

**OIL CONSERVATION COMMISSION**

**P. O. BOX 2088**

**SANTA FE, NEW MEXICO 87501**

**March 5, 1968**

**Ryder Scott Management Company  
922 Eighth Street  
Wichita Falls, Texas 76301**

**Attention: Mr. John W. Moffet**

**Re: Case No. 3678  
Order No. R-3341**

**Gentlemen:**

**This is to acknowledge receipt of the executed copies of the agreement entered into by all parties owning interest in certain leases in Section 20, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico, which are included in your Artesia Nichols Waterflood Project.**

**Pursuant to the provisions of Order No. R-3341, dated November 9, 1967, that portion of the expanded waterflood project comprising the SW/4 NW/4, E/2 NW/4, W/2 NE/4, NE/4 NE/4 and the NW/4 SE/4 of Section 20, Township 18 South, Range 28 East is hereby designated an area wherein transfer of allowables between leases is permitted, provided however, that said allowables shall be assigned in accordance with the provisions of Rule 701 of the Commission Rules and Regulations. That portion of the waterflood project comprising the SE/4 NE/4 of Section 20 and the W/2 NW/4 of Section 21 shall continue to be designated a waterflood buffer zone wherein wells may be produced at maximum capacity. As noted in our previous letter regarding this waterflood project, the pruned portion of the flood will have a maximum allowable of 336 barrels of oil per day when Southeast normal unit allowables are 42 barrels or less.**

**Very truly yours,**

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

**ALP/DSH/esr**

**cc: Oil Conservation Commission - Artesia**

RYDER SCOTT MANAGEMENT COMPANY

922 EIGHTH STREET

PHONE (817) 723-5313

WICHITA FALLS, TEXAS 76301

February 9, 1968

File 3678  
Case of  
W/ copy of  
our present  
letter

Mr. Dan S. Nutter  
Chief Engineer  
New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Case #3678  
Order # R-3341

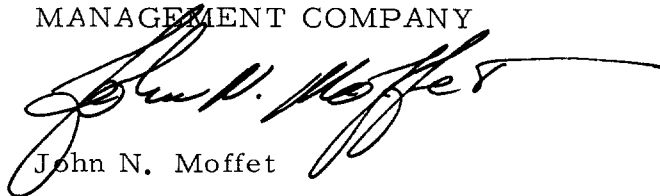
Dear Mr. Nutter:

As per the above order please find attached originals of Agreement for Transfer of Allowables under subject order from all Working Interest and Royalty Interest owners.

I believe this is what the order calls for and should allow us allowable transfers between wells.

Yours very truly,

RYDER SCOTT  
MANAGEMENT COMPANY

  
John N. Moffet

JNM:jsh

Attch.

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AGREEMENT AUTHORIZING  
TRANSFER OF ALLOWABLES

THIS AGREEMENT, made and entered into by and between the parties subscribing hereto, such parties being herein-after referred to as "Parties Hereto,"

W I T N E S S E T H:

WHEREAS, the Oil Conservation Commission of the State of New Mexico, by its Order No. R-3341, entered in Case No. 3678 on November 9, 1967, (the "Order"), authorized the expansion of Ryder Scott Management Company's Artesia Nichols Waterflood Project, Eddy County, New Mexico, by the injection of water through five wells located in Sections 20 and 21, Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico; and

WHEREAS, the Parties Hereto are all of the owners of royalty, overriding royalty, production payment and working interests in the five leases included within the project area and covering the following lands in Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, to-wit:

