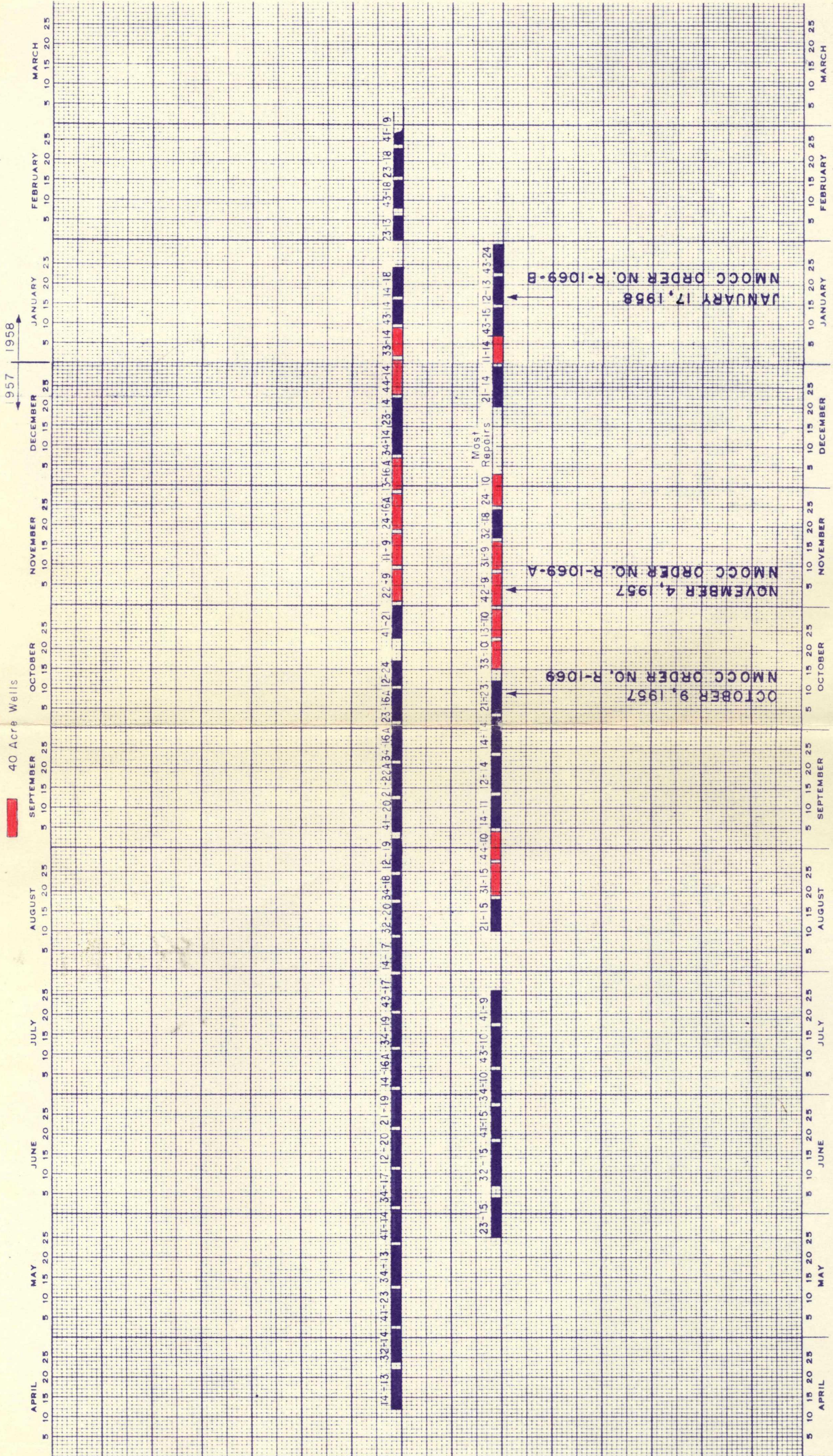


SHELL OIL COMPANY
 DRILLING DEVELOPMENT
 BISTI FIELD
 SAN JUAN COUNTY, NEW MEXICO

80 Acre Wells
 40 Acre Wells



FARMINGTON, NEW MEXICO
 FEBRUARY 26, 1958

Case 1308 Steel Recovery Exhibit #2



Shell Rehearing Exhibit 4-A

SHELL OIL COMPANY
108 North Behrend Avenue
Farmington, New Mexico

July 8, 1957

RECEIVED
JUL 15 1957
U. S. GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO

