



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2949 South Pecos Street
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December 12, 1996

William Thomas Kellahin
Kellahin & Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87502

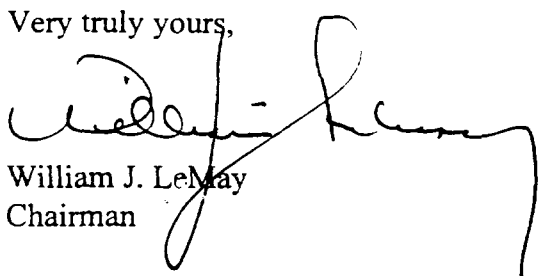
RE: *Dagger Draw Complex Operator's Committee*
Order No. R-4691-G - NMOCD Cases 11525 and 11526
North and South Dagger Draw

Dear Mr. Kellahin:

In response to your December 11, 1996 letter questioning the formation of the Dagger Draw Complex Operator's Committee by Yates under Order No. R-4691-G, please be assured that this committee will ultimately be appointed by me. The meeting that Yates is requesting and any other meetings pertaining to the formation of this committee and its designated functions are strictly advisory and are not meant to fulfill requirements of the order. In discussing the implementation of this portion of the order I suggested to Mr. Carr as I am suggesting to you, that informal discussions take place so as to bring to the Chairman your recommendations on the size of the committee, who would be available to serve and what specific projects would further the goals of the order and the timetable to accomplish these projects. Part of the reason for not appointing the committee initially was to let the time frame pass for possible rehearing of the case and/or possible court actions that might be taken to appeal the order. As a matter of policy, I have always encouraged operators to discuss among themselves the best way to organize and fulfill the intent of orders passed by the Division and the Commission. This case is no exception. If you all can meet informally and agree on specifics to implement the intent of Order No. R-4691-G, I feel this serves the interest of all parties including those of the Commission.

Again, it is my hope that through informal discussions that a consensus can be reached and brought to the Commission prior to my appointing the committee and charging it with specific responsibilities. If after meeting informally, Conoco or any other operator has an opinion that was either not honored by the group or differs from the group's consensus, I hope that opinion and/or recommendation would be brought to the Chairman along with any consensus that is reached informally by operators in the Dagger Draw Complex.

Very truly yours,


William J. LeMay
Chairman

cc: Jerry Hoover, Conoco
William Carr, Attorney for Yates