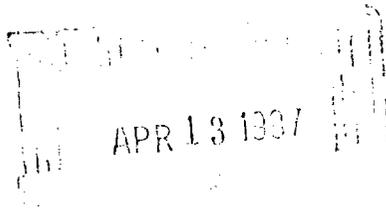




Diamond Shamrock
Exploration Company



U.S. Onshore Division
Southern Region

April 10, 1987

Mr. Michael E. Stogner
Oil Conservation Committee
Box 2088
Santa Fe, NM 87504

Sir:

Diamond Shamrock respectfully requests that the lay-down 320 acre spacing presently in force in Section 34, T-22S, R34E, Lea County, be changed to stand-up 320's. This change will facilitate the drilling of an Atoka-Morrow well in the SW/4 of this section. Ownership of minerals is common for the entire section.

Your attention to this matter is greatly appreciated. Should you have any questions, please call me at (214) 979-5024. Thank you.

Very truly yours,

Randy Simmons
Reservoir Engineering Manager

RS:JD:st

cc: Mr. Paul Cooter
Mr. Ed Gonzales

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION



April 15, 1987

GARREY CARRUTHERS
GOVERNOR

Diamond Shamrock Exploration Company
2001 Ross Avenue
Dallas, Texas 75201-2916

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Attn: Randy Simmons
Reservoir Engineer Manager

Re: Federal Well No. 2 Unit P,
Section 34, Township 22
South, Range 34 East, Lea
County, New Mexico

Dear Mr. Simmons:

Division Order No. R-8331, dated November 4, 1986, authorized the drilling of the subject well to test the Antelope Ridge Atoka Gas Pool at an unorthodox gas well location 660 feet from the South and East lines (Unit P) of said Section 34. Division Order No. R-8331-A, dated March 13, 1987, amended R-8331 to include the Undesignated Antelope Ridge Morrow Gas Pool into the provisions set forth in that order. Both orders indicated the S/2 of said Section 34 was to be dedicated in both pools to the well.

Your letter dated April 10, 1987, requesting a re-orientation of the dedicated acreage in both pools for the subject well to include the E/2 of said Section 34, has been considered and reviewed. Since this change would facilitate the drilling of an Atoka/Morrow well in the SW/4 of said Section 34 and the ownership of minerals is common throughout the entire section, your request to rededicate the E/2 of said Section 34 to the subject well is hereby approved.

Sincerely,

WILLIAM J. LEMAY
Director

WJL/MES/et

xc: Oil Conservation Division - Hobbs
Paul Cooler
Case Nos. 9005, 9087

