

New Mexico Oil Conservation Commission

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO

October 6, 1959

*Rhine Petroleum Industries of Utah
Chama, New Mexico*

Attn: Mr. Paul Harr

Dear Mr. Harr:

Reference is made to your letter of September 30, 1959 regarding the non-standard location of your #2 Sargent well. I believe it is in your interest to clear up a couple of misconceptions which you seem to have regarding New Mexico Oil Conservation Commission rules and regulations.

First, approval of the plugging bond does not infer approval of the Notice of Intention to Drill.

Second, your distinction between the surface location and the location of the bottom of the hole is without effect unless you are willing to conduct both deviation and directional surveys so that the bottom of the hole may be located. This would entail considerable additional expense and I believe that you would want to avoid this.

You have indicated in your letter that the well is non-standard because of the topography in the area; therefore in the event production is secured you will probably be able to get administrative approval of your location without notice and hearing, provided application is made and offsets are notified. We are, therefore, approving your Notice of Intention to Drill subject to the approval of the non-standard location if production is secured.

Yours very truly

*Emery C. Arnold
Supervisor, District #3*

ECa:ks

*cc: Mr. A. L. Porter
OCC, Santa Fe, N.M.*