

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

September 28, 1956

*Supplied to all
mail 10-4-56
B.P.*

Mr. R. H. Blackman, Jr.
Potash Company of America
Carlsbad, New Mexico

Dear Sir:

Enclosed is a copy of Order R-880 issued September 27, 1956, by the Oil Conservation Commission in Case 1130, which was heard on August 16th. We will mail you some additional copies of this order for distribution to the other potash companies as soon as they are available.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

brp
Encl.

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IN REPLY REFER TO:

UNITED STATES
MAIN DEPARTMENT OF THE INTERIOR
OFFICE GEOLOGICAL SURVEY

1956 MAY 14 AM P. O. Box 6721
Roswell, New Mexico

May 11, 1956

Memorandum

To: File

From: Oil and Gas Supervisor, Roswell, New Mexico

Subject: Oil - Potash Conference, May 4

On May 4, a conference was held in this office to discuss the proposed drilling of four wells in the SE $\frac{1}{4}$ sec. 28, T. 19 S., R. 30 E., lease New Mexico 06770, Valma Petroleum Corporation, lessee, and the protest to such drilling made by Potash Company of America. The following were present: Messrs. Porter, Rieder, Gurley, Hanson, and Armstrong, representing the Oil Conservation Commission; Messrs. Fulton and McConnell from the Regional Mining Supervisor's office in Carlsbad; Messrs. Blackman and Prots representing Potash Company of America; Mr. Larry Wise, representing Valma Petroleum Corporation, and Messrs. Canfield, Knaut, and Anderson of this office.

The SE $\frac{1}{4}$ sec. 28 is in the potash area as specified by the Department of Interior and as defined by Order No. B-111-A of the Oil Conservation Commission, and the lease contains the required stipulations regarding the drilling of wells for oil and gas. Valma's proposal is to drill four wells in the SE $\frac{1}{4}$ sec. 28, one well to be in the approximate center of each of the four 40-acre tracts. The objective horizon is the Yates formation expected at 1700-1800 feet. The nearest productive well is No. 1 Yates "A" in the SW $\frac{1}{4}$ sec. 28 which was completed in March of 1956, pumping 49 barrels of 30 gravity oil from the Yates formation, 1653-1680 feet. Valma proposes to comply with all of the requirements of Order No. B-111-A and any requirements of the Geological Survey regarding the drilling, casing, and cementing of the well.

Potash Company of America's protest is based on the fact that the proposed location for well No. 4 falls within its open mine workings; the proposed location of well No. 3 falls within 200 feet of its open mine workings, and the proposed location for well No. 1 falls within 850 feet of its open mine workings. All three of said locations are within the limits of commercial potash deposits which Potash Company of America states are included in the areas to be mined within its present five-year plan.

Potash Company of America made no specific objection to the proposed location for well No. 2 in the NW¹/₄SE¹/₄ sec. 28 but requested that such location be moved to a 330 feet location out of the center of the section.

Mr. Wise stated that he would have no objection to moving the locations for wells Nos. 3 and 4 to get them further away from the open mine workings, and that he wanted to know whether approval would be granted by the State and the Geological Survey for the drilling of any or all of the wells in order that he could decide on whether the drilling that would be permitted was worth while.

In view of the inability of the potash and oil operators to reach an agreement, the procedure established in Sec. VII of Order No. R-111-A calling for a hearing before the Oil Conservation Commission appears to be in order. Mr. Wise stated that he would file an application for a hearing before the Commission or notify all parties that he had decided not to file such application. This office will defer any action looking toward approval or rejection of Velma's notices to drill until the matter of a hearing before the Oil Conservation Commission is settled.

(Orig. Sgd.) JOHN A. ANDERSON

JOHN A. ANDERSON

Copy to: Cons. Div.-Washington
Oil Conservation Commission - Santa Fe ✓

LERDY WISE, PRESIDENT

TEXAS REPRESENTATIVE

~~XXXXXXXXXXXXXXXXXXXX~~

J. A. MARTIN

I. A. COTTINGHAM, SEC.-TREAS.

920 MERCANTILE SECURITIES BLDG.

TELEPHONE HOBBS: 3-5197

DALLAS, TEXAS

VELMA PETROLEUM CORPORATION

DRILLING CONTRACTORS

OIL PRODUCERS

Box 1955

HOBBS, NEW MEXICO

April 19, 1956.

Oil Conservation Commission,
State of New Mexico,
Santa Fe, New Mexico.

In re: SE $\frac{1}{4}$, Section 28, Township 19
South, Range 30 East, N.M.P.M.,
Eddy County, New Mexico.

Gentlemen:

The Potash Company of America, by letter dated April 17, 1956, addressed to the Commission, over the signature of Mr. F. O. Davis, Vice-President, requested that the potash company be afforded an opportunity to meet with representatives of the Commission in regard to the proposed Notices of Intention to Drill, filed by the Velma Petroleum Corporation.