Re: Carson Unit Area
San Juan County, New Mexico
Plan of Development

United States Geological Survey
Post Office Box 6721
Roswell, New Mexico

Attention Mr. John A. Anderson

Gentlemen:

We submit for your consideration the following plan of development to cover the drilling of 53 Gallup sand wells on the Carson Unit, San Juan County, New Mexico (see map). This program should conclude the primary development of the Unit, but further drilling may be necessary depending on the information gained from drilling and producing these wells. At the present time sixteen wells have been drilled on the Unit for Gallup production, and one well is currently being drilled. A recapitulation of the development completed thus far follows:

<u>Well</u>	<u>Total Depth</u>	<u>Date Completed</u>	<u>Initial Production</u>	<u>Status</u>
Carson Unit 1	5983'	9-27-56	Flowed 806 B/D	Shut in
Carson Unit 2	5000'	3-6-57	Pumped 21 B/D	Pumping
Carson Unit 3	5004'		Awaiting pumping unit	
Carson Unit 4	5043'	11-15-56	Flowed 657 B/D	Shut in
Carson Unit 33-24	5030'	3-9-57	Flowed 470 B/D	Shut in
Carson Unit 43-13	5054'	2-23-57	Flowed 219 B/D	Shut in
Carson Unit 41-13	5050'		Awaiting pumping unit	
Carson Unit 23-17	5075'	3-14-57	Flowed 312 B/D	Shut in
Carson Unit 23-20	5075'		Awaiting pumping unit	
Carson Unit 34-13	5100'		Awaiting completion	
Carson Unit 14-13	5040'	5-12-57	Flowed 741 B/D	Shut in
Carson Unit 32-14	5073'		Awaiting completion	
Carson Unit 41-23	5072'		Awaiting completion	
Carson Unit 41-14	5090'		Awaiting completion	
Carson Unit 34-17	5032'		Awaiting completion	
Carson Unit 12-20	5065'		Awaiting completion	
Carson Unit 21-19				Drilling

A supplemental plan of development for the drilling of eight wells was submitted for approval on June 14, 1957. The plan of development we now submit is in addition to the eight well plan and will begin about the time of drilling of the third well of the plan.

Development

We expect to use two strings of tools drilling continuously on the Unit with a third string operating periodically in order to conclude this drilling program by early 1958 at which time the Four Corners Pipeline Company's crude line to the Pacific Coast should be nearing completion. The locations to be drilled by the three rigs and the tentative order in which they are expected to be drilled are shown on the attached drilling schedule.

We intend to develop areas of undefined sand development on 80 acres per well spacing while exploring for the commercial limits of the Unit. Forty acre spaced wells will be drilled on those portions of the field where the sand development is known and it is believed reasonable profits can be realized.

Field Facilities

The field facilities proposed for the Carson Unit basically will consist of (1) approximately six test stations strategically located throughout the Unit, (2) an oil gathering system, and (3) a central plant. The test stations will obtain individual well test information by the use of oil and gas meters and an oil sampler. Crude from the test stations will be transported to the central plant by means of the oil gathering system. The central plant will serve as a royalty metering point for all participating wells in the Unit and will contain surge tankage, automatic custody transfer equipment and dehydration facilities (if required). The non-participating wells in the Unit will be handled at the test stations along with the participating wells so that the test meter reading will constitute a royalty gauge for the non-participating wells.

Inasmuch as our field facilities proposal does not conform to New Mexico Oil Conservation Commission Rule 309, we have obtained a formal hearing for the purpose of requesting an exception to Rule 309. At this hearing, which will be held in Santa Fe on July 17, 1957, the proposed facilities will be explained in detail. We understand that your Mr. John Anderson will be present at the hearing, prior to which he will have received a formal description of the proposed field facilities. After the meeting we will request your written approval of the facilities plan provided the State of New Mexico and Mr. Anderson concur with the testimony presented at the meeting.

Your early approval of this plan of development is respectfully requested.

