



Sunray Mid-Continent Oil Company

October 2, 1961

PG-6

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Re: Case No. 2394
Location Exception
Hondo Oil & Gas Company
Eddy County, New Mexico

Gentlemen:

In reference to New Mexico Oil Conservation Commission Case No. 2394 which has been set for hearing October 4, 1961, it is our understanding that Hondo Oil & Gas Company proposes to bottom their directionally drilled well in Section 26, Township 17 South, Range 28 East, approximately 50 feet from the unit line. Sunray Mid-Continent Oil Company, as an operator in the Empire Abo Pool, recommends adherence to the spacing rules, and any advantage gained by a location exception should be compensated for by a production penalty.

Very truly yours,

SUNRAY MID-CONTINENT OIL COMPANY

William R. Loar
Chief Proration Engineer

WRL:lc

cc: Pan American Petroleum Corporation
P. O. Box 1410
Fort Worth 1, Texas
Attention: Mr. Glen King