ANDERSON-PRICHARD OIL CORPORATION



DISTRICT IV FIELD OFFICE Suite B-400, New U. S. National Bank Building 1740 BROADWAY DENVER, COLORADO

GENERAL OFFICE LIBERTY BANK BLDG, OKLAHOMA CITY 2, OKLAHOMA

February 8, 1957

Our File: DNM-8-B

Sun Oil Company P. O. Box 1798 Denver, Colorado

> Subject: #1 Marold Begay C NW SW Section 25-25N-11W San Juan County, New Mexico

Attention: Mr. Robert O. Levers

Dear Sir:

PHONE KEYSTONE 4-1849

Attached is a letter from Mr. Emery C. Arnold, Supervisor, District #3, New Mexico Oil Conservation Commission, relative to the subject well. As stated in Mr. Arnold's letter, this well was located as a standard oil well location, as we anticipated completing this well as an oil well. However we did not find the Gallup sand to be oil productive, but gas productive, and consequently the well was completed as a gas well.

The attached letter and State Order No. R-855 explain the State's position relative to a non-standard gas producing location and the procedure to follow in order to establish an allowable for this well. Since your company has assumed the operation of this lease effective February 1, 1957, we feel that it is their responsibility to institute this hearing before the Commission.

If we can be of further assistance, please advise.

Yours very truly,

SAME A BACK MA

KARL A. BASHARA District Superintendent

Encl.

cc - Mr. Emery C. Arnold, OCC, Astec, New Mexico Mr. A. L. Porter, OCC, Santa Fe, New Mexico Mr. Sam F. Shakely, Oklahoma City Mr. Duncan V. Patty, Oklahoma City Mr. C. T. McClure, Oklahoma City

KAB: IW

NEW MEXICO OIL CONSERVATION COMMISSION AZTEC, NEW MEXICO

XXXXXXXXXXXXX

120 East Chaco February 4, 1957

Anderson-Prichard Oil Co. 1740 Broadway Denver, Colorado

Att: Mr. Karl A. Bashara

Dear Mr. Bashara:

We note from your Well Record form that your #1 Harold Begay well, Unit L, Section 25-25N-11W has been completed as a gas well in the Gallup formation. This well is located 1980 feet from the South line and 660 feet from the West line of the Section. Therefore, under Rule 104 as amended by Order R-855 it is a nonstandard gas well location, although it was drilled as a standard oil well location.

It will, therefore, be necessary that you bring the matter of the non-standard location to hearing before approval for the production of gas can be given, as set out in Rule 104, Paragraph B. Sub-section 2. I would suggest that you make application to Mr. A. L. Porter to set a hearing date on this matter. If you wish an examiner hearing can be set in Aztec or Farmington or if you prefer it can be set for regular hearing in Santa Fe.

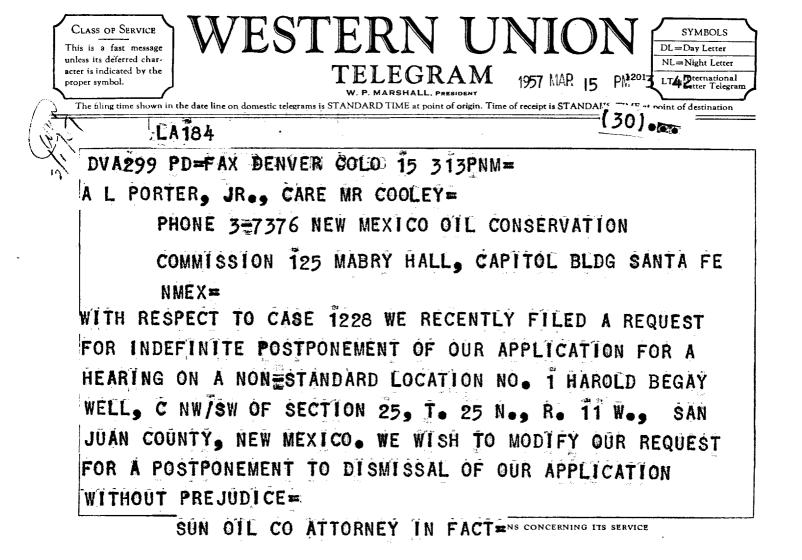
We are enclosing a copy of Order R-855. If we can be of assistance please advise.

Yours very truly

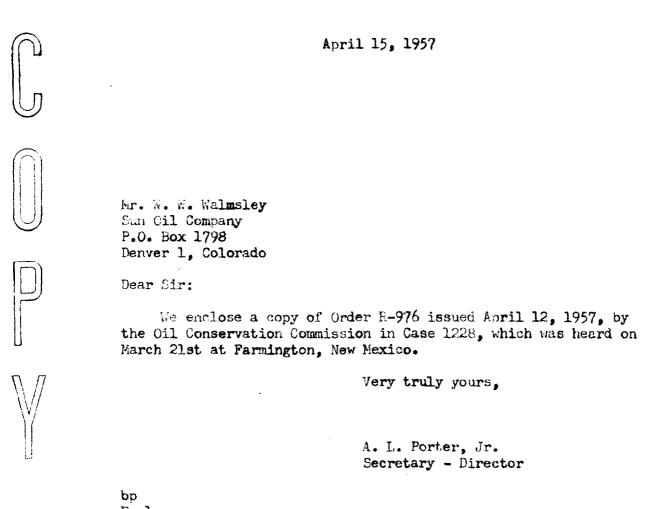
Emery C. Arnold Supervisor, District #3

ECA:ks

cc: Mr. A. L. Porter / OCC, Santa Fe, N.M.



DIL CONSERVATION COMMISSION P. O. BOX 871 SANTA FE, NEW MEXICO



Encl.