Approved October 15, 1957

Very truly yours,



John A. Anderson
Regional Oil and Gas Supervisor



R. R. Robison
Division Production Manager

Attachments

10

EDWIN L. MECHEM
CHAIRMAN

New Mexico

OIL CONSERVATION COMMISSION

4-B

LAND COMMISSIONER, MURRAY E. MORGAN
MEMBER

STATE GEOLOGIST, A. L. PORTER JR.
SECRETARY DIRECTOR



P. O. BOX 871
SANTA FE, NEW MEXICO

July 23, 1957

LAND JUL 25 1957 DEPT.			
RECEIVED	EXPENSED		
BY <i>[Signature]</i>	TO <i>[Signature]</i>	DATE	<i>7-25</i>
BY <i>[Signature]</i>	TO <i>NHA</i>	DATE	
BY	TO	DATE	
BY	TO	DATE	

Shell Oil Company
Deseret News Building
33 Richards Street
Salt Lake City 1, Utah

Attention: Mr. J. E. Mohr

Re: Carson Unit Area
San Juan County, New Mexico
Second and Third Supplemental
Plans of Development

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the Second and Third Supplemental Plans of Development for the Carson Unit Area, subject to like approval by the United States Geological Survey and by the Commissioner of Public Lands of the State of New Mexico.

One approved copy of each of the plans, dated June 14, 1957, and July 8, 1957, respectively, is being forwarded to the Supervisor, United States Geological Survey, Roswell, New Mexico.

Very truly yours,

A. L. PORTER, Jr.,
Secretary-Director

[Signature]
By: DANIEL S. NUTTER,
Petroleum Engineer

DSN/ir

cc: U. S. Geological Survey - Roswell, New Mexico
Commissioner of Public Lands, Santa Fe, New Mexico



SHELL OIL COMPANY

1901 Main Avenue
Durango, Colorado

August 19, 1957

Subject: Carson Area
Carson Unit Agreement #2576
San Juan County, New Mexico

United States Geological Survey
Post Office Box 6721
Roswell, New Mexico

Gentlemen:

Reference is had to the letter of July 10, 1957 from our Salt Lake City Division proposing a drilling program of 53 additional wells within the Carson Unit Area and to the enclosure attached thereto showing the proposed location of said wells. Reference here also to our letter of July 24, 1957 wherein we requested that you withhold action on the plan of development submitted with our letter of July 10, 1957.

Since dispatching the last referred to letter, we have continued to develop the unit according to the last approved plan of development (that of June 14, 1957 forwarded to you under our letter of July 8), but find that we must have an interim plan to continue development of the field. As you are probably aware, we are operating in the Bisti Area with two strings of tools. Thus, we feel it necessary to drill the following wells: Carson Units Nos. 14-11, 11-14, 12-14, 14-14, 24-14, 34-14, 21-23, 31-23 and 12-24 which are on wholly owned Shell land and outside the participating area or any proposed participating area.

As you know, the State of New Mexico Oil Conservation Commission and the Commissioner of Public Lands have approved the plan submitted with the letter of July 10 and we would appreciate your early approval of this interim plan.

3

We, as Unit Operator, will ask approval of a final plan for the primary development of the Carson Unit upon arriving at an agreement with the other working interest owners.

Very truly yours,



F. W. Nantker
Division Land Manager

cc - United States Geological Survey
Farmington, New Mexico

New Mexico Oil Conservation Commission
125 Mabry Hall, Capitol Building
Santa Fe, New Mexico

Mr. Murray Morgan
Commissioner of Public Lands
125 Mabry Hall, Capitol Building
Santa Fe, New Mexico

Phillips Petroleum Company
301 Korber Building
Albuquerque, New Mexico

Phillips Petroleum Company
Denver Club Building
Denver, Colorado


Phillips Petroleum Company
Bartlesville, Oklahoma

Skelly Oil Company
Post Office Box 1650
Tulsa, Oklahoma

Humble Oil & Refining Company
Box 2180
Houston, Texas

El Paso Natural Gas Company
Post Office Box 1492
El Paso, Texas

Approved August 23, 1957



John A. Anderson, Regional Oil and Gas Supervisor
U. S. Geological Survey

7 12



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P. O. Box 6721
Roswell, New Mexico

August 23, 1957

Shell Oil Company
1901 Main Avenue
Durango, Colorado

Gentlemen:

By a third supplemental plan of development dated July 8, 1957, for the Carson unit area, San Juan County, New Mexico, No. 14-04-001-3485, you proposed the drilling of 53 wells to the Gallup sand at locations plotted on an accompanying map. Said plan of development was approved by the Oil Conservation Commission and the Commissioner of Public Lands, State of New Mexico, on July 23, 1937. By letter of July 24, 1957, to this office, you requested that we defer action looking to approval of the plan pending your further negotiations with certain working interest owners in the Carson unit area.

