

**HINKLE, COX, EATON, COFFIELD & HENSLEY,
L.L.P.**

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
MASTON C. COURTNEY
DON L. PATTERSON
DOUGLAS L. LUNSFORD
NICHOLAS J. NOEDING
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD
RICHARD E. OLSON
RICHARD R. WILFONG
THOMAS J. MCBRIDE
NANCY S. CUSACK
JEFFREY L. FORNACIARI

JEFFREY D. HEWETT
JAMES BRUCE
JERRY F. SHACKELFORD
JEFFREY W. HELLBERG
WILLIAM F. COLNATSS
MICHAEL J. CANON
ALBERT L. PITTS
THOMAS M. HNASKO
JOHN C. CHAMBERS
GARY G. COMPTON
W. H. BRIAN, JR.
RUSSELL J. BAILEY
CHARLES P. WATSON, JR.
STEVEN D. ARNOLD
THOMAS C. HAINES, JR.
GREGORY J. NIBERT
FRED W. SCHWEND MANN
JAMES M. HUDSON
JEFFREY S. BARD

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

LEWIS C. COX, JR. (1924-1993)
CLARENCE E. HINKLE (1904-1985)
OF COUNSEL
C. M. CALHOUN, JOE W. WOOD
RICHARD L. CAZZELL, RAY W. RICHARDS
AUSTIN AFFILIATION
HOFFMAN & STEPHENS, P.C.
KENNETH R. HOFFMAN
TOM C. STEPHENS
RONALD D. SCHULTZ, JR.
JOSE CANO

THOMAS E. HODD
REBECCA N. CHOLS, JOHNSON
STANLEY A. KOTOVSKY, JR.
ELLEN S. CASEY
MARGARET CARTER LUDWIG
S. BARRY PASTER
WYATT L. BROOKS
DAVID M. RUSSELL
ANDREW J. CLOUTER
STEPHANIE LANDRY
KURT E. MOELLING
DIANE FISHER
JULIE F. NEERKEN
WILLIAM B. SLATTERY
CHRISTOPHER M. WOODY
JOHN L. PHILLIPS
EARL P. NORRIS
JAMES A. GILLESPIE
MARGARET R. MCNETT
GARY W. JARSON
LISA K. SMITH
NORMAN D. EWART
DARREN T. GROCE
MOLLY MCINTOSH
MARCIA B. LINCOLN
SCOTT A. SHUART
PAUL G. NASON
AMY C. WRIGHT
BRADLEY G. BISHOP
KAROLYN KING NELSON
ELLEN T. KOLDERBOUGH
JAMES H. WOODY
NANCY L. STRATTON
TIMOTHY R. BROWN
JAMES C. MARTIN

*NOT LICENSED IN NEW MEXICO

February 20, 1996

Via Hand Delivery

William J. Lemay
New Mexico Oil Conservation Commission
2040 South Pacheco
Santa Fe, New Mexico

Re: Revisions to Rule 303(C) -- Downhole Commingling

Dear Mr. Lemay:

This letter is filed on behalf of Pogo Producing Company. Pogo urges the Commission to adopt "Option A" requiring notification of offset operators when an administrative application is filed. Pogo believes that, due to the substantial changes being made to Rule 303(C), it would be best to retain a notice requirement until experience is obtained in the processing of applications under the new rule. While downhole commingling applications may have been rarely protested when wells were allowed to produce only 30 or 40 bopd, that may not be the case when a well's commingled allowable is several hundred bopd. In addition, the proposed rule contains other major changes which we believe make it prudent to retain a notice requirement at this time. Other operators, such as Santa Fe Energy Resources, Inc., also believe a notice requirement should be retained.

Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY, L.L.P.


James Bruce

ocdltr.3