

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

218 MONTEZUMA

POST OFFICE BOX 2068

SANTA FE, NEW MEXICO 87504-2068

(505) 982-4554

FAX (505) 982-8623

CLARENCE E. HINKLE (1901-1985)
W. E. BONDURANT, JR. (1913-1973)
ROY C. SNODGRASS, JR. (1914-1987)

OF COUNSEL
O. M. CALHOUN*
MACK EASLEY
JOE W. WOOD
RICHARD S. MORRIS

WASHINGTON, D.C.
SPECIAL COUNSEL
ALAN J. STATMAN*

700 UNITED BANK PLAZA

POST OFFICE BOX 10

ROSWELL, NEW MEXICO 88202

(505) 622-6510

FAX (505) 623-9332

2800 CLAYDESTA CENTER

6 DESTA DRIVE

POST OFFICE BOX 3580

MIDLAND, TEXAS 79702

(915) 683-4691

FAX (915) 683-6518

1700 TEAM BANK BUILDING

POST OFFICE BOX 9238

AMARILLO, TEXAS 79105

(806) 372-5569

FAX (806) 372-9761

500 MARQUETTE N.W., SUITE 800

POST OFFICE BOX 2043

ALBUQUERQUE, NEW MEXICO 87103

(505) 768-1500

FAX (505) 768-1529

LEWIS C. COX
PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
ERIC D. LANPHERE
C. D. MARTIN
ROBERT P. TINNIN, JR.
MARSHALL G. MARTIN
OWEN M. LOPEZ
DOUGLAS L. LUNSFORD
JOHN J. KELLY
NICHOLAS J. NOEDING
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD*
RICHARD E. OLSON
RICHARD R. WILFONG*
THOMAS J. MCBRIDE
JAMES J. WECHSLER
NANCY S. CUSACK
JEFFREY L. PORNACIARI
JEFFREY D. HEWETT
JAMES BRUCE
JERRY F. SHACKELFORD*
JEFFREY W. HELLBERG*
ALBERT L. PITTS
THOMAS M. HNASKO
JOHN C. CHAMBERS*
GARY D. COMPTON*
MICHAEL A. GROSS
THOMAS D. HAINES, JR.
GREGORY J. NIBERT
DAVID T. MARKETTE*
MARK C. COW

FRED W. SCHWENDIMANN
JAMES M. HUDSON
JEFFREY S. BAIRD*
REBECCA NICHOLS JOHNSON
WILLIAM P. JOHNSON
STANLEY K. KOTOVSKY, JR.
H. R. THOMAS
ELLEN S. CASEY
MARGARET CARTER LUDDWIG
S. BARRY PAISNER
STEPHEN M. CRAMPTON
MARTIN MEYERS
GREGORY S. WHEELER
ANDREW J. CLOUTIER
JAMES A. GILLESPIE
GARY W. LARSON
STEPHANIE LANDRY
JOHN R. KULSETH, JR.
MARGARET R. MCNETT
BRIAN T. CARTWRIGHT*
LISA K. SMITH*
ROBERT H. BETHEA*
BRADLEY W. HOWARD
CHARLES A. SUTTON
NORMAN D. EWART
DARREN T. GROCE*
MOLLY MCINTOSH
MARCIA B. LINCOLN
SCOTT A. SHUART*
DARREN L. BROOKS
CHRISTINE E. LALE
PAUL G. NASON
DARLA M. SILVA

*NOT LICENSED IN NEW MEXICO

February 26, 1993

Michael E. Stogner
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87503

Re: Case No. 10,674, Application of Exxon Corporation
for an Unorthodox Gas Well Location and Simultaneous
Dedication, Lea County, New Mexico

Dear Mr. Stogner:

The above application was submitted to the Division for administrative approval, but was set for hearing due to an objection by Conoco Inc. Exxon and Conoco have settled their differences based upon a production limitation of 50% of a 320 acre unit allowable for the John D. Knox No. 11 Well. The other two wells to be simultaneously dedicated to the unit, the John D. Knox Well Nos. 1 and 13, will be allowed to produce at capacity. Production from the unit (the E $\frac{1}{2}$ of Section 10 - 21 South - 36 East) will, of course, be restricted by the Division's proration schedule for the Eumont Pool. A copy of the letter agreement is attached.

