

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

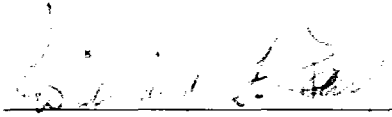
IN THE MATTER OF THE APPLICATION
OF MARALO, INC. FOR A NON-STANDARD
GAS PRORATION UNIT AND AN
UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO.

CASE NO. 11655

AFFIDAVIT

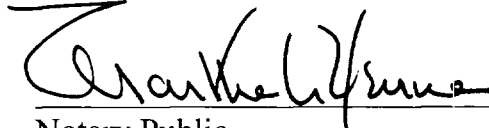
STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

William F. Carr, authorized representative of Maralo, Inc., the Applicant herein, being first duly sworn, upon oath, states that in accordance with the notice provisions of Rule 1207 of the New Mexico Oil Conservation Division the Applicant has attempted to find the correct addresses of all interested persons entitled to receive notice of this application and that notice has been given at the addresses shown on Exhibit "A" attached hereto as provided in Rule 1207.



William F. Carr

SUBSCRIBED AND SWORN to before me this 18th day of December, 1996.



Notary Public

My Commission Expires:

August 19, 1999

EXHIBIT A

Sunrise Energy Partners, Ltd. II
12121 Wilshire Blvd., Suite 1100
Los Angeles, CA 90025-1174

Beaver Oil Company
407 Douglas Ave.
Beaver, OK 73932

Nielson and Associates, Inc.
1131 13th Street
Suite 203
Cody, WY 82414

Swift Energy Company
16825 Northchase Drive
Suite 400
Houston, TX 77060

H. Grady Payne III
5650 N. Riverside Drive
Fort Worth, TX 76137

Polaris Production Corp.
415 W. Wall
Midland, TX 79701

Headington Minerals, Inc.
7557 Rambler Road
Suite 1150
Dallas, TX 75231

NationsBank, N.A. Trustee of
Trusts Nos. 1362, 1363 and 1364
303 W. Wall
Midland, TX 79701

King Ranch Oil & Gas Company
1415 Louisiana Street
Suite 2300
Houston, TX 77002-7352

The Grayrock Corporation
11910 Greenville Avenue, #302
Dallas, TX 75243-3564

Mitchell Energy Corporation
1000 Gibraltar Savings Center
200 North Loraine
Midland, TX 79701

Devon Energy Corporation
20 North Broadway
Suite 1500
Oklahoma City, OK 73102

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case No. 11655 Exhibit No. A

Submitted by: Maralo, Inc.

Hearing Date: December 19, 1996

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN

MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
PAUL R. OWEN

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

November 27, 1996

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED INTEREST OWNERS:

Re: Application of Maralo, Inc. for a non-standard gas proration unit and an unorthodox gas well location, Lea County, New Mexico

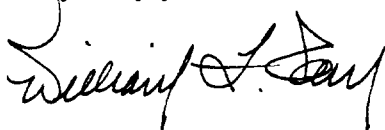
Gentlemen:

This letter is to advise you that Maralo, Inc. has filed the enclosed application with the New Mexico Oil Conservation Division seeking the establishment of a non-standard gas spacing and proration unit in the Undesignated West Reeves-Queen Pool comprising the S/2 NW/4 and N/2 SW/4 of Section 16, Township 18 South, Range 35 East, to be dedicated to the existing Maralo SV "16" State Well No. 1 located at an unorthodox gas well location 1748 feet from the South line and 742 feet from the West line of said Section 16.

This application has been set for hearing before a Division Examiner on December 19, 1996. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR MARALO, INC.
WFC:mlh
Enc.

Is your **RETURN ADDRESS** completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. ☐ Addressee's Address
 - 2. ☐ Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Sunrise Energy Partners, Ltd. II
12121 Wilshire Blvd., Suite 1100
Los Angeles, CA 90025-1174

4a. Article Number

P502 240 434

4b. Service Type

- ☐ Registered
- ☐ Express Mail
- ☐ Return Receipt for Merchandise
- ☐ COD
- ☒ Certified
- ☐ Insured

7. Date of Delivery

12-2

8. Addressee's Address (Only if requested and fee is paid)

Received By: (Print Name)

11/14/96

6. Signature: (Addressee or Agent)

X

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 502 240 434

US Postal Service
Receipt for Certified Mail

Sunrise Energy Partners, Ltd. II
12121 Wilshire Blvd., Suite 1100
Los Angeles, CA 90025-1174

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	NOV 27 1996

Is your **RETURN ADDRESS** completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
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I also wish to receive the following services (for an extra fee):

- 1. ☐ Addressee's Address
 - 2. ☐ Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Beaver Oil Company
407 Douglas Ave.
Beaver, OK 73932

4a. Article Number

P 502 240 435

4b. Service Type

- ☐ Registered
- ☐ Express Mail
- ☐ Return Receipt for Merchandise ☐ GDD

7. Date of Delivery

8. Addressee's Address (only if requested and fee is paid)

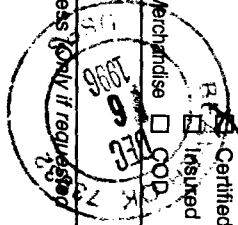
5. Received By: (Print Name)

6. Signature (Addresser or Agent)

Charles F. Mills
Charles F. Mills

PS Form 3811, December 1994

Domestic Return Receipt



Thank you for using Return Receipt Service.

