey  
Chief Engineer

WBM:mr