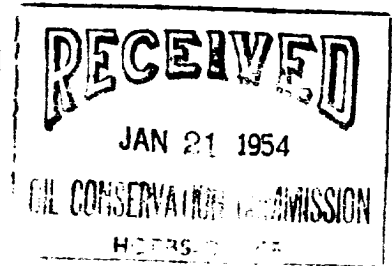


OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO



January 19, 1954

United Carbon Company, Inc.
Eunice, New Mexico

Gentlemen:

Reference is made to our previous discussion in December, 1953 pertaining to your use of gas from the gas wells located on the Cities Service Oil Company Closson, Closson A, and Closson B leases in Sections 6, 18 and 20 of Township 22 South, Range 36 East, Lea County, New Mexico. This gas is used at your Carbon Black Plant located near Eunice, New Mexico.

An examination of our records reveals that the following wells, all operated by Cities Service, are producing from the Jalco Gas Pool and must be produced and prorated in accordance with the rules and regulations governing the Jalco Gas Pool -

Closson, Well #1, NW/4 SE/4 Section 6,
Township 22 South, Range 36 East,

Closson A, Well #1-A, NE/4 NE/4 Section
18, Township 22 South, Range 36 East,

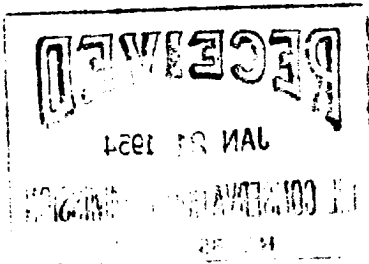
Closson A, Well #3-A, NE/4 SE/4 Section
18, Township 22 South, Range 36 East, and

Closson B, Well #6-B, SW/4 NW/4 Section
20, Township 22 South, Range 36 East.

Two wells operated by Cities Service and located in the Closson lease are not producing from the productive limits of the Jalco Gas Pool and are therefore not subject to proration at this time. Please bear in mind that there is a possibility that these wells may be prorated in the future. These wells are as follows:

Closson #4, SE/4 SE/4 Section 6, Township
22 South, Range 36 East, and

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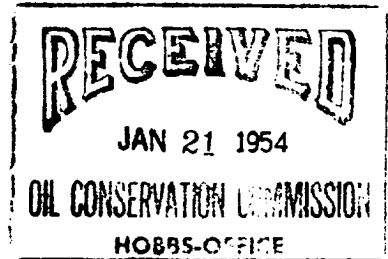


NOTES: (1) THE ABOVE IS A SUMMARY OF THE INFORMATION
OBTAINED FROM THE INTERVIEW OF THE WITNESS
ON JANUARY 24, 1954.

OIL CONSERVATION COMMISSION

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Closson #8, NE/4 NE/4 Section 6, Township
22 South, Range 36 East.

C
O
P
Y

The reason that these two wells are not considered as producing from the Jalco Pool is because our records reveal that they produce from a zone in the lower Seven Rivers and the Jalco Gas Pool is defined as being productive from the Yates and all but the lower 100 feet of the Seven Rivers. The #4 Closson is producing from a 50 foot section (3500'-3589') the top of the zone 3500' being 89' above the base of the Seven Rivers. The #8 Closson is producing from a 22' interval (3502'-3524') being 98 feet above the base of the Seven Rivers.

It will, therefore, be necessary for you to nominate your requirements of gas from these wells and if your requirements are such that you will have to obtain additional gas you will have to make other arrangements to obtain this gas from another source. We realize that this will seriously curtail your operations but this situation has created very serious inequities and must be corrected.

For your information we are enclosing a copy of a letter which we are sending to the Cities Service Oil Company pertaining to this matter.

Very truly yours,

W. B. Macey
Chief Engineer

WBM:vmc

cc: Cities Service Oil Company
Hobbs, New Mexico

Mr. Fletcher Catron, Attorney
Santa Fe, New Mexico

Oil Conservation Commission ✓
P. O. Box 2045
Hobbs, New Mexico