P 502 240 435

US Postal Service

Receipt for Certified Mail

Beaver Oil Company
407 Douglas Ave.
Beaver, OK 73932

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	NOV 27 1996

PS Form 3800, April 1995

Is your **RETURN ADDRESS** completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
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I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
 2. ☐ Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Nielson and Associates, Inc.
1131 13th Street
Suite 203
Cody, WY 82414

4a. Article Number

4b. Service Type

PS02 240 436

- ☐ Registered
- ☐ Express Mail
- ☐ Return Receipt for Merchandise
- ☐ COD
- ☒ Certified
- ☐ Insured

7. Date of Delivery

12/27/96

8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)

Vickie Wenke

6. Signature: (Addressee or Agent)

X Vickie Wenke

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 502 240 436

US Postal Service

Receipt for Certified Mail

Nielson and Associates, Inc.
1131 13th Street
Suite 203
Cody, WY 82414

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	NOV 27 1996

PS Form 3800, April 1995

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I also wish to receive the following services (for an extra fee):

- 1. ☐ Addressee's Address
- 2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Swift Energy Company
16825 Northchase Drive
Suite 400
Houston, TX 77060

4a. Article Number

P 502 240 437

4b. Service Type

- ☐ Registered
- ☐ Express Mail
- ☐ Return Receipt for Merchandise
- ☐ COD
- ☒ Certified
- ☐ Insured

7. Date of Delivery

12-3-96

8. Addressee's Address (Only if requested and fee is paid)

Received By: (Print Name)
Robert H. Davis
Signature: (Addressee or Agent)

X

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 502 240 437

US Postal Service

Receipt for Certified Mail

Swift Energy Company
16825 Northchase Drive
Suite 400
Houston, TX 77060

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date NOV 27 1996	

PS Form 3811 April 1995

Is your **RETURN ADDRESS** completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
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I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
 2. ☐ Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

H. Grady Payne III
5650 N. Riverside Drive
Fort Worth, TX 76137

4a. Article Number
P 502 240 438

4b. Service Type

- ☐ Registered ☒ Certified
☐ Express Mail ☐ Insured
☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

12 29 96

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

H. Grady Payne III

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 502 240 438

US Postal Service
Receipt for Certified Mail

H. Grady Payne III
5650 N. Riverside Drive
Fort Worth, TX 76137

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	NOV 27 1996

PS Form 3800, April 1995

Is your **RETURN ADDRESS** completed on the reverse side?

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I also wish to receive the following services (for an extra fee):

- 1. ☐ Addressee's Address
 - 2. ☐ Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Polaris Production Corp.
415 W. Wall
Midland, TX 79701

4a. Article Number

P 502 240 439

4b. Service Type

- ☐ Registered
- ☐ Express Mail
- ☐ Return Receipt for Merchandise
- ☐ Certified
- ☐ Insured
- ☐ COD

7. Date of Delivery

10/29/96

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

X

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 502 240 439

US Postal Service

Receipt for Certified Mail

Polaris Production Corp.
415 W. Wall
Midland, TX 79701

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	NOV 27 1996

PS Form 3800, April 1995

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I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
 2. ☐ Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Headington Minerals, Inc.
7557 Rambler Road
Suite 1150
Dallas, TX 75231

4a. Article Number

P 502 240 440

4b. Service Type

- ☐ Registered ☒ Certified
- ☐ Express Mail ☐ Insured
- ☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

12/3/96

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature of Addressee or Agent

X

ee

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 502 240 440

US Postal Service

Receipt for Certified Mail

Headington Minerals, Inc.
7557 Rambler Road
Suite 1150
Dallas, TX 75231

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	NOV 27 1996

PS Form 3800, April 1995

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I also wish to receive the following services (for an extra fee):

- 1. ☐ Addressee's Address
 - 2. ☐ Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

NationsBank, N.A. Trustee of
Trusts Nos. 1362, 1363 and 1364
303 W. Wall
Midland, TX 79701

4a. Article Number

P 502 240 441

4b. Service Type

- ☐ Registered
- ☐ Express Mail
- ☐ Return Receipt for Merchandise
- ☐ COD
- ☒ Certified
- ☐ Insured

