



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

May 15, 1990

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

Presidio Oil Company
3131 Turtle Creek Blvd.
Suite 400
Dallas, Texas 75219-5415

Attention: David M. Hanger

Dear Mr. Hanger:

I have received your recent application to amend Division Order No. R-8572, which order authorized Sohio Petroleum Company to conduct a waterflood project on its Phillips Lea State Lease, Lea County, New Mexico. It appears that the changes you have proposed, including the choice and number of injection wells as well as the injection pattern constitute a major amendment to the waterflood project as initially proposed by Sohio. In that respect, it is my opinion that the proposed changes cannot be made by administrative application, and that such amendments should be further addressed at a hearing before a Division Examiner.

If you so desire, I will set the application for hearing at the earliest possible date. Please be advised however, that notice to offset operators and surface owners will be required as per the provisions of Form C-108. Please advise if and when you would like to go to hearing on the subject amendments.

Sincerely,

A handwritten signature in cursive script that reads "David Catanach".

David Catanach
Engineer

xc: Case File-9260
Mike Stogner