JGB5\93441.c

93 FEB 26 4 50 PM '93
RECEIVED
OIL CONSERVATION DIVISION

Michael E. Stogner
Page Two
February 26, 1993

Exxon requests that the application be approved without hearing, and that the letter agreement be incorporated in the administrative order.

Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY


James Bruce

c: W. Thomas Kellahin, Esq.

Via Hand Delivery

1993 FEB 26 AM 4 50
FILED
FEDERAL BUREAU OF INVESTIGATION
U.S. DEPARTMENT OF JUSTICE

HINKLE, COX, EATON, COFFIELD & HENSLEY

LEWIS C. COX
PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
ERIC D. LANPHERE
C. D. MARTIN
ROBERT P. TINNIN, JR.
MARSHALL G. MARTIN
OWEN M. LOPEZ
DOUGLAS L. LUNSFORD
JOHN J. KELLY
NICHOLAS J. NOEDING
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD*
RICHARD E. OLSON
RICHARD R. WILFONG*
THOMAS J. MCBRIDE
JAMES J. WECHSLER
NANCY S. CUSACK
JEFFREY L. FORNACIARI
JEFFREY D. HEWETT
JAMES BRUCE
JERRY F. SHACKELFORD*
JEFFREY W. HELLBERG*
ALBERT L. PITTS
THOMAS M. HNASKO
JOHN C. CHAMBERS*
GARY D. COMPTON*
MICHAEL A. GROSS
THOMAS D. HAINES, JR.
GREGORY J. NIBERT
DAVID T. MARKETTE*
MARK C. DOW

FRED W. SCHWENDIMANN
JAMES M. HUDSON
JEFFREY S. BAIRD*
REBECCA NICHOLS JOHNSON
WILLIAM P. JOHNSON
STANLEY K. KOTOVSKY, JR.
H. R. THOMAS
ELLEN S. CASEY
MARGARET CARTER LUDEWIG
S. BARRY PAISNER
STEPHEN M. CRAMPTON
MARTIN MEYERS
GREGORY S. WHEELER
ANDREW J. CLOUTIER
JAMES A. GILLESPIE
GARY W. LARSON
STEPHANIE LANDRY
JOHN R. KULSETH, JR.
MARGARET R. MCNETT
BRIAN T. CARTWRIGHT*
LISA K. SMITH*
ROBERT H. BETHEA*
BRADLEY W. HOWARD
CHARLES A. SUTTON
NORMAN D. EWART
DARREN T. GROCE*
MOLLY MCINTOSH
MARCIA B. LINCOLN
SCOTT A. SHUART*
DARREN L. BROOKS
CHRISTINE E. LALE
PAUL G. NASON
DARLA M. SILVA

ATTORNEYS AT LAW

218 MONTEZUMA

POST OFFICE BOX 2068

SANTA FE, NEW MEXICO 87504-2068

(505) 982-4554

FAX (505) 982-8623

CLARENCE E. HINKLE (1904-1985)
W. E. BONDURANT, JR. (1913-1973)
ROY C. SNOODGRASS, JR. (1914-1987)

OF COUNSEL
O. M. CALHOUN*
MACK EASLEY
JOE W. WOOD
RICHARD S. MORRIS

WASHINGTON, D.C.
SPECIAL COUNSEL
ALAN J. STATMAN*

700 UNITED BANK PLAZA
POST OFFICE BOX 10
ROSWELL, NEW MEXICO 88202
(505) 622-6510
FAX (505) 623-9332

2800 CLAYDESTA CENTER
6 DESTA DRIVE
POST OFFICE BOX 3580
MIDLAND, TEXAS 79702
(915) 683-4691
FAX (915) 683-6518

1700 TEAM BANK BUILDING
POST OFFICE BOX 9238
AMARILLO, TEXAS 79105
(806) 372-5569
FAX (806) 372-9761

500 MARQUETTE N.W., SUITE 800
POST OFFICE BOX 2043
ALBUQUERQUE, NEW MEXICO 87103
(505) 768-1500
FAX (505) 768-1529

February 25, 1993

*NOT LICENSED IN NEW MEXICO

W. Thomas Kellahin, Esq.
117 N. Guadalupe
Santa Fe, New Mexico 87501

Re: Exxon Corporation John D. Knox Well No. 11,
Unit I, Section 10, Township 21 South,
Range 36 East, N.M.P.M., Lea County,
New Mexico

Dear Tom:

Exxon has requested administrative approval of an unorthodox location for the above well, located 330 feet FEL and 2,310 feet FSL. Exxon proposes to recompleate the well in the Eumont Yates Seven Rivers Queen (Prorated Gas) Pool. Exxon has also requested that the E $\frac{1}{2}$ of Section 10 be simultaneously dedicated to its John D. Knox Well Nos. 1, 11, and 13. Conoco Inc. has objected to the unorthodox location for the No. 11 Well.

