

well file

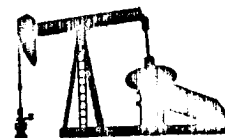


OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
1000 RIO BRAZOS RD. - AZTEC

87410

LAND COMMISSIONER
PHIL R. LUCERO



STATE GEOLOGIST
EMERY C. ARNOLD

DIRECTOR
JOE D. RAMEY

November 18, 1975

Mr. Horace F. McKay, Jr.
Chace Oil Company
313 Washington, S. E.
Albuquerque, New Mexico 87108

Re: Chace Oil Co.
Gulf Federal #1
500/N; 1800/W, C-13-22N-7W

Dear Mr. McKay:

The formation of the required 160 acre drill tract will require the communitization of the northwest quarter of the section or the approval of a non-standard drill tract after public hearing. Communitization will be easier and cheaper.

The enclosed copy of a portion of Rule 104 is marked with red to refer to certain portions.

Since you did not complete in the target zone you may qualify as a wildcat as marked as red A. If you are classed as a wildcat, you cannot be a development well as in red B.

However, there may be an easier way out by using paragraph F or red C if you plugged back from the target oil zone.

I'll visit with James Kapteina in our Santa Fe office to get his opinion since he writes our non-standard location orders.

When I learn something definite, I'll call you.

Yours very truly,

AR Kendrick
A. R. Kendrick
Supervisor, District #3

ARK:mc

Attachs.