- Lease #1 - Ryder Scott Management Company Humble A  
Lease embracing NE/4 NE/4 Section 20;
- Lease #2 - Ryder Scott Management Company Vandeventer  
Lease embracing NW/4 NE/4 Section 20;
- Lease #3 - Ryder Scott Management Company Rotary  
State Lease embracing SW/4 NE/4, NW/4 SE/4  
Section 20;
- Lease #4 - Ryder Scott Management Company Amerada  
State Lease E-1313, embracing NE/4 NW/4  
Section 20;
- Lease #5 - Ryder Scott Management Company Western-  
Yates State Lease 647, embracing S/2 NW/4  
Section 20,

and this agreement shall only include the Grayburg and San Andres formations underlying the above described lands under the terms of said oil and gas leases, which said formations underlying said lands and such additional lands as may be authorized as an expansion of the Artesia Nichols Waterflood Project by the applicable regulatory authority will herein-after be referred to as the "Project Area"; and

WHEREAS, the Parties Hereto recognize that the creation or attempted creation of an artificial water drive by the injection of water into the producing intervals of the

Grayburg and San Andres formations through the water input wells provided for in the Order is a reasonable and prudent producing and engineering practice and the Parties Hereto desire to provide for the transfer of allowables within the Project Area.

NOW, THEREFORE, in consideration of the mutual covenants and agreements to be kept and performed by the Parties Hereto, it is agreed as follows:

1. This agreement shall become effective on February 9, 1968, or on such earlier date on which all of the interest owners have executed a counterpart hereof, and this agreement shall remain in force and effect for so long as water is being injected through input wells in the Project Area.

2. In compliance with the Order the Parties Hereto authorize the working interest owners to transfer allowables from any well to any other well within the Project Area.

3. The working interest owners shall separately measure the production of oil and gas from the Project Area and shall continue to account for the production of oil and gas to all interest owners on a lease by lease basis. Subject to the provisions of the Order, the working interest owners shall produce at capacity each producing well within the Project Area and nothing herein shall be construed to permit the working interest owners to voluntarily reduce the production of oil or gas from any producing well within the Project Area.

4. This agreement shall be binding upon each signatory party hereto and may be executed in any number of counterparts with each such counterpart so executed to have the same force and effect as an original instrument and as if all of the parties to the aggregate counterparts had signed the same document.

IN WITNESS WHEREOF, the Parties Hereto have executed this agreement in multiple originals as of the date provided for in paragraph No. 1 hereof.

Water Flood Associates, Inc.

By: M.W. Staples, Pres.

SCOTT MANAGEMENT CO.

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*Martha Hester*

Martha Hester, individually and as  
Independent Executrix of the Estate  
of T. A. Hester, Deceased

NOT MANAGEMENT CO.

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WHEREAS, the Parties Hereto are all of the owners of royalty, overriding royalty, production payment and working interests in the five leases included within the project area and covering the following lands in Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, to-wit:

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Shenann T. Peterson

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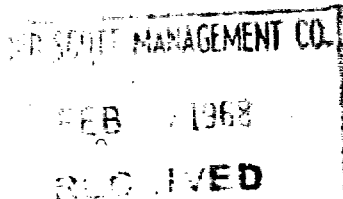
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HUMBLE OIL & REFINING COMPANY

  
Attorney-in-Fact



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GW Hutchins

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*Rhonda Mae Christensen*

*Charles D. Christensen*

OFFICE 000  
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*W. H. Sagsdale*

*Dec 22-1967*



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Lana Lunt

RYDER-SCOTT MANAGEMENT

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WHEREAS, the Parties Hereto recognize that the creation or attempted creation of an artificial water drive by the injection of water into the producing intervals of the

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IN WITNESS WHEREOF, the Parties Hereto have executed this agreement in multiple originals as of the date provided for in paragraph No. 1 hereof.

M. A. Waters  
903 Monmouth  
Astoria, N. M.

SCOTT MANAGEMENT CO.

JAN 11 1968

RECEIVED

'68 FEB 12 AM 8 26

AGREEMENT AUTHORIZING  
TRANSFER OF ALLOWABLES

THIS AGREEMENT, made and entered into by and between the parties subscribing hereto, such parties being hereinafter referred to as "Parties Hereto,"

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Tr. W. Staples

MANAGEMENT CO.