Exxon proposes to limit production from the No. 11 Well to no more than 50% of the 320 acre unit allowable. In the event the No. 11 Well produces more or less than 50% of the 320 acre unit allowable for any six month proration period, as defined by the Division (under Order No. R-8170, as amended), then Exxon shall be permitted to make up such overproduction or underproduction during the next succeeding six month proration period. Such makeup may occur either by shut-in, underproduction, or overproduction, at Exxon's option. If underproduction is not made up during the six month makeup period, underproduction shall be canceled. If overproduction is not balanced during the six month makeup period, then Exxon shall shut in the No. 11 Well until balancing occurs.

JGB5\93440.c

OS 4 00 92 FEB 86.

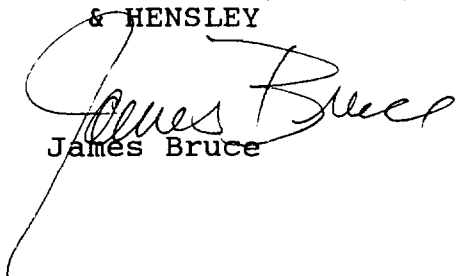
RECEIVED
DIVISION OF CONSERVATION

W. Thomas Kellahin, Esq.
Page Two
February 25, 1993

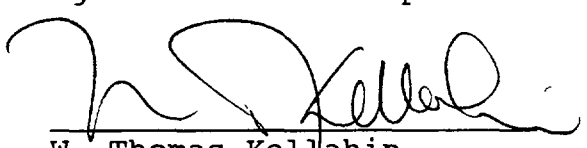
If Conoco agrees to this proposal, please sign and date the copy of this letter below, and return it to me. Conoco, by agreeing to this proposal, hereby withdraws its objection to administrative approval of the unorthodox location, provided that the administrative order incorporates the above limitation. Exxon will submit this letter to the Division with a request that the unorthodox location and simultaneous dedication be approved administratively, incorporating the above allowable limitation on the No. 11 Well. A copy of the letter to the OCD is enclosed.

Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY


James Bruce

Agreed to and accepted:


W. Thomas Kellahin

Attorney Conoco Inc.

Dated: February 26, 1993

911 CONSEP
N DIVISION
RECEIVED
'93 FEB 26 AM 4 50

Via Hand Delivery

JGB5\93440.c

HINKLE, COX, EATON, COFFIELD & HENSLEY

NEW MEXICO OIL CONSERVATION DIVISION
P.O. BOX 2088
SANTA FE, NEW MEXICO 87504-2088
JAN 9 05

WAIVER

New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

This is to advise that the undersigned has been given due notice that Exxon Corp. has made application for an unorthodox location, non-standard proration unit and simultaneous dedication for the J. D. Knox well #11.

We, the undersigned, hereby waive any objection to the granting of this application for the permit to plug back the J. D. Knox well #11 to the Eumont Yates 7 Rivers Queen pool. The location of this well is 2310' FSL & 330' FEL of Section 10, T21S-R36E.

Executed this 29th day of January, 1993.

Company Chevron USA Prod co.

By FL Godbold

Memo

From

LARRY VAN RYAN
Chief Petroleum Engineer

To

* As you are aware, allowable production is assigned to a Base Production Unit (GPU) and not to each well in the GPU. In the situation proposed by Conoco and Exxon, there will be 3 wells on the non-standard 320 acre GPU.

The only type of penalty involving allowable would have to be for the GPU and not individual wells in the GPU.

rough Draft.

Hinkle, Cox, Eaton, Coffield & Hensley
Attn: James Bruce
P. O. Box 2068
Santa Fe, New Mexico 87504-2068

Kellahin, Kellahin & Aubrey
Attn: W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504

Re: Case No. 10,674, Application of Exxon Corporation for an Unorthodox Gas Well Location and Simultaneous Dedication, Eumont Gas Pool, Lea County, New Mexico.