Your interim plan of development dated August 19, 1957, for the Carson unit area, proposing the immediate drilling of nine wells included in the third supplemental plan of development, has been approved by this office on this date. In view of the hearing set for September 18 before the Oil Conservation Commission on the application of Sunray Mid-Continent Oil Company for 80-acre spacing for Gallup sand wells in the Bisti field, we suggest that if practicable you schedule the drilling of unit wells Nos. 11-14, 24-14, and 31-23 to be commenced after the other six wells in the program have been drilled.

One approved copy of the interim plan of development is enclosed.

Very truly yours,

John A. Anderson
JOHN A. ANDERSON
Regional Oil and Gas Supervisor

Jim
qntz

WCA

WCA
4/10/57

Mr. Stowell
Edy
make
sure
File
My. H. K.
for
copy
of the
letter
AK

4952
James A. ...
REPLY REFER TO
4-D



SHELL OIL COMPANY

1901 Main Avenue
Durango, Colorado

October 9, 1957

4-E

Subject: Carson Area
Carson Unit Agreement - No. 2576
San Juan County, New Mexico

U. S. Geological Survey
P. O. Box 6721
Roswell, New Mexico

Gentlemen:

We refer to our letter of August 19, 1957, wherein we requested approval of an interim Plan of Development of 9 wells based upon our 53 well program submitted to you under our letter of July 10, 1957, from Salt Lake City. As you know, this interim plan was approved by you on August 23, 1957. We have now reached the position where we have nearly completed drilling all wells authorized under approved plans of development. An interim plan is necessary while we are awaiting the decision of the New Mexico Oil Conservation Commission on the application of Sunray Mid-Continent Oil Company for 80-acre spacing for lower Gallup sand wells in the Bisti Field.

As a second interim plan we propose to drill the 80-acre location wells shown in the 53 well plan of July 10, 1957. These wells would be the center of the northeast quarter and the southwest quarter of each quarter section. We have not changed our position with regard to spacing, feeling that 40-acre wells are necessary for adequate development of the field, but to maintain continuous operations, it is necessary that a temporary plan be approved.

The other working interest owners in the Carson Unit, Skelly, El Paso, Humble, and Phillips, have heretofore approved the drilling of these 80-acre locations and we attach copies of telegrams from them to this effect. The New Mexico Oil Conservation Commission and the Commissioner of Public Lands have already approved the 53 well program.

Your early approval of this interim plan would be appreciated.

Very truly yours,

F. W. Nantker
Division Land Manager

STATE LAND OFFICE

Santa Fe, New Mexico



July 23, 1957

4-B

LAND JUL 26 1957 DEPT.	
RECEIVED	FILED
JUL 26 1957	
BY <i>[Signature]</i> TO <i>[Signature]</i> DATE <i>[Signature]</i>	

MURRAY E. MORGAN
COMMISSIONER OF PUBLIC LANDS

In reply refer to:
Unit Division

LAND FILES ONLY

Shell Oil Co.
Desert News Building
33 Richards Street
Salt Lake City 1, Utah

Re: Carson Unit Area
Plan of Development

Attention: Mr. J. E. Mohr

Gentlemen:

This is to advise you that the Commissioner of Public Lands has this date approved your Plan of Development for the Carson Unit Area dated July 8, 1957. This approval is subject to like approval by the United States Geological Survey and the New Mexico Oil Conservation Commission.

One approved copy of this plan is being forwarded to the Supervisor of the United States Geological Survey, Roswell, New Mexico.

Very truly yours,

MURRAY E. MORGAN
Commissioner of Public Lands

Ted Bilberry

By: Ted Bilberry, Supervisor
Oil and Gas Department

MEM:MMR/m

cc: USGS-Roswell (enclosure)
OCC-Santa Fe



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P. O. Box 6721
Roswell, New Mexico

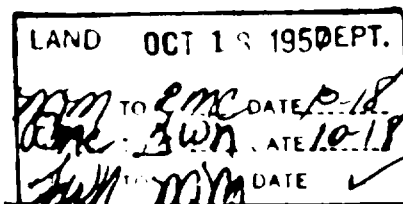
IN REPLY REFER TO:

4-F

October 15, 1957

Shell Oil Company
1901 Main Avenue
Durango, Colorado

Attention: Mr. F. W. Nantker
Division Land Manager



Gentlemen:

The 1957 third supplemental plan of development, dated July 8, 1957, for the Carson unit area, San Juan County, New Mexico, No. 14-08-001-3485, proposes the drilling of 53 wells to the Gallup sandstone at locations indicated on an accompanying map. This plan of development was approved by the appropriate officials of the State of New Mexico on July 23 and 24, 1957. Your letter of July 24, 1957, requested that consideration of the plan be deferred because of the lack of unanimity among the working interest owners of the Carson Unit. Apparently, the objections to 40-acre spacing have now been resolved and you request our further consideration of the plan.

