



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION
 HOBBS DISTRICT OFFICE

July 25, 1985

50 YEARS



1935 - 1985

POST OFFICE BOX 1980
 HOBBS, NEW MEXICO 88240
 (505) 393-6161

TONEY ANAYA
 GOVERNOR

HCW Exploration, Inc.
 P. O. Box 10585
 Midland, Texas 79702

Attention Mr. Steve A. Douglas, Operations Manager

Re: R. W. Cowden "C" Well No. 9, Unit H
 Section 31, T-23-S, R-37-E
 Lea County, New Mexico

Dear Mr. Douglas:

Although the surface location for the subject well was standard for the 160 acre proration unit in the Jalmat Gas Pool approved by Division Order NSP-1335, it is unorthodox for the 316 acre unit approved for simultaneous dedication by NFL-71 and presently dedicated to Wells Nos. 4 in Unit C and 9 in Unit H of Section 31. It will, therefore, be necessary for you to obtain approval through the Santa Fe office of the Oil Conservation Division for the unorthodox location.

As an alternative, you might wish to divide the north half of Section 31 into two 160 acre proration units, with the northwest quarter dedicated to Well No. 4 and the northeast quarter dedicated to Well No. 9. Under this arrangement, both well locations would be standard and you would need to only apply for administrative approval for the 160 acre non-standard proration unit for Well No. 4.

Please let us hear no later than August 5th regarding your decision in this matter.

Yours very truly,

OIL CONSERVATION DIVISION

Jerry Sexton
 Supervisor, District 1

/mc
 cc-Mr. Dave Sites
 HCW Exploration, Inc.
 Midland, Texas

Mr. R. L. Stamets, Director
 Oil Conservation Division
 Santa Fe, New Mexico

BEFORE EXAMINER QUINTANA	
OIL CONSERVATION DIVISION	
HCW	EXHIBIT NO. 7
CASE NO.	8729