This is to advise that the Velma Petroleum Corporation, as well as the other operators, will be pleased to meet with the potash company and the Oil Conservation Commission in regard to the protest of the potash company to the granting of permits to drill the oil wells proposed in the Notice of Intention to Drill filed with the Commission.

Very truly yours,

VELMA PETROLEUM CORPORATION,

BY:



G/bc

cc: Potash Company of America, Carlsbad, New Mexico.
(Attention: Mr. F. O. Davis)
United States Geological Survey, P. O. Building,
Roswell, New Mexico. (Attention: Mr. John A. Anderson)
Mr. Robert S. Fulton, U.S.G.S., Carlsbad, New Mexico;
Mr. L. A. Hanson, Oil Conservation Commission, Artesia,
New Mexico.

XXXXXXXXXXXXXXXXXXXX

April 19, 1956.

United States Geological Survey,
Post Office Building,
Roswell, New Mexico.

Attention: Mr. John A. Anderson,
Oil and Gas Supervisor.

In re: Oil and Gas Lease - NM 06770.

Gentlemen:

This letter will acknowledge receipt of a copy of a letter addressed to your office, dated April 17, 1956, over the signature of Mr. F. O. Davis, and copies of the letter being sent to Mr. John A. Frost, Artesia, New Mexico; the Oil Conservation Commission, Santa Fe, New Mexico; and Mr. Robert S. Fulton, Carlsbad, New Mexico.

The letter above referred to requests an opportunity to meet with representatives of the U. S. Geological Survey at any reasonable time to present evidence in support of its protest. This is to advise that Velma Petroleum Corporation and the other interested operators are willing to meet at any convenient time and place with representatives of the Potash Company of America and the United States Geological Survey to discuss the protest of the potash company.

I am sending a copy of this letter to all parties receiving copy of the letter of April 17th addressed to you.

Very truly yours,

VELMA PETROLEUM CORPORATION,

BY Larry Wise

G/bc

cc: Mr. John A. Frost, Box 187, Artesia, New Mexico;
Oil Conservation Commission, State of New Mexico,
Santa Fe, New Mexico;
Mr. Robert S. Fulton, U.S.G.S., Carlsbad, New Mexico;
Potash Company of America, Carlsbad, New Mexico.
(Attention: Mr. F. O. Davis)

POTASH COMPANY OF AMERICA

GENERAL SALES OFFICES · 1625 EYE STREET · N.W. · WASHINGTON 6 · D.C.
SOUTHERN SALES OFFICE · 408 · 9 CANDLER BLDG · ATLANTA · GA ·
MIDWESTERN SALES OFFICE · FIRST NATIONAL BANK BLDG · PEORIA · ILL ·



F. O. DAVIS
EXECUTIVE VICE PRESIDENT
AND TREASURER

REPLY TO:

EXECUTIVE OFFICES
MINES AND REFINERY
CARLSBAD · NEW MEXICO

April 17, 1956

Oil Conservation Commission
State of New Mexico
Santa Fe, New Mexico

Re: SE $\frac{1}{4}$, Section 28, Township 19S, Range 30E, N.M.P.M., Eddy County, New Mexico

Gentlemen:

We are in receipt of registered letter, dated April 12, 1956, which was received by us on April 16, 1956, from Velma Petroleum Corporation, Box 1955, Hobbs, New Mexico, enclosing duplicate executed copies of Notice of Intention to Drill for test wells on four (4) locations, being approximately as follows:

- (1) The center of NE $\frac{1}{4}$ SE $\frac{1}{4}$, Section 28-19-30.
- (2) The center of NW $\frac{1}{4}$ SE $\frac{1}{4}$, Section 28-19-30. ✓
- (3) The center of SW $\frac{1}{4}$ SE $\frac{1}{4}$, Section 28-19-30. ✓
- (4) The center of SE $\frac{1}{4}$ SE $\frac{1}{4}$, Section 28-19-30.

Also enclosed with said letter were copies of a map or plat showing the proposed locations substantially as set forth above.

Potash Company of America objects to the four well locations noted above for the reason that an oil and gas test well at the locations at each and all of the locations mentioned would result in undue waste of potash deposits or constitute a hazard to or unduly interfere with mining operations being conducted for the extraction of potash deposits. Three (3) of the above described locations lie within Potash Company of America's five-year production projection, as shown on the map filed with the Commission.

Potash Company of America requests an opportunity to meet with the representatives of the Commission at any reasonable time to present evidence in support of its protest, unless the Commission rejects the application of Velma.