The first interim plan of development for the Carson Unit, dated August 19, 1957, covering the drilling of nine wells included in the third supplemental plan of development, was approved by this office on August 23, 1957.

The third supplemental plan of development for the Carson Unit has been approved today. Four copies of the approved plan are enclosed.

Very truly yours,


JOHN A. ANDERSON

Regional Oil and Gas Supervisor

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P. O. Box 6721
Socorro, New Mexico

NOV 1 1957

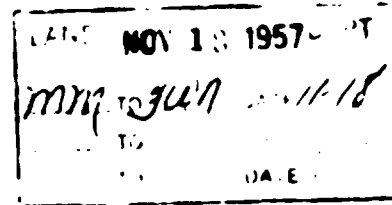
54

November 13, 1957

Phillips Petroleum Company
Bartlesville, Oklahoma

Attention: Mr. L. E. Fitzjarrald

Gentlemen:



Your letter of November 4 regarding the Third Supplemental Plan of Development for the Carson unit area, San Juan County, New Mexico, requests that we withdraw our approval of said plan pending final action by the New Mexico Oil Conservation Commission on an application for 80-acre spacing in the Bisti Field which has been set for rehearing on December 18, 1957.

In its Order No. R-1069-A setting the application for 80-acre spacing in the Bisti Field for rehearing on December 18, the Oil Conservation Commission prescribed that Order No. R-1069 in which the finding was made that the Bisti Lower Gallup Oil Pool should be developed on a uniform 40-acre spacing pattern shall remain in full force and effect until further order from the Commission.

This office does not believe that justification exists for withdrawing its approval of the Third Supplemental Plan of Development filed by Shell Oil Company, unit operator, and accordingly is unable to comply with your request.

Very truly yours,

(Orig. Snd.) JOHN A. ANDERSON

JOHN A. ANDERSON
Regional Oil and Gas Supervisor

Copy to: Shell Oil Company
1901 Main Avenue
Durango, Colorado

ENCLOSURE 2

8B 1

PHILLIPS PETROLEUM COMPANY

BARTLESVILLE, OKLAHOMA

November 1, 1957

In re: Carson Unit Area - Third Supplemental Plan of Development

Mr. John A. Anderson, Regional Supervisor
United States Geological Survey
P. O. Box 6721
Roswell, New Mexico

ENCLOSURE 1

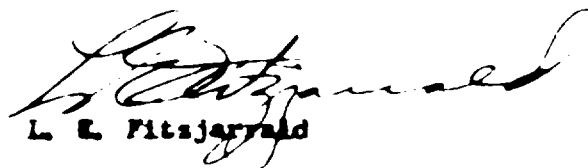
Dear Sir:

Reference is made to your letter of October 15, 1957 to Mr. F. W. Mantker of Shell Oil Company in the above matter. It appears from your letter that you had been informed that the objections to 40 acre spacing expressed by Phillips Petroleum Company and other non-operating interests in the Carson Unit had been resolved by agreement among the operators or perforce by the action of the New Mexico Oil Conservation Commission in denying an application for 80 acre spacing by their Order No. E-1069.

We wish to inform you that Phillips Petroleum Company still holds the conviction that 80 acre spacing is the proper spacing for the Bisti Pool and the Carson Unit and has not agreed to 40 acre spacing. Further, this office has been advised that the New Mexico Oil Conservation Commission, in consideration of applications for rehearing in Case No. 1308 filed by several operators in the Bisti Pool, will issue an order rescinding their Order No. E-1069 pending a rehearing in the matter.

In view of the continuing lack of resolution to the spacing problem in the Carson Unit Area, it is respectfully requested that you withdraw your approval of the Third Supplemental Plan of Development for the subject Unit pending final action on field rules by the New Mexico Oil Conservation Commission.

