

LAW OFFICES

TANSEY, ROSEBROUGH, GERDING & STROTHER, P.C.

621 WEST ARRINGTON
FARMINGTON, NEW MEXICO 87401

TELEPHONE: (505) 325-1801

OF COUNSEL
Charles M. Tansey

TELECOPIER:
(505) 325-4675

Douglas A. Echols
Richard L. Gerding
Randall T. Holmes
Connie R. Martin
Michael T. O'Loughlin
James B. Payne
Tommy Roberts
Haskell D. Rosebrough
Robin D. Strother

Mailing Address:
P. O. Box 1020
Farmington, N.M. 87499

June 14, 1990

State of New Mexico
Energy, Minerals & Natural Resources Department
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501-2088

Attn: William J. Lemay, Director

Re: Application for Downhole Commingling
and a Non-Standard Oil Proration Unit
Hixon Development Company
Rio Arriba County, New Mexico

Gentlemen:

Hixon Development Company proposes to re-complete its Evans No. 1 Well, located at a standard oil well location 790 feet FNL and 790 feet FWL of Section 5, Township 24 North, Range 2 West, Rio Arriba County, New Mexico, in the Gavilan Mancos Oil Pool. The Evans No. 1 Well is currently completed in, and producing from, the Gavilan Greenhorn Graneros Dakota Oil Pool and, upon successful re-completion in the Gavilan Mancos Oil Pool, Hixon Development Company proposes to commingle production from the Gavilan Greenhorn Graneros Dakota Oil Pool and the Gavilan Mancos Oil Pool in the wellbore of said well. Hixon Development Company further proposes to establish a 320-acre non-standard oil spacing and proration unit, consisting of the W/2 of Section 5, Township 24 North, Range 2 West, Rio Arriba County, New Mexico, for production attributable to the Gavilan Mancos Oil Pool.

Please consider this letter the formal application of Hixon Development Company for an order of the New Mexico Oil Conservation Division approving the proposed downhole commingling of production in the wellbore of the Evans No. 1 Well and approving the proposed 320-acre non-standard oil spacing and

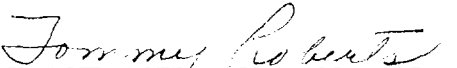
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proration unit. This application was verbally communicated to the Office of the New Mexico Oil Conservation Division on June 4, 1990, at which time Hixon Development Company was advised that the application would be placed on the June 27, 1990 Examiner Hearing Docket.

Please advise should you require any additional information.

Sincerely,

TANSEY, ROSEBROUGH, GERDING
& STROTHER, P.C.


TOMMY ROBERTS, Attorney
for Hixon Development Company

TR:nk

cc: Supervisor, District III Office
New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

Hixon Development Company
P.O. Box 2810
Farmington, New Mexico 87499