Very truly yours,

FOD/mmng

cc: Messrs. John A. Anderson, L. A. Hanson, R. S. Fulton
Velma Petroleum Corporation



IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

P. O. Box 6721
Roswell, New Mexico

April 24, 1956

Mr. F. O. Davis
Potash Company of America
Carlsbad, New Mexico

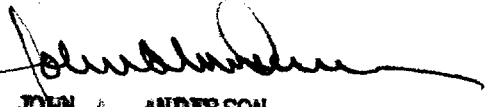
Mr. Leroy Wise
Velma Petroleum Corporation
Box 1955
Hobbs, New Mexico

Gentlemen:

You are requested to have representatives attend a conference in this office, Room 334 Federal Building, at 10:00 a.m., May 4, to discuss the proposed drilling of certain wells for oil in the SE $\frac{1}{4}$ sec. 28, T. 19 S., R. 30 E., Eddy County, New Mexico, which is in the Potash-Oil area covered by Oil Conservation Commission Order No. M-111-A.

By copy of this letter, representatives of the Oil Conservation Commission, and the Regional Mining Supervisor, U. S. Geological Survey, Carlsbad, New Mexico, are also being invited to attend.

Sincerely yours,


JOHN A. ANDERSON
Regional Oil & Gas Supervisor

Copy to: Mr. A. L. Porter, Jr.
Oil Conservation Commission,
Santa Fe, N. M.

Mr. L. A. Hanson
Oil Conservation Commission
Carper Building
Artesia, N. M.

Regional Mining Supervisor
Carlsbad, N. M.

District Engineer, U. S. G. S., Artesia, N.M.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

April 20, 1956

Mr. John A. Anderson
U.S. Geological Survey
P.O. Box 6721
Roswell, New Mexico

Dear Mr. Anderson:

I am in receipt of a letter from the Potash Company of America objecting to four proposed well locations by Velma Petroleum Company on federal land within the potash area as outlined in Commission Order R-111-A.

Since the proposed locations are on land owned by the U. S. Government and it is our understanding that the U. S. Geological Survey has submitted the matter to Washington, I believe that you should suggest a date for a meeting between the interested parties, possibly in your office at Roswell. This suggestion is in accordance with provisions of Commission Order R-111-A.

Yours very truly,

A. L. Porter, Jr.
Acting Secretary - Director

ALP:brp

CC-Velma Petroleum Corp., Box 1955, Hobbs, N.M.
Oil Conservation Commission, Artesia, N.M.
Mr. John A. Frest, Box 187, Artesia, N. M.
Mr. Robert S. Fulton, Box 829, Carlsbad, N.M.
Oil Conservation Commission, Hobbs, N.M.

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IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

P. O. Box 829
Carlsbad, New Mexico

August 13, 1956

Potash Company of America
P. O. Box 31
Carlsbad, New Mexico

Gentlemen:

This is in response to your recent verbal request that this office compile data relative to the potash orebody contained in the SE $\frac{1}{4}$ Sec. 28, T. 19 S., R. 30 E., N. M. P. M., New Mexico, which is embraced in your potash lease Las Cruces 046729-D, issued January 18, 1933.

Potash values have been determined on the basis of total recoverable value and recoverable value per acre for the several extraction stages involved in the mining operation. The average grade and thickness of the orebody were obtained by taking the weighted average of the four potash core tests located at the four corners of the SE $\frac{1}{4}$ Sec. 28. The recoverable values are obtained by using the following formula:

Recoverable value per acre = $2,722.5 \times \text{thickness of ore in feet} \times \text{grade of ore in \% K}_2\text{O} \times \text{\% mining extraction} \times \text{\% mill efficiency} \times \text{units of K}_2\text{O per ton} \times \text{price per unit of K}_2\text{O}$.

The constant, 2,722.5, represents the tons of ore contained in one acre-foot, using 16 cubic feet = 1 ton of ore. The price per unit of K₂O in muriate is 35 cents. Following are the values determined:

	<u>Recoverable Value per 160 Acres</u>	<u>Per Acre</u>
1. First mining (extraction 65%, mill efficiency 90%)	\$9,604,430	\$61,278
2. Second mining (extraction 25%, mill efficiency 90%)	3,770,935	23,568
3. Total mining (extraction 90%, mill efficiency 90%)	13,575,365	84,846

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
Potash EXHIBIT No. 7
CASE 1130

The following values relate to a protective pillar with a minimum radius of 100 feet which would be required to protect a producing oil well drilled through the orebody, no part of which could be recovered:

Value of pillar (65% extraction, 90% mill efficiency)
= \$44,390

Value of pillar (90% extraction, 90% mill efficiency)
= \$61,464

The average depth of the orebody in the SE $\frac{1}{4}$ Sec. 28 is approximately 750 feet. In the event that 4 producing oil wells existed in the tract at the time second mining was contemplated, the Survey would require observance of a subsidence angle of 45 degrees - pillars could not be removed closer than 750 feet to a producing well. As the proposed oil wells are to be located in the center of each 40-acre subdivision of the SE $\frac{1}{4}$ Sec. 28, this means that all mine pillars within the 160-acre tract would be less than 750 feet from a producing oil well, hence no pillars could be removed.