Yours very truly,


L. E. Fitzjarrald

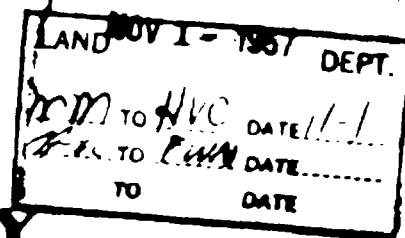
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cc: Shell Oil Company
Durango, Colorado

El Paso Natural Gas Company
El Paso, Texas

Humble Oil & Refining Company
Houston, Texas

Stally Oil Company
Tulsa, Oklahoma



SKELLY OIL COMPANY

TULSA 2, OKLAHOMA

PRODUCTION DEPARTMENT
C. L. BLACKSHER, MANAGER

October 31, 1957

Subject: Carson Area
Carson Unit Agreement
Third Supplemental Plan
of Development

Shell Oil Company
1901 Main Avenue
Durango, Colorado

Attention: Mr. F. W. Manthor

Gentlemen:

We are in receipt of your letter of October 22, 1957, to which letter was attached a copy of the approved plan of July 8 and Mr. Anderson's letter of transmittal relating to approval of development in the Carson Unit.

As indicated in your letter of October 22, your original development plan of wells on 40 acre spacing was deferred until after the New Mexico Oil Conservation Commission had acted and in the interim in order for you to continue operations you developed the unit on an 80 acre basis. Upon the issuance of Order No. R-1069 in Case No. 1308, the New Mexico Commission announced their decision and you sought approval of the original plan of development from the USGS and secured their approval based as was indicated in their letter of October 15, "apparently the objections to 40 acre spacing have now been resolved".

This is to advise that as of this morning we have received the following telegram from Mr. A. L. Porter, Jr., Secretary Director of the New Mexico Oil Conservation Commission: "Commission has decided to grant rehearing. Order will follow". This means that Order No. 1069 in Case No. 1308 has been held up due to the granting of a rehearing by the Oil Conservation Commission and the basis of the approval by USGS on the assumption that the 40 acre spacing objections has been resolved is no longer true and we respectfully request that you continue operations on the interim plan of 80 acres until such time as the New Mexico Oil Conservation Commission has issued a final order.

ENCLOSURE 3

ILLEGIBLE

Shell Oil Company

-2-

October 31, 1957

You can well appreciate our desire to avoid hasty action in that should the Carson Unit be developed on 40-acres and should the New Mexico Oil Conservation Commission issue an 80-acre order the wells therein would each secure a half well allowable and we therefore feel that it behooves all of the interested parties in the unit to await the final outcome of the New Mexico Oil Conservation Commission.

We would therefore desire to have your views in this matter so that there can be no misunderstanding in the operation of the unit.

Yours very truly,

George W. Selinger
George W. Selinger

GW:ds

cc: El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas

Humble Oil & Refining Company
Box 2180
Houston, Texas

Phillips Petroleum Company
Bartlesville, Oklahoma

United States Department of Interior
Geological Survey
P. O. Box 6721
Reswell, New Mexico
Attention: Mr. John A. Anderson

ILLEGIBLE

ENCLOSURE 3



SHELL OIL COMPANY

1901 Main Avenue
Durango, Colorado

October 22, 1957

Subject: Carson Area #2574
Carson Unit Agreement
Third Supplemental Plan
of Development

File
40

Humble Oil and Refining Company
P. O. Box 1600
Midland, Texas

Gentlemen:

As you know, by Order No. R-1069, the New Mexico Oil Conservation Commission determined that the Lower Gallup Pool of the Bisti Field should be developed on the basis of 40-acre spacing. You will recall that by transmittal letter dated July 10, 1957, we forwarded our Third Supplemental Plan of Development, dated July 8, 1957, to the U. S. Geological Survey in Roswell with copies to the State of New Mexico Land Commissioner and the New Mexico Oil Conservation Commission for their approval, with the request that they notify the Geological Survey of their approval. We furnished you copies of our letter of July 10, 1957 from our Salt Lake City Division office with its enclosures, including a letter from our Farmington, New Mexico office dated July 8, 1957.

While awaiting a determination of the spacing request, we, by letter dated July 24, 1957, requested that consideration of this plan be deferred until after the New Mexico Oil Conservation Commission had acted. Meanwhile, it was necessary for us to file two interim plans, that of August 19, 1957, and that of October 9, 1957, so that we could continue operations. The first interim plan was approved on August 23, 1957, but before the U. S. Geological Survey had an opportunity to act on the second interim plan, the New Mexico Oil Conservation Commission had announced their decision in Case No. 1308, Order No. R-1069. Consequently, we requested approval of the overall plan for the final development of the Carson Unit and we now enclose a copy of the approved plan of July 8 and Mr. Anderson's letter of transmittal. You have previously been furnished a copy of

Humble Oil and Refining Company

2

all correspondence and the enclosures relating to this approval, so we are only reproducing the letter evidencing the approval of the U. S. Geological Survey.