51968

RECEIVED

AGREEMENT AUTHORIZING  
TRANSFER OF ALLOWABLES

MAIN OFFICE 0.3  
'68 FEB 12 AM 8 26

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MAIN OFFICE

'60 FEB 12 AM 8 27

AGREEMENT AUTHORIZING  
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Attest:

  
Asst. Secretary

R. H. SIEGFRIED, INC.

BY:   
Charles M. Christensen, Vice-Pres.

Witness:

  
  
Robert M. Siegfried, Trustee

'68 FEB 12 AM 8 27

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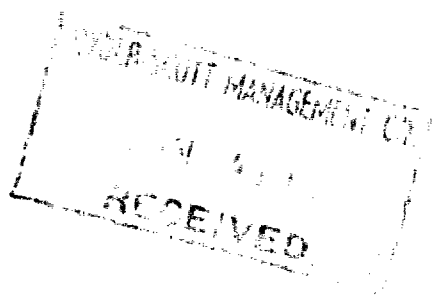
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Benjamin J. DeLoach

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GOVERNOR  
DAVID F. CARGO  
CHAIRMAN

State of New Mexico  
**Oil Conservation Commission**



LAND COMMISSIONER  
GUYTON B. HAYS  
MEMBER

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

P. O. BOX 2088  
SANTA FE

November 14, 1967

Mr. A. J. Losee  
Attorney at Law  
Post Office Box 239  
Artesia, New Mexico 88210

Dear Sir:

Reference is made to Commission Order No. R-3341, recently entered in Case No. 3678, approving the expansion of Ryder Scott Management Company's Artesia Nichols Waterflood Project.

Injection is to be through the five newly authorized water injection wells as follows:

Rotary No. 7, Rotary No. 8, and Vandeventer No. 2 (new injection wells):

Injection into Metex, Premier, and Lovington zones through tubing under a packer set between the Loco Hills zone and the Metex zone. 4½ inch casing to be set through the Lovington zone and cemented with sufficient cement to come back to at least 100 feet above the uppermost perforation in the Loco Hills zone. Injection into the Loco Hills zone shall be through the casing-tubing annulus.

Collier No. 1 (old well converted):

Injection into the Metex, Premier, and Lovington zones shall be through tubing under a packer set between the Loco Hills zone and the Metex zone. Injection into the Loco Hills zone shall be through the casing-tubing annulus.

-2-

Mr. A. J. Losee  
Artesia, New Mexico  
November 14, 1967

Merchon No. 2 (old well converted):

Initial injection shall be down the casing into the Loco Hills, Metex, and Premier zones. A liner and tubing and packer or tubing and formation packer may be run later if performance requires selective injection between the Loco Hills zone and the Metex and Premier zones.

Casing in the latter two wells, Collier No. 1 and Merchon No. 2, shall be pressure-tested prior to placing the wells on injection. The casing must satisfactorily hold a 3000 psi test pressure for 30 minutes. Operator shall notify the Artesia district office of the Commission of the date and hour said pressure tests are to be conducted.

As to allowable, this project shall continue to receive capacity allowables for the wells in the designated waterflood buffer zone which comprises the SE/4 NE/4 of Section 20 and the W/2 NW/4 of Section 21, Township 18 South, Range 28 East. In addition, the wells in the remainder of the project area shall be permitted to produce at capacity until February 9, 1968, at which time each individual lease will be considered a project area of its own subject to regular assignment of waterflood allowable earned on that lease only, unless by that date the Commission's Santa Fe office has received evidence of unitization or consolidation of said leases or evidence of agreement by all parties owning working interests, over-riding royalty interests, and royalty interests to the treatment of the area as unitized with the privilege of transfer of allowables across the lease lines. In the event of such unitization, consolidation, or agreement, the project area (exclusive of the above-described buffer zone) shall comprise the NE/4 NE/4, W/2 NE/4, E/2 NW/4, SW/4 NW/4, and NW/4 SE/4 of Section 20, Township 18 South, Range 28 East, and when all of the authorized injection wells have been placed on active injection, the maximum allowable which the project area will be eligible to receive under the provisions of Rule 701-E-3 is 336 barrels per day when the Southeast New Mexico normal unit allowable is 42 barrels per day or less.