Very truly yours,

R. S. Fulton

R. S. Fulton
Regional Mining Supervisor

(b) Plans of mine workings and surveys of surface installations, and records of core analyses that a potash lessee must maintain pursuant to applicable operating regulations (30 CFR, Part 231), shall be available for inspection at the office of the Mining Supervisor, to any party wishing to hold an oil and gas lease on the same land insofar as such maps or records are pertinent to the development and production of oil and gas deposits.

5. *Unit plans.* Any unit plan hereafter approved or prescribed that includes oil and gas leases covered by this notice shall include a provision embodying in substance the requirements set forth in items 1 (e) (iii) and (iv) and 4 (a), hereof.

6. *Definition.* The word "potash" as used herein shall be deemed to embrace used herein shall be deemed to embrace potassium and associated minerals as specified in the act of February 7, 1927 (44 Stat. 1057).

II. Except to the extent herein modified the general regulations contained in 43 CFR, Parts 191 and 192, governing the leasing and development of oil and gas, and in 43 CFR, Part 194, governing the leasing and development of potash deposits shall be applicable to the lands covered hereby. Copies of this notice, and copies of Form No. 4-1158, Second Edition, titled "Offer to Lease and Lease for Oil and Gas" can be obtained from the Land and Survey Office, Bureau of Land Management, Santa Fe, N. Mex.

BOHNDIULAE A

DESIGNATED POTASH AREA

New Mexico Principal Meridian

T. 19 S., R. 29 E.,
Sec. 11, SE $\frac{1}{4}$;
Sec. 12, S $\frac{1}{2}$;
Secs. 13 and 14;
Sec. 23, N $\frac{1}{2}$;
Sec. 24, N $\frac{1}{2}$.
T. 20 S., R. 29 E.,
Sec. 12, NE $\frac{1}{4}$ SE $\frac{1}{4}$, and S $\frac{1}{2}$ SE $\frac{1}{4}$,
Sec. 13, NE $\frac{1}{4}$, and S $\frac{1}{2}$;
Sec. 24, N $\frac{1}{2}$;
Sec. 36.
T. 21 S., R. 29 E.,
Secs. 1 and 2;
Sec. 3, E $\frac{1}{2}$;
Sec. 10, E $\frac{1}{2}$;
Sec. 11 to 15 inclusive;
Sec. 22, N $\frac{1}{2}$ N $\frac{1}{2}$;
Sec. 23, N $\frac{1}{2}$;
Secs. 24 and 25;
Sec. 35, E $\frac{1}{2}$;
Sec. 36.
T. 22 S., R. 29 E.,
Secs. 1 and 2;
Sec. 3, S $\frac{1}{2}$;
Sec. 9, E $\frac{1}{2}$;
Secs. 10 to 16 inclusive;
Sec. 17, E $\frac{1}{2}$;
Sec. 20, E $\frac{1}{2}$;
Secs. 21 to 28 inclusive;
Secs. 29 to 36 inclusive.

T. 23 S., R. 29 E.,
Secs. 1 to 3 inclusive;
Secs. 4, E $\frac{1}{2}$;
Sec. 9, E $\frac{1}{2}$;
Secs. 10 to 15 Inclusive
Secs. 22 to 27 Inclusive
Secs. 34 to 36 Inclusive
T. 18 S., R. 30 E.,

Sec. 12, 5%;
Secs. 13 and 14;
Sec. 16, SE¼;
Sec. 21, SE¼;
Secs. 22 to 24 Inclusive
Sec. 25, W½;
Secs. 26 to 28 Inclusive
Sec. 29, SE¼;
Sec. 32, NE¼, and S½;
Secs. 33 and 34;

T. 19 S., R. 30 E., Sec. 30, W. $\frac{1}{2}$.
Secs. 2 to 5 inclusive;
Sec. 6, SE $\frac{1}{4}$;
Sec. 7, NE $\frac{1}{4}$, and S $\frac{1}{2}$;
Secs. 8 to 36 inclusive.
T. 20 S., R. 30 E.;
T. 21 S., R. 30 E.,
Secs. 1 to 11 inclusive;

Sec. 12, S $\frac{1}{2}$;
Secs. 13 to 22 inclusive
Sec. 23, N $\frac{1}{2}$;
Sec. 24, N $\frac{1}{2}$;
Secs. 27 to 34 inclusive
Sec. 35, S $\frac{1}{2}$.
T. 22 S., R. 30 E.,
Secs. 1 to 24 inclusive;
Sec 25, W $\frac{1}{2}$;
Secs. 26 to 35 inclusive

Sec. 36, W $\frac{1}{2}$.
T. 23 S., R. 30 E.,
Sec. 1, S $\frac{1}{2}$;
Secs. 2 to 36 inclusive.
T. 24 S., R. 30 E.,

Sec. 1, $N\frac{1}{2}$;
Sec. 2, $N\frac{1}{2}$;
Sec. 3, $N\frac{1}{2}$.
T. 18 S., R. 31 E.