7. Date of Delivery

12/2

8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X *[Signature]*

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 502 240 441

US Postal Service

Receipt for Certified Mail

NationsBank, N.A. Trustee of
Trusts Nos. 1362, 1363 and 1364
303 W. Wall
Midland, TX 79701

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	NOV 27 1996

PS Form 3800 April 1995

Is your **RETURN ADDRESS** completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
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I also wish to receive the following services (for an extra fee):

- 1. ☐ Addressee's Address
 - 2. ☐ Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

King Ranch Oil & Gas Company
1415 Louisiana Street
Suite 2300
Houston, TX 77002-7352

4a. Article Number

P 502 240 442

4b. Service Type

- ☐ Registered
- ☐ Express Mail
- ☐ Return Receipt for Merchandise
- ☐ COD
- ☒ Certified
- ☐ Insured

7. Date of Delivery
NOV 27 1996

5. Received By: (Print Name)

J Miller

6. Signature: (Addressee or Agent)

X J Miller

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 502 240 442

US Postal Service

Receipt for Certified Mail

King Ranch Oil & Gas Company
1415 Louisiana Street
Suite 2300
Houston, TX 77002-7352

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	NOV 27 1996

PS Form 3800, April 1995

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the malpiece, or on the back if space does not permit.
- Write "*Return Receipt Requested*" on the malpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address

2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

The Grayrock Corporation
11910 Greenville Avenue, #302
Dallas, TX 75243-3564

5. Received By: (*Print Name*)

6. Signature: (Addressee or Agent)

PS Form 3811, December 1994

Domestic Return Receipt

4a. Article Number
P 502 240 443

4b. Service Type

☐ Registered

☐ Express Mail

☐ Return Receipt for Merchandise

7. Date of Delivery
12-2-96

8. Addressee's Address (Only)
and fee is paid
\$6

☒ Certified

☐ Insured

☐ COD

RECEIVED
DEC 2 1996
POSTAL SERVICE
ALBANY, NY 12207

Thank you for using Return Receipt Service.

P 502 240 443

US Postal Service

Receipt for Certified Mail

The Grayrock Corporation
11910 Greenville Avenue, #302
Dallas, TX 75243-3564

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	
NOV 27 1996	

PS Form 3800, April 1995

CAMPBELL, CARR, BERGE & SHERIDAN, P.A.

LAWYERS

POST OFFICE BOX 2208

SANTA FE, NEW MEXICO 87504-2208

CERTIFIED

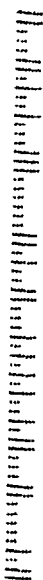
P 502 240 444

MAIL

Mitchell Energy Corporation
1000 Gibraltar Savings Center
200 North Loraine
Midland, TX 79701

ATTEMPTED, NOT KNOWN
TO
SENDER

79701-4753 12



P 502 240 444

US Postal Service

Receipt for Certified Mail

Mitchell Energy Corporation
1000 Gibraltar Savings Center
200 North Loraine
Midland, TX 79701

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$

Postmark or Date

NOV 27 1996

PS Form 3800 April 1995



NAME _____
1st Notice _____
2nd Notice _____
Return _____

DEC 09 1996

Is your **RETURN ADDRESS** completed on the reverse side?

SENDER:

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I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
 2. ☐ Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Devon Energy Corporation
20 North Broadway
Suite 1500
Oklahoma City, OK 73102

4a. Article Number

P 502 240 445

4b. Service Type

- ☐ Registered
- ☐ Express Mail
- ☐ Return Receipt for Merchandise
- ☐ COD
- ☒ Certified
- ☐ Insured

7. Date of Delivery

12-2-96

8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)

Larry Bauer

6. Signature: (Addressee or Agent)

X

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 502 240 445

US Postal Service

Receipt for Certified Mail

Devon Energy Corporation
20 North Broadway
Suite 1500
Oklahoma City, OK 73102

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	NOV 27 1996

PS Form 3800, April 1995

December , 1996

Mr. Steve Blair
Devon Energy Corp.
20 North Broadway, Suite 1500
Oklahoma City, OK 73102-8260



Re: Maralo's SV "16" State #1
Section 16, T-18-S, R-35-E
Vacuum South Area (NM-36)
Lea County, New Mexico

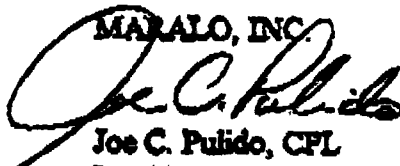
Dear Mr. Blair:

By letter dated July 25, 1996 (copy attached), Devon Energy Corp. agreed to the proposal outlined in said letter which would allow for the formation of an operating area consisting of the West Half (W/2) of the captioned Section 16. By letter dated October 4, 1996, Devon rescinded said approval and requested that a unit be formed solely out of the Southwest Quarter (SW/4) of said section.

