

W. J. R. H.

SOUTHERN PETROLEUM EXPLORATION, INC.

Box 1017

ROSWELL, NEW MEXICO

July 5, 1955

GEOLOGICAL AND
LAND DEPARTMENT

AIR MAIL

Mr. A. L. Porter, Jr.
Proration Manager
New Mexico Oil Conservation Commission
P. O. Box 2045
Hobbs, New Mexico

Re: Southern Petroleum Exploration, Inc. TSO State No. 1 Well
NW/4 NE/4 of Sec. 29-20S-36E
State Lease E-443
Lea County, New Mexico

Dear Mr. Porter:

We have your form letter dated July 1, 1955, which is correct except on June 28, 1955, we filed Form C-103 instead of Form C-102. Feeling we had an expensive dry hole, our partner Two States Oil Company ordered the contractor to plug the well in accordance with the specifications given on C-103 report, wishing to release the contractor who was costing us \$625.00 per day.

During that time Mr. J. Don Hudgens of J. Don Hudgens, Inc. of Hobbs, New Mexico, came to see us wishing to get the well to work it over feeling he could do something with it. We made a tentative trade on our part permitting him to do so. He had to go in the hole, drill out the plugs, run electrical logs and, if possible, test. Feeling there might be some small chance resulting to our benefit and to the State we permitted this.

Subsequently J. Don Hudgens, Jr. filed Form C-101 with you showing the work he intended to do. This will be confusing to you but the time of the expiration of the lease was so short (July 10, 1955) we did not have time to make the preliminary notice forms or to even execute legal documents.

Consequently, we can only presume that J. Don Hudgens has gone into the well, drilled out the plugs and is running electrical logs and testing. If he is not satisfied with this preliminary work, he is to replug the well in accordance with the rules and regulations of the New Mexico Oil Conservation Commission.

Therefore, we are not in a position to state when the hole is ready for inspection as to the plugging. And we hope that it is not necessary for Mr. Stanley to make any unnecessary trips. It would be well, however, if Mr. Stanley would go down there to see just what Mr. Hudgens is doing. It is difficult to get in there and we offer the following directions for the benefit of Mr. Stanley.

Mr. A. L. Porter, Jr.
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Take the ~~Munice~~-Carlsbad highway West to the Wilson Oil Company camp road, turn North on that road through the camp and onto the general vicinity of the Aztec, Southern Petroleum Exploration, Inc. and Cactus wells. Turn East past the Aztec well in the NE/4 NW/4 of Section 29 and the Southern Petroleum Exploration, Inc. well is the next one just one location East.

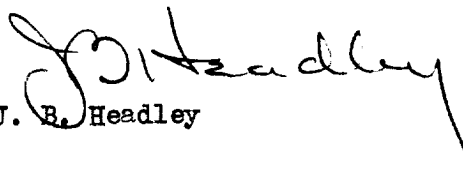
We are withholding any further reports on plugging on C-103 and the Form C-105 until Mr. Hudgens has made proper reports to you or that we have received further instructions from you. We had the well plugged as specified on C-103 report of June 28, 1955.

We feel certain that the Hudgens' C-101 report has confused you and this is meant to explain that situation. We are entirely through with this well and the lease unless Mr. Hudgens is able to develop something which will have to be done by July 10, 1955.

Whatever you or Mr. Stanley may find out about the well, we shall be glad to be informed.

Yours very truly,

SOUTHERN PETROLEUM EXPLORATION, INC.


J. B. Headley

JBH:cw

Air Mail CC: Mr. S. T. Stanley
Engineer of District
New Mexico Oil Conservation Commission
P. O. Box 2045
Hobbs, New Mexico

Two States Oil Company
528 Wilson Building
Dallas 1, Texas