Dear Messrs. Bruce and Kellahin:

The New Mexico Oil Conservation Division has reviewed the joint proposal submitted by Exxon Corporation and Conoco, Inc. by letter from Mr. James Bruce, dated **February 26, 1993**, concerning Exxon's original administrative application to the Division for an unorthodox gas well location for the existing John D. Knox Well No. 11 located 2310 feet from the South Line and 330 feet from the East line (Unit I) of Section 10, Township 21 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated with the John D. Knox Well Nos. 1 and 13, located in Units "J" and "H", respectively, to the existing non-standard 320-acre gas spacing and proration unit comprising the E/2 of said Section 10. Whereby Exxon has agreed to a "production limitation of 50% of a 320-acre unit allowable for the John D. Knox Well No. 11". Further, "the other two wells to be simultaneously dedicated to the unit, the John D. Knox Well Nos. 1 and 13, will be allowed to produce at capacity".

While the Division encourages such cooperative efforts between opposing parties in settling their differences outside the hearing process, the Division in this particular instance can not accept the above-described compromise.* Such a production limitation can not be entered into the computerized gas proration program, since gas proration units (GPU) are assigned allowables and not wells there would not be an easy way for the Division to police and follow such method in a multi-well unit where only one well would be limited. If such a method was devised the danger of such inconsistencies in the program to become lost over time or "corrected" any time that wells are included or omitted or when the operator changes could lead to a greater chance for correlative rights violations or drainage across lease lines.

The subject case in this matter has already been dismissed, so please consider the administrative application pending until such time as I receive either a joint resolution form both Conoco and Exxon or notice from Exxon to **reopen** Case No. 10,674.

If a satisfactory joint resolution is reached by both parties, a meeting with the Mr. Larry Van Ryan, the Division's Chief Engineer and myself might be appropriate to see if such a plan can be incorporated with the Division's gas proration procedures.

Should you have any questions or comments concerning this matter, please contact me at (505) 827-5811 or Mr. Van Ryan at 5809.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: Oil Conservation Division - Hobbs
Case File 10,674
William J. LeMay - OCD Director, Santa Fe
Larry Van Ryan - Chief Engineer, OCD, Santa Fe

2nd Draft

MS 3/2/93

[Signature] 3/2/93

March 12, 1993

Hinkle, Cox, Eaton, Coffield & Hensley
Attn: James Bruce
P. O. Box 2068
Santa Fe, New Mexico 87504-2068

Kellahin, Kellahin & Aubrey
Attn: W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504

Re: Case No. 10,674, Application of Exxon Corporation for an Unorthodox Gas Well Location and Simultaneous Dedication, Eumont Gas Pool, Lea County, New Mexico.

Dear Messrs. Bruce and Kellahin:

The New Mexico Oil Conservation Division has reviewed the joint proposal submitted by Exxon Corporation and Conoco, Inc. by letter from Mr. James Bruce, dated **February 26, 1993**, concerning Exxon's original administrative application to the Division for an unorthodox gas well location for the existing John D. Knox Well No. 11 located 2310 feet from the South Line and 330 feet from the East line (Unit I) of Section 10, Township 21 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated with the John D. Knox Well Nos. 1 and 13, located in Units "J" and "H", respectively, to the existing non-standard 320-acre gas spacing and proration unit comprising the **E/2** of said Section 10. Whereby Exxon has agreed to a "production limitation of 50% of a 320-acre unit allowable for the John D. Knox Well No. 11". Further, "the other two wells to be simultaneously dedicated to the unit, the John D. Knox Well Nos. 1 and 13, will be allowed to produce at capacity".

While the Division encourages such cooperative efforts between opposing parties in settling their differences outside the hearing process, the Division in this particular instance can not accept the above-described compromise. As you are aware allowable production is assigned to a gas proration unit (GPU) and not to each well in a GPU. In the situation proposed by Conoco and Exxon where the three subject wells are to be simultaneously dedicated to the subject 320-acre GPU, the **only** type of penalty involving allowables the Division will allow for is a penalty ~~for~~ *against* the entire GPU and not individual wells in the subject GPU.