If you desire any further information, please do not hesitate to contact us.

Very truly yours,

SHELL OIL COMPANY

Original Signed by
F. W. Nantker
F. W. Nantker
Division Land Manager

FWR:ALL

Enclosures

1cc - Los Angeles - Area Land ← THIS COPY FOR
Los Angeles - Area Production
Farmington Division - Production
R. L. Freeman - Farmington Land



SHELL OIL COMPANY

SHELL BUILDING
1008 WEST SIXTH STREET
LOS ANGELES 54, CALIFORNIA

TELEPHONE MADISON 5-7341

July 24, 1957

Subject: Carson Area
Carson Unit Agreement
No. 2576

United States Geological Survey
P. O. Box 6721
Roswell, New Mexico

Attention Mr. John A. Anderson

Gentlemen:

Reference is made to our July 10, 1957 letter to you submitting for your consideration our fifty-three well Plan of Development dated July 8, 1957 for the Carson Unit Area, San Juan County, New Mexico. Since our submission of this Plan we have received Phillips Petroleum Company's July 19 letter, a copy of which was directed to you, objecting to our proposed forty acre well spacing. In addition, we understand that Skelly Oil Company has also objected to such spacing.

In view of the present lack of unanimity among the owners of the working interests in participating acreage, we request that you withhold action on our July 8 Plan of Development. As soon as possible, after having consulted the working interest owners, we shall reopen this matter with you. We trust that since the present Plan of Development has not expired that this will be satisfactory.

Yours very truly,

For: M. B. Shampine, Jr.
Manager, Production Department

SCP:FL

cc - Humble Oil Company
Shell Oil Company
El Paso Natural Gas Company
Phillips Petroleum Company

bcc - Area Production -
Area Legal
Salt Lake City Division - Legal
Farmington Division - Production

ILLEGIBLE

SF



SHELL OIL COMPANY

DESERET NEWS BUILDING

33 RICHARDS STREET

SALT LAKE CITY, UTAH

DA-12-0471

TELEPHONE 22-0471

July 10, 1957

Subject: Carson Area
Carson Unit Agreement
No. 2576

Humble Oil Company
Box 2180
Houston, Texas

Skelly Oil Company
Post Office Box 1650
Tulsa, Oklahoma

El Paso Natural Gas Company
Post Office Box 1492
El Paso, Texas

Phillips Petroleum Company
Bartlesville, Oklahoma

Gentlemen:

We enclose herewith, for your consideration and comment, the Third Supplemental Plan of Development for the Carson Unit. The enclosed Plan, which provides for the drilling of an additional fifty-three wells in the Unit Area, will complete the primary phase of development for the field. This Plan is being submitted concurrently herewith to the United States Geological Survey and to the appropriate agencies of the State of New Mexico for their approval. Earlier in the year we submitted to you a forty-four well program which was never consummated because of certain differences of opinion and because plans to build the Four Corners Pipe Line had not been finalized at that time. The forty-four well program has now been expanded to include the enclosed fifty-three well plan.

As you know, the Initial Plan of Development, together with the First and Second Supplemental Plans, provided for the drilling of twenty-five wells. Seventeen of these wells have been or are presently being completed and the remaining eight wells are to be drilled at an early date.

While additional Plans may be necessary, if the proposed development, when completed, shows further outstepping to be desirable, nevertheless we feel that proper economic planning, and, thus, full economy of operation, requires that we set up a program that will carry us through the primary phase of development. You will note that the enclosed Plan does not provide for drilling on or in close proximity to El Paso or Humble acreage; however, if such drilling is desired by any parties, supplemental plans can be included from time to time.

Our present plans call for a third string of tools and we have enclosed herewith a drilling schedule for the fifty-three well program. Also attached to the Plan of Development is a map showing the proposed well locations.