Sec. 18, $W\frac{1}{2}$.
T. 19 S., R. 31 E.,
Secs. 9 and 10;
Sec. 11, $W\frac{1}{2}$;
Sec. 14, $W\frac{1}{2}$;
Secs. 15 to 17 inclusive;
Secs. 19 to 22 inclusive;
Sec. 23, $W\frac{1}{2}$;
Sec. 25, $S\frac{1}{2}$;
Secs. 26 to 36 inclusive.

T. 20 S., R. 31 E.;
T. 21 S., R. 31 E.,
Sec. 1, lots 1 to 16 inclusive;
Sec. 2, lots 1 to 16 inclusive;
Sec. 4, W½;
Secs. 5 and 6;
Sec. 18, S¾;
Sec. 19, N¼;
T. 22 S., R. 31 E.,
Secs. 4 to 9 inclusive;

Secs. 17 and 18;
Sec. 19, N¹/₂.
T. 23 E., R. 31 E.,
Sec. 7;
Sec. 8, S¹/₂;
Sec. 16, SW¹/₄;
Secs. 17 to 20 Inclusive;
Sec. 21, W¹/₂;
Secs. 28 to 33 Inclusive

T. 24 S., R. 31 E.,
Secs. 4 to 6 inclusive,
T. 19 S., R. 32 E.,
Sec. 28, 5½%;
Sec. 24 to 27 inclusive;
Sec. 28, 5½%;
Sec. 31, 5½%;
Sec. 32, 5½%;
Secs. 33 to 36 inclusive;
T. 20 S., R. 32 E.,
T. 21 S., R. 32 E.,
T. 21 S. to 17 inclusive;

Secs. 19, 30 and 31.
T. 20 S., R. 33 E.,
T. 19 S., R. 33 E.,
Secs. 35 and 36.
Secs. 21 to 27 inclusive
Secs. 1 to 17 inclusive.

Secs. 6 to 9 inclusive,
Secs. 15 to 23 inclusive
Secs. 25 to 36 inclusive
T. 21 S., R. 33 E.,
Secs. 4 to 9 inclusive;
Secs. 16 to 21 inclusive;
Secs. 28 to 33 inclusive
T. 22 S., R. 33 E.,
Secs. 4 to 6 inclusive.
T. 20 S., R. 34 E.,
Sec. 31.

The area described, including both public and nonpublic lands, aggregates approximately 298,345 acres.

SCHEDULE E

LANDS COVERED BY ORDER OF FEBRUARY 6, 1939
WITHIN POLASH AREA 1

T. 20 S., R. 29 E.,
Sec. 12, SE $\frac{1}{4}$ SE $\frac{1}{4}$;
Sec. 13, E $\frac{1}{2}$ E $\frac{1}{2}$, and NW $\frac{1}{4}$ NE $\frac{1}{4}$;
Sec. 24, E $\frac{1}{2}$ NE $\frac{1}{4}$;
Sec. 36.
T. 21 S., R. 29 E.,

Sec. 1: $N_1^2N_2N_3^2$, $SW_1^2NE_1^2$, $N_1^2NW_1^2$
 Sec. 11: $N_1^2NE_1^2$, $SW_1^2NE_1^2$, $N_1^2NW_1^2$
 SE $_1^2NW_1^2$, and SE $_1^2$:
 Sec. 12:
 Sec. 13: E_1^2 , and $S_1^2SW_1^2$:
 Sec. 14: $SW_1^2NE_1^2$, SW_1^2 , and $S_1^2SE_1^2$:
 Sec. 15: NE $_1^2$, NE $_1^2NW_1^2$, $S_1^2NW_1^2$, and
 S_1^2 :
 Sec. 22: $N_1^2NW_1^2$:
 Sec. 23: $N_1^2NW_1^2$:
 Sec. 24: NE $_1^2$, and $N_1^2NW_1^2$.
 T. 22 S., R. 20 E.

Sec. 1; Sec. 11; Sec. 12 and 14, inclusive; Secs. 23 and 24; Sec. 25, NE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{4}$ NW $\frac{1}{4}$, and S $\frac{1}{4}$; Sec. 26, W $\frac{1}{2}$ NW $\frac{1}{4}$, and S $\frac{1}{2}$; Sec. 36, NE $\frac{1}{4}$.