As you are aware, a hearing was held on November 21 asking that a Geologic proration unit be established for said well consisting of the S/2 NW/4 and N/2 SW/4 of said section. In an effort to put this matter to rest and proceed with a resolution, Maralo hereby asks that Devon reconsider its position taken in its October 4, 1996 letter and agree to the formation of an operating area consisting of the West Half (W/2) of Section 16 which would allow Devon and its associated working interest owners a 7 1/2% interest in the West Half (W/2) of said section.

If Devon is agreeable to recommitting to this proposal as outlined said letter of July 25, 1996, please sign a copy of this letter in the space provided below and return an executed original to our office or fax it to us at (713) 960-1672. If you have any questions, please contact Dick Lowery or Richard Gill at (955) 684-7441.


Yours very truly,

MARALO, INC.

Joe C. Pulido, CPL
Land Manager

JCP:jr

Re: In Gray (Devon) Dick Lowery Richard Gill
Agreed to proposal outlined in Maralo's letter of
July 25, 1996, subject to the execution of a mutually
acceptable Joint Operating Agreement.

DEVON ENERGY CORP.

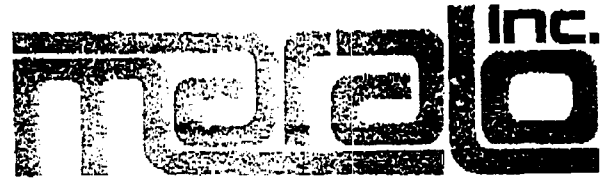
By: 
Name: STEVEN K. BLAIR
Title: Manager Outside Operations
Date: 12/14/96

BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case No. 11655 Exhibit No. B

Submitted by: Maralo, Inc.

Hearing Date: December 19, 1996



November 22, 1996

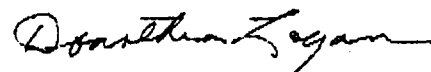
Mr. William F. Carr
Campbell, Carr, Berge, & Sheridan P. A.
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

RE: Hearing on West Reeves-Queen Gas Pool
Maralo SV "16" State, Well No. 1
API No. 30-025-29347
Section 16, T18S, R35E, NMPM, Lea County, New Mexico

Mr. Carr:

In response to David Catanach's inquiry at the hearing on November 21, 1996, I've enclosed two letters to Jerry Sexton, District 1 Supervisor, Oil Conservation Division, Hobbs, New Mexico.

The last one dated March 16, 1996, asked for permission to produce the well in an interim period. I have updated Donna Pitzer, OCD Hobbs, New Mexico, by telephone and by fax on several occasions since then concerning the status of the continued attempt to develop an 160-acre unit for this well.


Dorothea Logan
Regulatory Analyst

BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case No. 11655 Exhibit No. C

Submitted by: Maralo, Inc.

Hearing Date: December 19, 1996



March 13, 1996

Mr. Jerry Sexton
District Supervisor
Oil Conservation Division
P. O. Box 1980
Hobbs, New Mexico 88240

RE: Permission to Produce
Maralo SV "16" State, Well #1
(API # 30-025-29347)
Reeves; Queen, West Gas Pool
Unit L, Sec. 16, T18S, R35E
Lea County, New Mexico


Dear Mr. Sexton:

Maralo Inc. requests permission to continue producing the above named well in an interim period.

Please consider that modifications to Division General Rule 104 were underway and established during the period that Maralo Inc. was evaluating non-standard well spacing options for this well. All offset operators have been timely notified of the application filings (see attached).

The result of the evaluation is that an offset farmout has been sought to develop a standard 160-acre unit from the SW/4 of Section 16. If you have any questions regarding the ongoing process to place this well in a valid gas spacing proration unit, please call Dorothea Logan or Richard Gill, Petroleum Engineer, (915) 684-7441.

Sincerely,


Dorothea Logan
Regulatory Analyst

attachments: (2)



January 11, 1996

Mr. Jerry T. Sexton
Supervisor, District 1
Oil Conservation Division
P. O. Box 1980
Hobbs, NM 88240

RE: Request for Extension and Allowable for Production
Maralo SV "16" State, Well #1, API# 30-025-29347
Reeves; Queen, West Pool, Sec 16, 18S, 35E
Lea County, New Mexico

Dear Mr. Sexton:

Enclosed please find amended Form C-102 requiring a non-standard 120 area unit for the captioned well. Also enclosed are Form C-105 and attachments for the Plugback Recompletion.

Maralo, Inc. requests the extension and allowable as it would be detrimental to the integrity of the well to shut it in at this time. A copy of the offset operator notification list and map is enclosed.

Thank you for your consideration in this matter.

Sincerely,

A handwritten signature in cursive script, reading "Dorothea Logan".

Dorothea Logan
Regulatory Analyst
MARALO, INC.

encls. (3)