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1000 RIO BRAZOS ROAD
AZTEC

December 5, 1968

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

Southern Gulf Production Co.
1801 C & I Building
Houston, Texas

1-10-2614-1860

Attn: Mr. W. D. Stricklin

Dear Bill:

Since our discussion of your location problem for the Navajo Tocito #4 well at Tocito Dome, I have discussed the problem with our attorney in Santa Fe, Mr. George Hatch.

I explained to Mr. Hatch that the production zone in the Tocito Dome Pennsylvanian D Pool correlates with your production zone to the north although production characteristics exhibited by your first well in that area indicate that it is in a separate reservoir.

Mr. Hatch states that the pool rules are specific in stating that any well completed in the Pennsylvanian within one mile of the Tocito Dome Pennsylvanian D Pool boundary are governed by the pool rules. He also thinks it will be difficult to establish a new reservoir on the basis of development to date. He therefore suggests that you make application for a non-standard location on your new well rather than to apply for establishment of a new pool at this time.

I do not believe there will be objection to approval of the location as I have talked to the offset operators.

It might be well to make early application for the non-standard location so that there will not be a delay in producing the well upon completion.

If you need further information, please contact me or Mr. George Hatch in our Santa Fe office. His address is P. O. Box 2088, Santa Fe, New Mexico 87501, and his telephone number is 827-2741.

Yours very truly,

Emery C. Arnold
Emery C. Arnold
Supervisor, District #3

ECA:mc
cc: Mr. George Hatch