The subject case in this matter has already been dismissed, so please consider the administrative application pending until such time as I receive either a joint resolution form both Conoco and Exxon or notice from Exxon to **reopen** Case No. 10,674.

If a satisfactory joint resolution is reached by both parties, a meeting with ~~the~~ Mr. Larry Van Ryan, the Division's Chief Engineer and myself ~~might be appropriate to see if such a plan can~~ be incorporated ^{into} with the Division's gas proration ^{Schedule} procedures. *And determine if it*

Should you have any questions or comments concerning this matter, please contact me at (505) 827-5811 or Mr. Van Ryan at 5809.

Sincerely,

*is advised to confirm
whether the amended*

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: Oil Conservation Division - Hobbs
Case File 10,674
William J. LeMay - OCD Director, Santa Fe
Larry Van Ryan - Chief Engineer, OCD, Santa Fe



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

March 12, 1993

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

ANITA LOCKWOOD
CABINET SECRETARY

Hinkle, Cox, Eaton, Coffield & Hensley
Attn: James Bruce
P. O. Box 2068
Santa Fe, New Mexico 87504-2068

Kellahin, Kellahin & Aubrey
Attn: W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504

Re: Case No. 10,674, Application of Exxon Corporation for an Unorthodox Gas Well Location and Simultaneous Dedication, Eumont Gas Pool, Lea County, New Mexico.

Dear Messrs. Bruce and Kellahin:

The New Mexico Oil Conservation Division has reviewed the joint proposal submitted by Exxon Corporation and Conoco, Inc. by letter from Mr. James Bruce, dated **February 26, 1993**, concerning Exxon's original administrative application to the Division for an unorthodox gas well location for the existing John D. Knox Well No. 11 located 2310 feet from the South Line and 330 feet from the East line (Unit I) of Section 10, Township 21 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated with the John D. Knox Well Nos. 1 and 13, located in Units "J" and "H", respectively, to the existing non-standard 320-acre gas spacing and proration unit comprising the **E/2** of said Section 10. Whereby Exxon has agreed to a "production limitation of 50% of a 320-acre unit allowable for the John D. Knox Well No. 11". Further, "the other two wells to be simultaneously dedicated to the unit, the John D. Knox Well Nos. 1 and 13, will be allowed to produce at capacity".

While the Division encourages such cooperative efforts between opposing parties in settling their differences outside the hearing process, the Division in this particular instance can not accept the above-described compromise. As you are aware allowable production is assigned to a gas proration unit (GPU) and not to each well in a GPU. In the situation proposed by Conoco and Exxon where the three subject wells are to be simultaneously dedicated to the subject 320-acre GPU, the **only** type of penalty involving

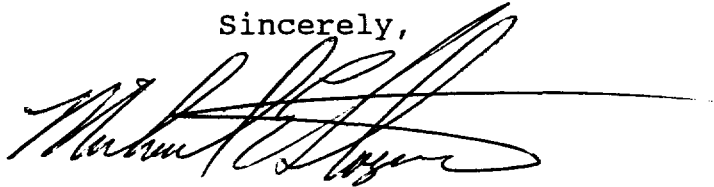
allowables the Division will allow for is a penalty against the entire GPU and not individual wells in the subject GPU.

The subject case in this matter has already been dismissed, so please consider the administrative application pending until such time as I receive either a joint resolution form both Conoco and Exxon or notice from Exxon to **reopen** Case No. 10,674.

If a satisfactory joint resolution is reached by both parties, a meeting with Mr. Larry Van Ryan, the Division's Chief Engineer and myself is advised to confirm the amended plan and to determine if it can be incorporated into the Division's gas proration schedule.

Should you have any questions or comments concerning this matter, please contact me at (505) 827-5811 or Mr. Van Ryan at 5809.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal flourish extending to the right.