-3-

Mr. A. J. Losee  
Artesia, New Mexico  
November 14, 1967

Please report any error in this calculated maximum allowable immediately, both to the Santa Fe office of the Commission and the appropriate district proration office.

In order that the allowable assigned to the project may be kept current, and in order that the operator may fully benefit from the allowable provisions of Rule 701, it behooves him to promptly notify both of the aforementioned Commission offices by letter of any change in the status of wells in the project area, i.e., when active injection commences, when additional injection or producing wells are drilled, when additional wells are acquired through purchase or unitization, when wells have received a response to water injection, etc.

Your cooperation in keeping the Commission so informed as to the status of the project and the wells therein will be appreciated.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/DSN/ir

cc: Oil Conservation Commission - Hobbs and Artesia, N. Mex.

Mr. Frank Irby, State Engineer Office, Santa Fe, New Mexico

GOVERNOR  
DAVID F. CARGO  
CHAIRMAN

State of New Mexico  
**Oil Conservation Commission**



LAND COMMISSIONER  
GUYTON B. HAYS  
MEMBER

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

P. O. BOX 2088  
SANTA FE

November 13, 1967

Mr. A. J. Losee  
Attorney at Law  
Post Office Box 239  
Artesia, New Mexico 88210

Re: Case No. 3678  
Order No. R-3341  
Applicant:  
RYDER SCOTT MANAGEMENT CO.

Dear Sir:

Enclosed herewith is a copy of the above-referenced Commission order recently entered in the subject case. Letter pertaining to conditions of approval and maximum allowable to follow.

Very truly yours,

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

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC X  
Artesia OCC X  
Aztec OCC \_\_\_\_\_  
State Engineer X

Other \_\_\_\_\_



JOEL M. CARSON

LAW OFFICES  
A. J. LOSEE  
CARPER BUILDING - P. O. DRAWER 239  
ARTESIA, NEW MEXICO 88210

AREA CODE 505  
746-3508

11 October 1967

*Case 3678*

Mr. A. L. Porter, Jr.  
Secretary-Director  
New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico

MAILED

67 OCT 13 1967

Re: Application of Ryder Scott Management Company  
for Expansion of Waterflood Project in  
Artesia Pool, etc.

Dear Mr. Porter:

Supplementing the application filed with our letter of September 3, 1967, we herewith enclose diagramatic sketches of each of the five proposed injection wells referred to in paragraph number 4 of our application.

If there is anything further we can furnish you before the hearing, please let us know.

Very truly yours,



A. J. Losee

AJL:rh  
Enclosures

cc: Certified Mail  
Return Receipt Requested  
Mr. Frank E. Irby, Chief  
Water Rights Division  
State Engineer Office  
Santa Fe, New Mexico  
w/ enclosures

JOEL M. CARSON

LAW OFFICES  
A. J. LOSEE  
CARPER BUILDING - P. O. DRAWER 239  
ARTESIA, NEW MEXICO 88210

AREA CODE 505  
746-3508

October 3, 1967

*Cope 3678*

Mr. A. L. Porter, Jr.  
Secretary-Treasurer  
New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico

1967 Oct 5 AM 11:20

Dear Mr. Porter:

Enclosed herewith you will please find three copies of the application of Ryder Scott Management Company for expansion of a waterflood project in the Artesia Pool, Eddy County, New Mexico and for an exception to the well location requirements of Rule 104 of the Commission to permit the drilling of three injection wells at unorthodox locations, together with one copy of the attached data therein described.

With a copy of this letter, we are furnishing Mr. Irby with a copy of the application and a copy of the data therein referred to.