* Of the lands included in this schedule, the following tracts are covered by outstanding leases or are within the limits of a known geologic structure of a producing oil or gas field: E $\frac{1}{2}$ N $\frac{1}{2$ E $\frac{1}{2}$, sec. 24, T. 20 S., R. 29 E., S. 1 NE $\frac{1}{4}$, SE $\frac{1}{4}$, sec. 9, W $\frac{1}{2$ SE $\frac{1}{4}$, SW $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$, sec. 10, sec. 15 (all), N $\frac{1}{2$ NE $\frac{1}{4}$, sec. 11, T. 20 S., R. 30 E. The balance of the lands, T. 21 S., R. 29 E. is included in the order of February 6, 1939, and is omitted from this schedule because it is state land.

T. 19 S., R. 30 E.,
Sec. 22, S $\frac{1}{2}$;
Sec. 23, S $\frac{1}{2}$ N $\frac{1}{2}$, and S $\frac{1}{2}$;
Sec. 24;
Sec. 25, NE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$, and
S $\frac{1}{2}$;
Sec. 26 and 27;
Sec. 28, SE $\frac{1}{4}$;
Secs. 33 to 35 inclusive,
T. 20 S., R. 30 E.,

Sec. 3, lots 2, 3, and 4, $5\frac{1}{2}\%NW\frac{1}{2}$, and 5% ;
Sec. 4;
Sec. 5, lots 1, 2, 3, and 4, $5\frac{1}{2}\%N\frac{1}{2}$, $N\frac{1}{2}SW\frac{1}{4}$ and $SE\frac{1}{4}SW\frac{1}{4}$, and $SE\frac{1}{4}$;
Sec. 6, $E\frac{1}{2}SE\frac{1}{4}$;
Sec. 7, lots 8 and 4, $NE\frac{1}{4}NE\frac{1}{4}$, $S\frac{1}{2}NE\frac{1}{4}$, $SE\frac{1}{4}NW\frac{1}{4}$, $E\frac{1}{2}SW\frac{1}{4}$, and $SE\frac{1}{4}$;
Sec. 8 to 10 inclusive;
Sec. 13, $SE\frac{1}{4}$;
Sec. 14, $NW\frac{1}{4}NE\frac{1}{4}$, $S\frac{1}{2}NE\frac{1}{4}$, $NW\frac{1}{4}$, and

S $\frac{1}{2}$:
 Sec. 15:
 Sec. 21, N $\frac{1}{2}$ NE $\frac{1}{4}$:
 Sec. 22, N $\frac{1}{2}$:
 Sec. 23, N $\frac{1}{2}$:
 Sec. 24, NW $\frac{1}{4}$:
 Sec. 25, NE $\frac{1}{4}$, and S $\frac{1}{2}$:
 Sec. 31, lots 1, 2, 3, and 4, E $\frac{1}{2}$ W $\frac{1}{4}$:
 Sec. 35, S $\frac{1}{2}$:
 T. 31 S. R. 30 E.

Sec. 3, lots 3, 4, 5, 6, 11, 12, 13, and 14
SW $\frac{1}{4}$;
Sec. 4 to 7 inclusive;
Sec. 8, NE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$, and
SW $\frac{1}{4}$.

5½%;
 Sec. 9;
 Sec. 10, W½;
 Secs. 17 and 18;
 Sec. 19, lots 1, 2, 3, and 4, NE¼, and
 E½NW¼;
 Sec. 20, N¼NW¼;
 Sec. 31.
 T. 22 S., R. 30 E.,
 Secs. 6 and 7;

Secs. 18 to 20 inclusive;
Sec. 21, $W\frac{1}{2}E\frac{1}{2}$, and $W\frac{1}{2}$;
Secs. 28 and 29;
Sec. 30, lots 1, 2, 3, and 4, $N\frac{1}{2}NE\frac{1}{4}$, $SE\frac{1}{4}$
 $NE\frac{1}{4}$, $E\frac{1}{2}W\frac{1}{2}$, and $SE\frac{1}{4}$;
Sec. 31, lot 1,
T. 18 S., R. 31 E.,
Secs. 19, 30, and 31,
T. 20 S., R. 31 E.,
Secs. 28 to 31 inclusive;
Sec. 33.

The areas described aggregate 42, 245.18 acres.

Dated: October 16, 1951

OSCAR L. CHAPMAN,
Secretary of the Interior.
[F. R. Doc. 51-12647; Filed, Oct. 18, 1951
8:46 a. m.]

Published in 16 F.R. 10669 of October 18, 1951



IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P. O. Box 187
Artesia, New Mexico

April 17, 1956

Velma Petroleum Corporation
Box 1955
Hobbs, New Mexico

Re: Oil and Gas Lease
New Mexico 06770

Attention: Mr. I. A. Cottingham

Gentlemen:

This will acknowledge receipt of your "Notices of Intention to Drill" wells 1,2,3 & 4, all in the SE $\frac{1}{4}$ of section 28, T. 19 S., R. 30 E., N.M.P.M., Eddy County, New Mexico. Also, Designation of Operator and \$5,000 bond of oil and gas lease operator.

