



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



September 8, 1993

BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

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

Conoco Inc.
10 Desta Drive - Suite 100W
Midland, Texas 79705-4500

Attention: Jerry W. Hoover

RE: *Application for Non-Standard Proration Unit for the South Dagger Draw Upper Pennsylvanian Associated Pool. Preston Federal Well No. 4, Section 34, Unit "P", Township 20-1/2 South, Range 23 East, NMPM, Eddy County, New Mexico.*

Dear Mr. Hoover:

The subject application as submitted can not be approved at this time, the Cisco formation as your requesting is also within the vertical extension of the Indian Basin-Upper Pennsylvanian Gas Pool ("Indian Basin Pool"). The subject well lies only 990 feet from the northern most boundary of the Indian Basin Pool and approximately one-mile from the southwestern most boundary line of the South Dagger Draw-Upper Pennsylvanian Associated Pool. Since this well is situated closer to the horizontal extent of said Indian Basin Pool it is therefore governed by the Special Rules and Regulations for said gas pool, as promulgated by Division Order No. R-8170, as amended. See General Rule 104.A(2) for affirmation.

Should you wish to amend this application and request an exception to **RULE 2A** of said Special Pool Rules please notify me so that your application may be processed in a timely manner.

Also, please submit a plat showing all off-setting operators to the proposed non-standard unit. Our records indicate Marathon Oil Company as operators to the south in Sections 3 and 4, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico, however you show that they were not notified. Any explanation would be helpful. Thank you.

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

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: Oil Conservation Division - Artesia
 U. S. Bureau of Land Management - Carlsbad