You will each note that the diagrammatic sketches of the injection wells are not included with the application but these sketches will be transmitted in the next few days.

It is my understanding that this matter will be set for hearing before an examiner on October 25.

Very truly yours,

  
A. J. Losee

AJL/bb

Enclosures

DOCKET MAILED

Date 10-11-67

Mr. A. L. Porter, Jr.

Page 2

October 3, 1967

cc: Mr. Frank E. Irby, Chief  
Water Rights Division  
State Engineer Office  
Santa Fe, New Mexico  
w/enclosures

Certified Mail-Return Receipt Requested

Mr. John N. Moffett  
Ryder Scott Management Company  
922 Eighth Street  
Wichita Falls, Texas 76301

RYDER SCOTT MANAGEMENT COMPANY

922 EIGHTH STREET

PHONE (817) 723-5313

WICHITA FALLS, TEXAS 76301

July 6, 1967

Re: Nichols-Artesia  
Waterflood Project  
Eddy County, N. M.

Gentlemen:

Since Ryder Scott Management Company took over the operations of subject water - flood project, considerable work has been done to increase production. This has been accomplished by way of cleaning out and frac'ing producing wells and increasing injection in injection wells - both our own and Cima Capitan wells, which offset this project to the north.

Production has increased on several leases considerably and since the project is not unitized, we are prorated in production on each lease. We have set up a hearing with the New Mexico Oil and Gas Conservation Commission for July 26, 1967, to ask for a Buffer Zone allocation or, in other words, unlimited allowables and the ability to transfer allowables from well to well for this whole project.

The American Petrofina Company of Texas, who is flooding southeast and adjoining this project, has unlimited allowables and we feel we should be treated in the same manner.

As a Working Interest, Production Payment or Overriding Royalty Owner we ask for your approval on the copy attached and return to this office at the earliest possible date.

We will all gain considerably by the approval of this application. Your immediate attention to this matter will be greatly appreciated.

Yours very truly,

RYDER SCOTT  
MANAGEMENT COMPANY

  
John N. Moffet

APPROVED:

M. W. Seagar

Date July 7, 1967

SYMBOLS	
DL = Day Letter	LI = Letter Telegram
NL = Night Letter	LI = Letter Telegram
NI = Night Telegram	

# WESTERN UNION TELEGRAM<sup>®</sup>

W. M. C. FALL

W. M. C. FALL

W. P. MARSHALL  
CHAIRMAN OF THE BOARD

1039A CDT SEP 20 67 NSA067

CLASS OF SERVICE  
This is a fast message  
unless it is deferred by the  
operator as indicated by the  
proper symbol.

1039A CDT SEP 20 67 NSA067  
COLLECT FAX TULSA OKLA 20 9014A CDT  
YOUR JULY 6, 1967 LETTER  
TRUSTEE APPROVED

NS WE064 (TUB013) COLLECT FAX  
RYDER SCOTT MANAGEMENT CO  
922 8 ST WICHITA MOFFETT  
ATTENTION: JOHN ARTESTI AND ROBERT M.  
REGARDING NICHOLS, INC. AND PROBERT  
R H SIEGRIED, INC. AND PROBERT  
T MAYFIELD PRODUCTION MANAGER  
(42).

RECEIVED  
SEP 20 1967



RYDER SCOTT MANAGEMENT COMPANY

922 EIGHTH STREET

PHONE (817) 723-5313

WICHITA FALLS, TEXAS 76301

July 6, 1967

Re: Nichols-Artesia  
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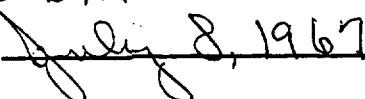
RYDER SCOTT  
MANAGEMENT COMPANY

  
John N. Moffet

APPROVED:


Date

  
July 8, 1967

RYDER SCOTT MANAGEMENT COMPANY

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PHONE (817) 723-5313  
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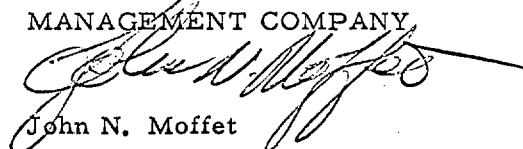
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As a Working Interest, Production Payment or Overriding Royalty Owner we ask for your approval on the copy attached and return to this office at the earliest possible date.

