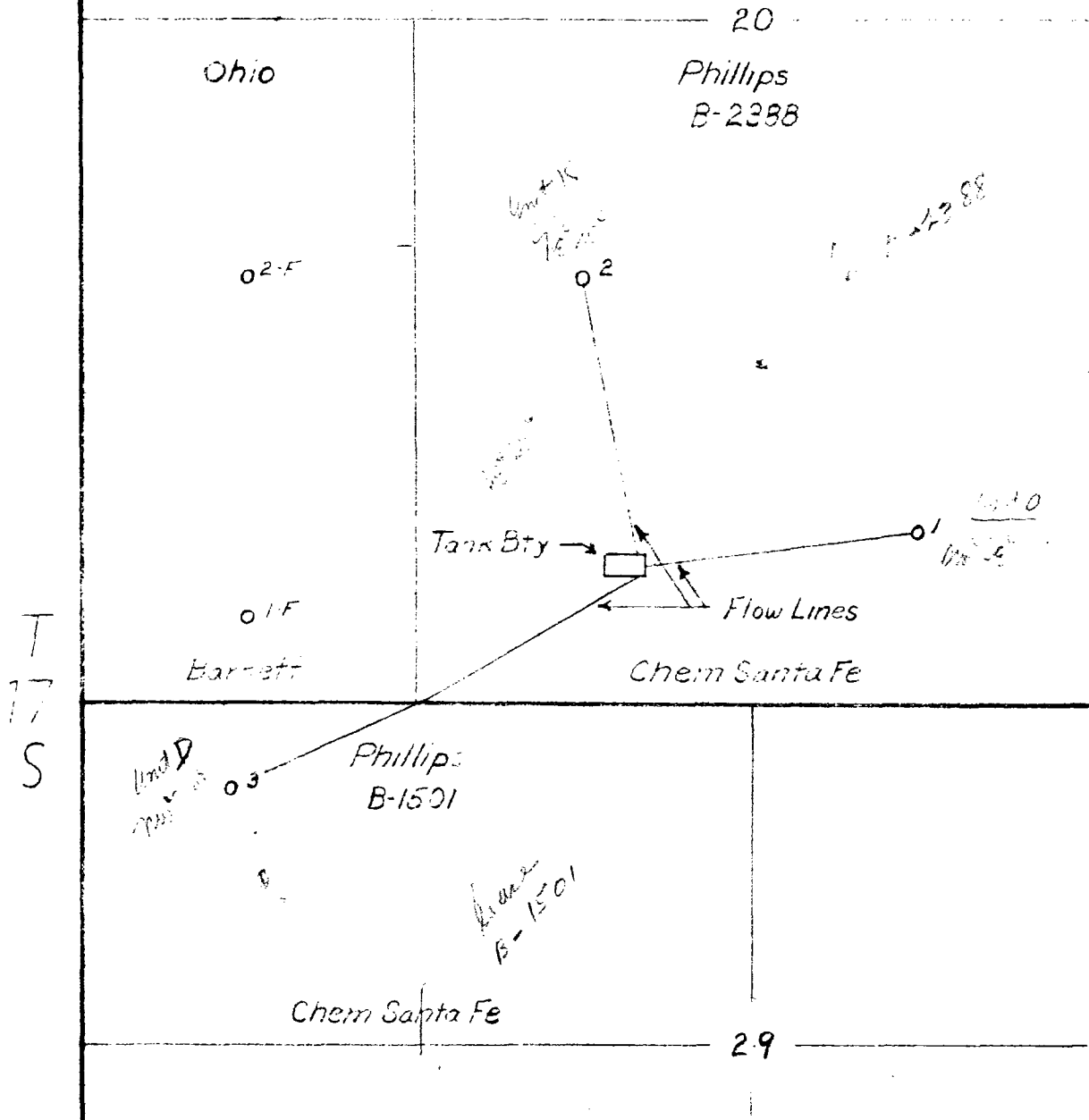


R-35-E



Ex #1 Case 347

BARTLESVILLE, OKLAHOMA

LEASE PLAT - CHEM SANTA FE BATTERY NO. 1
AND WELL NOS. 1-2-3

ILLEGIBLE

DRAWN		REVISION	BY	DATE	AFE. NO.	DWG. NO.
CHECKED					SCALE	SHEET NO.
APPROVED						

STATE LAND OFFICE

Santa Fe, New Mexico

GUY SHEPARD
COMMISSIONER OF PUBLIC LANDS



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

F1-