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JASON KELLAHIN (RETIRED 1991)

September 19, 1994

HAND DELIVERED

SEP 19 1994

Mr. Michael E. Stogner
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Application of Great Western Drilling Company
for Statutory Unitization for its South Carter
(San Andres) Unit, Lea County, New Mexico; and

Re: Application of Great Western Drilling Company
for Approval of a Waterflood Project for
its South Carter (San Andres) Waterflood Project
and to Qualify Said Project for the Recovered Oil
Tax Rate Pursuant to the "New Mexico Enhanced Oil
Recovery Act," Lea County, New Mexico

Dear Mr. Stogner:

On behalf of Great Western Drilling Company, please find enclosed our two referenced applications which we request be set for hearing on the next available Examiner's docket now scheduled for October 13, 1994.

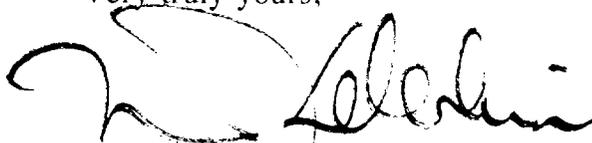
By copy of this letter and application, sent certified mail, we are notifying all interested parties of their right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application and that failure to appear at the hearing may preclude them from any involvement in this case at a later date.

Mr. Michael E. Stogner
September 19, 1994
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Pursuant to the Division's Memorandum 2-90, all parties are hereby informed that if they appear in this case, then they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, October 7, 1994, with a copy delivered to the undersigned.

Also enclosed is our proposed advertisements of these cases for the NMOCD docket.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written in a cursive style.

W. Thomas Kellahin

WTK/tk
Enclosure

cc: Great Western Drilling Company and
By Certified Mail - Return Receipt
All Parties Listed on Form C-108
All parties subject to statutory unitization

PROPOSED ADVERTISEMENT

CASE _____ Application of Great Western Drilling Company for approval of a waterflood project and to qualify said project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval to institute a waterflood project in its South Carter (San Andres) Unit (being the subject of Case _____) located in portions of Sections 5,6,7, and 8, Township 18 South, Range 39 East, Lea County, New Mexico by injection of water into the San Andres formation, South Carter-San Andres Pool, through 5 injection wells located within the unit area. Applicant further seeks to qualify this project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). Said project is located approximately 6 miles north-northeast from Hobbs, New Mexico.

PROPOSED ADVERTISEMENT

CASE _____ Application of Great Western Drilling Company for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the South Carter-San Andres Pool underlying its proposed South Carter (San Andres) Unit encompassing some 624 acres, more or less, of Federal and Fee lands, in a new project area comprising portions of Sections 5,6,7 and 8, T18S, R39E, NMPM, Lea County, New Mexico. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable and equitable allocation of production and costs of production, including capital investments, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investments in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Said unit area is located approximately 6 miles north-northeast of Hobbs, New Mexico.