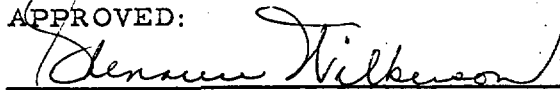
We will all gain considerably by the approval of this application. Your immediate attention to this matter will be greatly appreciated.

Yours very truly,

RYDER SCOTT  
MANAGEMENT COMPANY

  
John N. Moffet

APPROVED:



Date

7/19/67



RYDER SCOTT MANAGEMENT COMPANY

922 EIGHTH STREET

PHONE (817) 723-5313

WICHITA FALLS, TEXAS 76301

July 6, 1967

Re: Nichols-Artesia  
Waterflood Project  
Eddy County, N. M.

Gentlemen:

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Yours very truly,

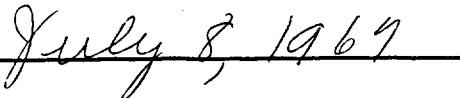
RYDER SCOTT  
MANAGEMENT COMPANY

  
John N. Moffet

✓  
Martha Hester, Individually and as  
Independent Executrix of the Estate  
of T. A. Hester, Deceased  
APPROVED:

  
\_\_\_\_\_

✓ Date

  
\_\_\_\_\_

RYDER SCOTT MANAGEMENT COMPANY

922 EIGHTH STREET

PHONE (817) 723-5313

WICHITA FALLS, TEXAS 76301

July 6, 1967

Re: Nichols-Artesia  
Waterflood Project  
Eddy County, N. M.

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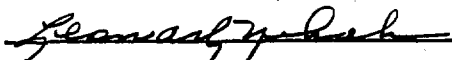
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Yours very truly,

RYDER SCOTT  
MANAGEMENT COMPANY

  
John N. Moffet

APPROVED:

  
\_\_\_\_\_

Date 7/10/67  
\_\_\_\_\_

# HUMBLE OIL & REFINING COMPANY

MIDLAND, TEXAS 79701

PRODUCTION DEPARTMENT

POST OFFICE BOX 1600

SOUTHWESTERN DIVISION

C. A. LANGNER  
OPERATIONS MANAGER

August 23, 1967

Nichols - Artesia  
Waterflood Project  
Eddy County, New Mexico

Ryder Scott Management Company  
922 Eighth Street  
Wichita Falls, Texas 76301

Attention: Mr. John N. Moffet

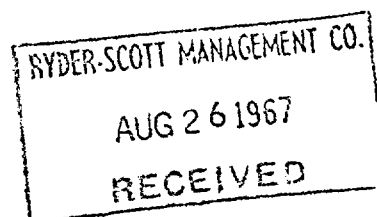
Gentlemen:

It is understood that Ryder Scott Management Company plans to request the New Mexico Oil & Gas Conservation Commission for a Buffer Zone allocation for wells located in Section 20, T18S, R28E, Eddy County, New Mexico, in the Nichols-Artesia Waterflood Project, in order to obtain similar unlimited allowable treatment as enjoyed by the nearby offset leases to the southeast. Humble Oil & Refining Company, as an Overriding Royalty owner in the area, has no objection to this request provided current wells located on the leases that Humble has an interest in be retained as producers, be produced at capacity, and not be converted to injectors. These wells are known as Humble State #1 and Humble State "A" #2 located in the northeast part of Section 20. From telephone conversation with Mr. Don May of your organization, we understand that the continuation of these two wells as producers will not interfere with your plans for waterflood operations.