The subject lease issued June 1, 1952, and since it is within the oil-potash area it contains the "Potash Stipulation" which states among other things:

"No wells will be drilled for oil or gas in formations above the base of the Delaware sand, or above a depth of 5,000 feet, whichever is lesser, except upon approval of the Director of the Geological Survey, it being understood that drilling for production to these formations will be permitted only in the event that it is satisfactorily established that such drilling will not interfere with the mining and recovery of potash deposits or the interest of the United States would best be subserved thereby".

It was pointed out to you that since the locations are within the oil-potash area the drilling of same are subject to compliance with the Potash Stipulations and New Mexico Oil Conservation Commission Order No. R-111 A.

Very truly yours,

John A. Frost
John A. Frost
District Engineer

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
Application EXHIBIT No. 1
1130

JAF:mm

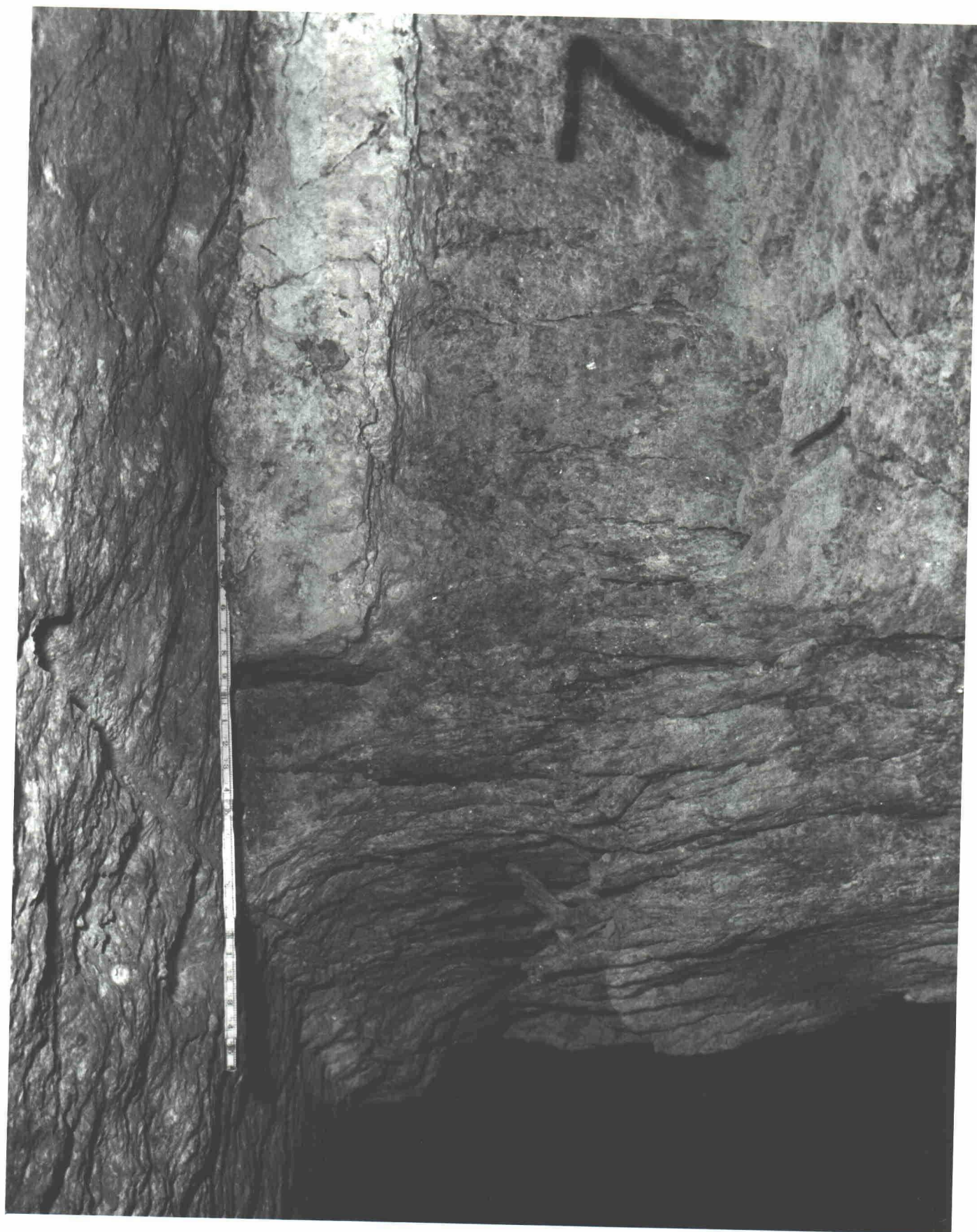
Copy to: USGS, Carlsbad, New Mexico
Potash Company of America
Carlsbad, New Mexico



BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
Paloah EXHIBIT No. 9
CASE 1130



BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
1/30
CASE



BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
Potter
EXHIBIT NO. *11*
CASE *1130*

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Color Page/Photo
Here

C. MELVIN NEAL
W. D. GIRAND, JR
J. W. NEAL

MAIN OFFICE
NEAL & GIRAND
LAWYERS
NEAL BUILDING
HOBBS, NEW MEXICO
MAY 29 8:24

TELEPHONE:
EXPRESS 3-5171
P. O. BOX 278

May 29, 1956.