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: Oil Conservation Division - Hobbs
Case File 10,674
William J. LeMay - OCD Director, Santa Fe
Larry Van Ryan - Chief Engineer, OCD, Santa Fe
Robert G. Stovall - General Counsel, OCD, Santa Fe

HINKLE, COX, EATON, COFFIELD & HENSLEY

LEWIS C. COX
PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
ERIC D. LANPHERE
C. D. MARTIN
ROBERT P. TINNIN, JR.
MARSHALL G. MARTIN
OWEN M. LOPEZ
DOUGLAS L. LUNSFORD
JOHN J. KELLY
NICHOLAS J. NOEDING
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD*
RICHARD E. OLSON
RICHARD R. WILFONG*
THOMAS J. MCBRIDE
JAMES J. WECHSLER
NANCY S. CUSACK
JEFFREY L. FORNACIARI
JEFFREY D. HEWETT
JAMES BRUCE
JERRY F. SHACKELFORD*
JEFFREY W. HELLBERG*
ALBERT L. PITTS
THOMAS M. HNASKO
JOHN C. CHAMBERS*
GARY D. COMPTON*
MICHAEL A. GROSS
THOMAS C. HAINES, JR.
GREGORY J. NIBERT
DAVID T. MARKETTE*
MARK C. DOW

FRED W. SCHWENDIMANN
JAMES M. HUDSON
JEFFREY S. BAIRD*
REBECCA NICHOLS JOHNSON
WILLIAM P. JOHNSON
STANLEY K. KOTOVSKY, JR.
H. R. THOMAS
ELLEN S. CASEY
MARGARET CARTER LUDEWIG
S. BARRY PAISNER
STEPHEN M. CRAMPTON
MARTIN MEYERS
GREGORY S. WHEELER
ANDREW J. CLOUTIER
JAMES A. GILLESPIE
GARY W. LARSON
STEPHANIE LANDRY
JOHN R. KULSETH, JR.
MARGARET R. MCNETT
BRIAN T. CARTWRIGHT*
LISA K. SMITH*
ROBERT H. BETHEA*
BRADLEY W. HOWARD
CHARLES A. SUTTON
NORMAN D. EWART
DARREN T. GROCE*
MOLLY MCINTOSH
MARCIA B. LINCOLN
SCOTT A. SHUART*
DARREN L. BROOKS
CHRISTINE E. LALE
PAUL G. NASON
DARLA M. SILVA

ATTORNEYS AT LAW
218 MONTEZUMA
POST OFFICE BOX 2068
SANTA FE, NEW MEXICO 87504-2068
(505) 982-4554
FAX (505) 982-8623

CLARENCE E. HINKLE (1901-1985)
W. E. BONDURANT, JR. (1913-1973)
ROY C. SNODGRASS, JR. (1914-1987)

OF COUNSEL
O. M. CALHOUN*
MACK EASLEY
JOE W. WOOD
RICHARD S. MORRIS

WASHINGTON, D.C.
SPECIAL COUNSEL
ALAN J. STATMAN*

700 UNITED BANK PLAZA
POST OFFICE BOX 10
ROSWELL, NEW MEXICO 88202
(505) 622-6510
FAX (505) 623-9332

2800 CLAYDESTA CENTER
6 DESTA DRIVE
POST OFFICE BOX 3580
MIDLAND, TEXAS 79702
(915) 683-4691
FAX (915) 683-6518

1700 TEAM BANK BUILDING
POST OFFICE BOX 9238
AMARILLO, TEXAS 79105
(806) 372-5569
FAX (806) 372-9761

500 MARQUETTE N.W., SUITE 800
POST OFFICE BOX 2043
ALBUQUERQUE, NEW MEXICO 87103
(505) 768-1500
FAX (505) 768-1529

March 24, 1993

*NOT LICENSED IN NEW MEXICO

Michael E. Stogner
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87503

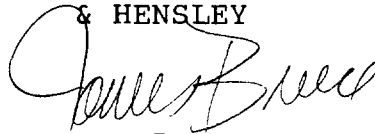
Re: Case No. 10,674, Application of Exxon Corporation
for an Unorthodox Gas Well Location and Simultaneous
Dedication, Eumont Gas Pool, Lea County, New Mexico

Dear Mr. Stogner:

Thank you for your letter of March 12, 1993. I have spoken briefly about this matter with Mr. Kellahin, and our discussions continue. In the interim, however, enclosed is Commission Order No. R-1103, which granted a 50% of 640 acre unit allowable on a well simultaneously dedicated to all of Section 4, 20 South - 37 East, in Lea County, in the Eumont Gas Pool. Based on this Order, Exxon requests the Division to reconsider its position.

Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY


James Bruce

JB:frs
Enclosure
c: W. Thomas Kellahin, Esq. (w/encl.)
William T. Duncan, Jr. (w/encl.)

JGB5\93614.c