Yours very truly,

*C. A. Langner*  
C. A. LANGNER

HNR:lw



RYDER SCOTT MANAGEMENT COMPANY

922 EIGHTH STREET

PHONE (817) 723-5313

WICHITA FALLS, TEXAS 76301

July 6, 1967

Re: Nichols-Artesia  
Waterflood Project  
Eddy County, N. M.

Gentlemen:

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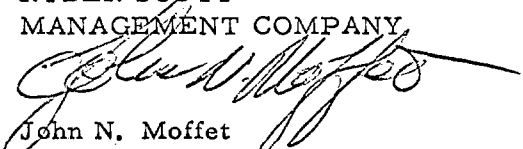
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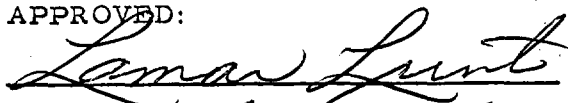
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Yours very truly,

RYDER SCOTT  
MANAGEMENT COMPANY

  
John N. Moffet

APPROVED:

  
Date July 12, 1967

RYDER SCOTT MANAGEMENT COMPANY

922 EIGHTH STREET

PHONE (817) 723-5313

WICHITA FALLS, TEXAS 76301

July 6, 1967

Re: Nichols-Artesia  
Waterflood Project  
Eddy County, N. M.

Gentlemen:

Since Ryder Scott Management Company took over the operations of subject water - flood project, considerable work has been done to increase production. This has been accomplished by way of cleaning out and fracturing producing wells and increasing injection in injection wells - both our own and Cima Capitan wells, which offset this project to the north.

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Yours very truly,

RYDER SCOTT  
MANAGEMENT COMPANY.

  
John N. Moffet

APPROVED:

  
\_\_\_\_\_

Date 7-7-67

RYDER SCOTT MANAGEMENT COMPANY

922 EIGHTH STREET

PHONE (817) 723-5313

WICHITA FALLS, TEXAS 76301

July 6, 1967

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Waterflood Project  
Eddy County, N. M.

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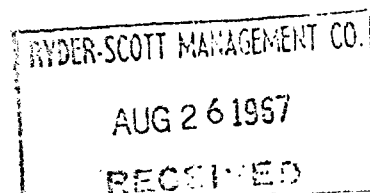
RYDER SCOTT  
MANAGEMENT COMPANY,

*John N. Moffet*  
John N. Moffet

APPROVED:

*W. W. Hutchinson*

Date Aug 24, 1967



RYDER SCOTT MANAGEMENT COMPANY

922 EIGHTH STREET

PHONE (817) 723-5313

WICHITA FALLS, TEXAS 76301

July 6, 1967

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Gentlemen:

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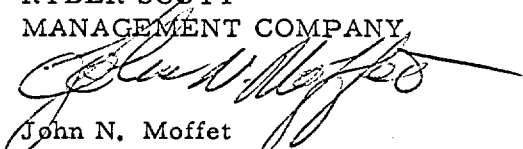
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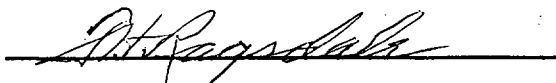
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Yours very truly,

RYDER SCOTT  
MANAGEMENT COMPANY

  
John N. Moffet

APPROVED:



Date July 7-1967

RYDER SCOTT MANAGEMENT COMPANY

922 EIGHTH STREET  
PHONE (817) 723-5313  
WICHITA FALLS, TEXAS 76301

July 6, 1967

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Eddy County, N. M.

