

CC- To Charles C. Loveless,
Roswell, New Mexico.

CHARLES C. LOVELESS, JR.
SUITE 727 PETROLEUM BUILDING
ROSWELL, NEW MEXICO

REG. PETROLEUM ENGINEER
TEXAS
NEW MEXICO

2036
TELEPHONE
OFFICE MAIN 2-1958
HOME MAIN 2-7313

July 15, 1960

REGISTERED

Mr. W. H. Swearingen
P. O. Box 93
Santa Fe, New Mexico

Re: Atoka Pennsylvanian Gas Pool - Your
40-acre tract being SE $\frac{1}{4}$ NW $\frac{1}{4}$ Section 21,
Township 18 South, Range 26 East, Ed-
dy County, New Mexico - Formation of
a standard gas unit to comprise N $\frac{1}{2}$
Section 21. My letters to you this
Subject dated June 28, 1960 and June
30, 1960

Dear Mr. Swearingen:

On June 28, 1960 I wrote you a letter enclosing a copy
of a letter agreement executed by the Cannon heirs covering their
160 acres in the subject gas unit. My letter, pursuant to our
earlier conversation, offered you an identical deal on your sub-
ject 40 acres which would be included in the same unit.

On June 29, 1960 you telephoned me to report receipt
of the first letter and to express interest. At that time you
requested I consider letting you participate in twenty-five
percent of the working interest I and my associates would have
in the gas unit. I told you I would discuss this with the oth-
ers and let you know at an early date whether this would be pos-
sible.

On June 30, 1960 I wrote you and explained that due to
the large royalties payable on the leased and farmed out acreage,
and since the Yates group, owning one-fourth of the working inter-
est in the proposed gas unit had elected to join the unit as
a working interest owner, my group felt we could not reduce our
participation and maintain a reasonable economic position in the
venture.

Enclosed in my letter of June 30th were alternative
proposals to you in the form of two letter agreements. One of
these offered to lease your tract on the basis offered the Can-
non heirs. The other letter simply requested you join the unit
as a working interest owner and share your prorata share of the
cost of the unit well.

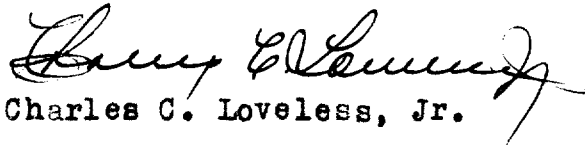
W. H. Swearingen
July 15, 1960
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Having received no word from you, I called you on July 7th to learn whether you had reached a decision in the matter. You reported having received the letters but had not made up your mind. You did indicate that my offer to lease from you on the basis of a reserved 45 percent royalty did not appear attractive but that you would go to Roswell on Monday, July 11, 1960 to further discuss with me the proposals contained in the letters.

At this point in our telephone conversation I told you I had filed a request with the New Mexico Oil Conservation Commission to include on their Examiner hearing docket of July 27, 1960 my petition for an order granting me a 280-acre non-standard gas unit covering all the N $\frac{1}{2}$ Section 21 except your 40-acre tract and to grant a non-standard location 2970 feet from the west line and 1650 feet from the north line of the Section. I further told you this was not done to force your decision; that the sole purpose for my action was to assure I would be able to schedule a commencement of the well at an early date in the event you finally decided to withdraw from participation.

This letter is to advise you that unless I do hear from you prior to July 20, 1960 that you do wish to participate I shall assume you have no further interest and I will proceed with preparation for the hearing on July 27, 1960.

Yours very truly,


Charles C. Loveless, Jr.

cc:
New Mexico Oil Conservation Commission
S. P. Yates
J. P. Cannon
File

CHARLES C. LOVELESS, JR.

SUITE 727 PETROLEUM BUILDING
ROSWELL, NEW MEXICO

REG. PETROLEUM ENGINEER
TEXAS
NEW MEXICO

July 1, 1960

TELEPHONE
OFFICE MAIN 2-1958
HOME MAIN 2-7313

New Mexico Oil
Conservation Commission
Mr. E. A. Utz
107 Mabry Hall
Capitol Building
Santa Fe, New Mexico

Re: Atoka-Pennsylvanian Gas Pool - Non-standard Unit
and Unorthodox Location - Eddy County, New Mexico.

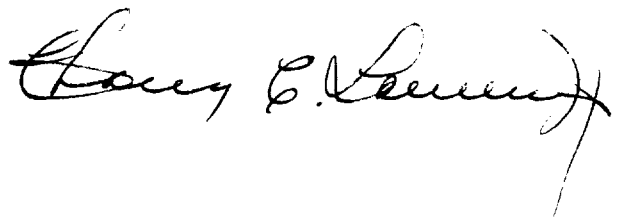
Dear Mr. Utz:

This is an application for a 280-acre non-standard proration unit to comprise all of the N/2 of Section 21, Township 18 South, Range 26 East, Eddy County, New Mexico, except the SE/4 NW/4 - being 40-acres- owned by Mr. W. H. Swearingen of Santa Fe, New Mexico.

Also, I wish to apply for an unorthodox location for the drilling of the unit development well 1650 feet from the North line and 2310 feet from the East line of Section 21. The well will be designated Ross Brunner No. 1 Dayton Township.

If you will please include this on the docket of the earliest examiners hearing, which I understand will occur on July 27-28, 1960, I will appreciate it.

Very truly yours,



CCL/bh