Oil Conservation Commission,
Santa Fe, New Mexico.

Attention: Mr. A. L. Porter.

Gentlemen:

We are enclosing, in quadruplicate, Application for Hearing before the Commission on behalf of Velma Petroleum Corporation for the approval of proposed well locations in the SE $\frac{1}{4}$ of Section 28, Township 19 South, Range 30 East, Eddy County, New Mexico, being located in the potash area as defined by the Commission in Order R111-A.

As previously disclosed by the corporation, it is the intent of the Velma Petroleum Corporation to develop the entire Lease should production be obtained in the first well, the location of which is requested in the center of the SW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of said section. However, the Velma Petroleum Corporation does not deem it economical to start a development program on the Lease unless and until it can be determined that a full development thereof will be allowed.

We would appreciate an early hearing date on this matter.

Respectfully submitted,

NEAL & GIRAND,

BY: 

G/bc
Encls.

cc: Velma Petroleum Corporation,
Box 1955, Hobbs, New Mexico (w/copy)

Potash Company of America,
Carlsbad, New Mexico. (w/copy)

U. S. Geological Survey,
Post Office Building, Roswell, New Mexico.
(Attention: Mr. Anderson) w/copy

MAIN OFFICE 000

C. MELVIN NEAL
W. D. GIRAND, JR.
J. W. NEAL

NEAL & GIRAND
LAWYERS
NEAL BUILDING
HOBBS, NEW MEXICO

TELEPHONE:
EXPRESS 3-5171
P. O. BOX 278

1956 JUL 9 AM 3:24

July 6, 1956.

*Sent copy to
Doyle & Co
Blackburn
G. D. Girard
J. W. Neale
7/30/56*

Oil Conservation Commission,
Santa Fe, New Mexico.

Attention: Mr. Jack Gurley.

In re: Application of Velma Petroleum Corporation,
Operator, for the establishment of an
orthodox location for the drilling of oil
wells in Section 28, Township 19 South,
Range 30 East, N.M.P.M., Eddy County, N.M.

Gentlemen:

The writer has discussed by telephone the proposed
Hearing date on the application of Velma Petroleum
Corporation for August 16, 1956 and Mr. Blackburn of the
Potash Company of America has agreed to this setting.

Very truly yours,

NEAL & GIRAND,

BY:

W. D. Girard, Jr.

G/bc

cc: Velma Petroleum Corporation,
P. O. Box 1955, Hobbs, New Mexico.

Mr. R. L. Summers,
P. O. Box 2047, Hobbs, New Mexico.

Mr. W. C. Neal,
Bishop Building, Santa Fe, New Mexico.

Potash Company of America,
Carlsbad, New Mexico (Attention: Mr. Roy Blackburn)

C. MELVIN NEAL
W. D. GIRAND, JR
J. W. NEAL

NEAL & GIRAND
LAWYERS
NEAL BUILDING
HOBBS, NEW MEXICO

MAIL OFFICE CCC
JUN 8 1956 8:12

TELEPHONE.
EXPRESS 3-5171
P. O. BOX 278

June 6, 1956.

Oil Conservation Commission,
Santa Fe, New Mexico.

Attention: Mr. A. L. Porter.

Gentlemen:

On May 29, 1956 we forwarded to your office, in quadruplicate, Application for Hearing before the Commission on behalf of Velma Petroleum Corporation for approval of proposed well locations in the SE $\frac{1}{4}$ of Section 28, Township 19 South, Range 30 East, Eddy County, New Mexico, within the potash area as defined by the Commission in Order R111-A.

It has been brought to our attention that in Paragraph 2, we erroneously referred to Paragraph 3 of Section VIII of Order R111-A and that said reference should be Paragraph 3 of Section VII of Order R111-A.

We have redrawn the Application and are enclosing three copies thereof. We are furnishing copies of the redrawn Application to the parties set out below.

We respectfully request that the Application submitted with our letter of May 29th be withdrawn and that the enclosed Application be filed and set for Hearing at the earliest possible date.

Respectfully submitted,

NEAL & GIRAND,

BY:



G/bc
Encls.

cc: Velma Petroleum Corporation,
Box 1955, Hobbs, New Mexico. (w/copy)

Potash Company of America,
Carlsbad, New Mexico. (w/copy)

U. S. Geological Survey,
Post Office Building, Roswell, New Mexico.
(Attention: Mr. Anderson) w/copy.