A typical worksheet for a Carson Unit well is enclosed for your information. The cost estimate for drilling and completing a typical Carson Unit well, including the well's share of field facilities, is \$54,000. This figure is broken down as follows:

Drill and complete	\$41,000
Share of lease facilities	\$ 3,000
Pumping and production facilities	\$10,000
Total	<u>\$54,000</u>

The wells will be equipped with a cemented, selectively perforated casing string. Included in the drilling and completion cost is a single fracture treatment of the Gallup sands. The lease facilities cost is contingent on the New Mexico Conservation Commission's approval of the Plan to be submitted at the July 17, 1957 hearing.

If you have any questions in connection with the enclosed Third Supplemental Plan of Development please so advise.

Yours very truly,


J. E. Mohr
Division Land Manager

Enclosures

cc - Phillips Petroleum Company
301 Korber Building
Albuquerque, New Mexico (with enclosure)

Phillips Petroleum Company
Denver Club Building
Denver, Colorado (with enclosure)

bcc ✓ Los Angeles - Area Land (w/Encl)
Farmington Division (w/2 Encl)
Colorado Plateau District -
Land (w/Encl)



SHELL OIL COMPANY

DESERT NEWS BUILDING
63 RICHARDS STREET
SALT LAKE CITY, UTAH

July 10, 1957

Subject: Carson Area
Carson Unit Agreement #2576
San Juan County, New Mexico

MAC	MWS	MAG	KH
MAC	JUL 15 1967		DAV
JRM	LAND		DAV
	11 A.M.		

United States Geological Survey
Post Office Box 6721
Roswell, New Mexico

Attention Mr. John A. Anderson, Supervisor

Gentlemen:

As we have verbally advised you, we plan to drill fifty-three additional wells within the Carson Unit area and enclose seven copies of Third Supplemental Plan of Development for 1957 for your approval. By carbon copy of this letter we are submitting two copies of this Supplemental Plan to the New Mexico Oil Conservation Commission and two copies to the Commissioner of Public Lands of the State of New Mexico for their approval. We will request the respective State agencies to send an approved copy of the Plan to you.

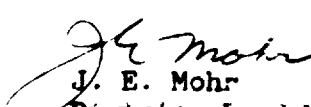
We submitted the Initial Plan of Development for the Carson Unit Area and the Initial Participating Area for the Carson Unit in nine copies to the New Mexico Oil Conservation Commission by letter dated April 8, 1957, requesting that they and the Commissioner of Public Lands approve the Initial Plan and Participating Area and send seven copies to you with their approval. Since then you have advised us that you wish to have these plans submitted to the New Mexico Oil Conservation Commission, to the Commissioner of Public Lands and to yourself concurrently. On April 19, 1957 we submitted the First Supplemental Plan of Development providing for eight additional wells and on July 8, 1957 our Salt Lake City Division office submitted the Second Supplemental Plan of Development which also provides for eight additional wells.

Concurrently, in this connection, we are submitting copies of this Third Supplemental Plan of Development to Phillips, Skelly, El Paso and Humble requesting their concurrence in the Plan. We have heretofore discussed this

matter with these companies and since the so-called Bisti pay has not as yet approached the El Paso and Humble land within the unit, they have indicated that as long as we remain within the present confines of the field they will go along with Shell and Shell's Plan of Development. Phillips and Skelly have acreage within the initial and expanded participating areas and accordingly we have discussed this matter at length with them. Skelly has advised that they are quite agreeable to this program and only Phillips had some reservations regarding our Plan of Development. Phillips has, however, in later conversations, indicated to our Mr. MacAlister that they will go along with this final Plan of Development of the initial phase of development of the Carson Unit field.

If you have any questions regarding these papers do not hesitate to contact any of our people and we will be pleased to discuss this matter with you either by telephone or in person.

Yours very truly,


J. E. Mohr
Division Land Manager

Enclosures

cc - United States Geological Survey
Farmington, New Mexico

New Mexico Oil Conservation Commission
125 Mabry Hall, Capitol Building
Santa Fe, New Mexico
(with enclosures)

Mr. Murray Morgan
Commissioner of Public Lands
125 Mabry Hall, Capitol Building
Santa Fe, New Mexico
(with enclosures)

Phillips Petroleum Company
301 Korber Building
Albuquerque, New Mexico

Phillips Petroleum Company
Denver Club Building
Denver, Colorado

Phillips Petroleum Company
Bartlesville, Oklahoma

Skelly Oil Company
Post Office Box 1650
Tulsa, Oklahoma

Humble Oil & Refining Company
Box 2180
Houston, Texas

El Paso Natural Gas Company
Post Office Box 1492
El Paso, Texas