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SKELLY OIL COMPANY
Tulsa, Oklahoma
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October 1, 1956

In re: Communitization of gas rights
within vertical limits Susont Gas Pool
T/4 Sec. 17-26-37,
Deer County, New Mexico

Mr. J. J. Walker, Commissioner of Public Lands
State Land Office
Santa Fe, New Mexico

Dear Mr. Walker:

We have your letter of September 27, 1956, wherein you ask that we show cause why the State Land Office should not expire the above captioned Communitization Agreement.

On Friday, September 28, the writer talked with Mrs. Shea, of your office, and being somewhat unfamiliar with all of the requirements such as notices, et cetera, that perhaps we should have filed, did assure Mrs. Shea that we had within the term of the Communitization Agreement re-completed our State "F" well No. 2, located in the E/4 NE/4 Section 17, as a well productive of gas from perforations in 7" casing 3340'-3450' opposite the Fenrose zone of the Susont Gas Pool, and that the well on September 7, 1956 was tested at the open flow rate of 3,040,000 cubic feet of gas per 24 hours through open 2-1/2" tubing; and, that we now have pending before the Secretary of the New Mexico Oil Conservation Commission a petition for administrative approval of an order granting permission to dual complete this No. 2 well as a gas well in the Susont Gas Pool and an oil well in the Susont oil pool, and for an order for establishment of a 160-acre gas production unit as per copy of petition attached. The writer further agreed to confirm all this by letter upon receipt of your letter, and attempt to do whatever else might be necessary to confirm said communitization of gas rights under said E/4 Section 17 insofar as the same shall fall within the vertical limits of the Susont Gas Pool and within those zones underlying said E/4 Section 17 as found to exist in Skelly State "F" No. 1 well located on the E/4 NE/4 of Section 17 and lying between the depths of 2500' and 3500'.