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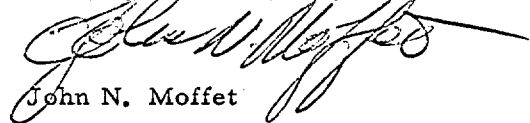
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Yours very truly,

RYDER SCOTT  
MANAGEMENT COMPANY,

  
John N. Moffet

APPROVED:

M. G. Waters

Date August 19, 1967

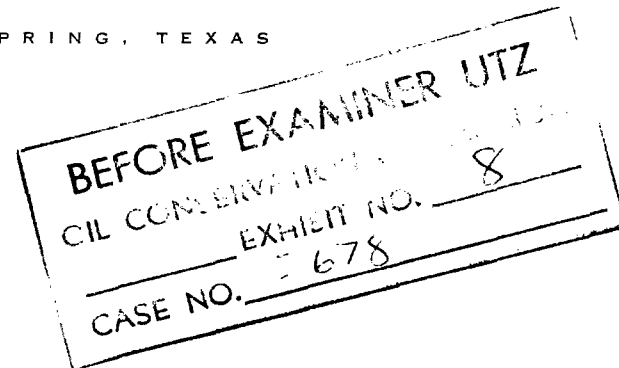




# AMERICAN PETROFINA COMPANY OF TEXAS

POST OFFICE BOX 1311 • BIG SPRING, TEXAS

September 18, 1967



Ryder Scott Management Company  
922 Eighth Street  
Wichita Falls, Texas

Attention: Mr. Donald T. May

Gentlemen:

This is in answer to your letter of August 7, 1967 concerning Case 3622 before the State of New Mexico Oil Conservation Commission on September 27, 1967.

You have proposed to drill a jointly owned injection well at a location approximately 2640' FNL & 1320' FEL of Section 20, T-18-S, R-28-E in the Artesia Field, Eddy County, New Mexico. American Petrofina would have a one-fourth Working Interest and would pay one-fourth of the cost to drill and operate this well.

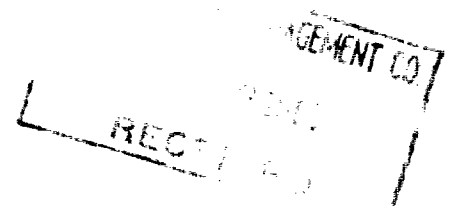
American Petrofina has other Working Interest Owners in our Resler Yates State Lease, the corner of which Lease the above proposed injection well will be drilled. Also, the income from this Lease is committed to a production payment. American Petrofina cannot speak for its partners or the holders of the production payment, but we will be willing to recommend to management that American Petrofina and its partners join in the drilling and operation of this well.

Yours very truly,

D. G. Whitten  
District Manager of Production

JMD/ga

cc: L. M. Thompson



TEXAS PACIFIC OIL COMPANY

P. O. Box 4067  
Midland, Texas  
October 13, 1967

Ryder Scott Management Company  
922 Eighth Street  
Wichita Falls, Texas 76301

Attention: Mr. Donald T. May

Re: Nichols Artesia Waterflood  
Artesia Pool  
Secs. 20 & 21, T18S,R28E  
Eddy County, New Mexico

Gentlemen:

Reference is made to your letter dated October 11, 1967, concerning the above subject. Attached is a copy of the telegram that was sent to the New Mexico Oil Conservation Commission from this office on September 26, 1967.

Yours very truly,

A handwritten signature in dark ink, appearing to read 'H. D. Holloway', with a large, sweeping flourish extending to the right.

H. D. Holloway  
District Engineer

HDH:mc

Attachment

September 26, 1967

TO: New Mexico Oil Conservation Commission  
State Land Office Building  
Santa Fe, New Mexico  
Attention: Mr. A. L. Porter, Jr.

RE: Case No. 3622

Texas Pacific supports Ryder Scott Management Company in their Case No. 3622 to be heard September 27, 1967, with the understanding that approval will in no way constitute infringement upon correlative rights.

Texas Pacific is currently considering joining Ryder Scott in a cooperative lease line injection well to be located somewhere in the vicinity of the NE corner of the State "AL" Lease encompassing the SW/4 of Section 20, T-18-S, R-28-E, Eddy County, New Mexico.

H. D. Holloway  
District Engineer