



Midland Division
Exploration and Production

Conoco Inc.
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December 21, 1990

To Operators and/or Interest
Owners Within One Mile of the
North Dagger Draw Upper
Pennsylvanian Oil and Gas Pool
Eddy County, New Mexico

Gentlemen:

Attached is a copy of Conoco's application requesting an NMOCD examiner hearing on the January 24, 1991 docket for revision of the special rules and regulations for the North Dagger Draw Upper Pennsylvanian Pool, Eddy County, New Mexico. The purpose of this request for a higher oil allowable is to (a) promote additional development of this pool, (b) recover additional oil reserves unrecoverable by the current spacing development, and (c) through a higher well density to provide for a more efficient and effective recovery of these additional oil reserves.

New Technology and completion practices being used by Conoco are proving that the current oil allowable, which was established on the premise of one well for each 160 acres, is delaying efficient and timely recovery from this pool. Numerous wells in this pool are capable of producing at or above the current allowable and are not effectively draining the established 160-acre proration units. Therefore, increasing the oil allowable would promote the development of additional wells on these proration units and result in recovery of oil reserves that will not be recovered by the currently existing wells.

As an operator and/or interest owner who may be affected by this application, you may appear and present testimony in support or protest of this application. Any party desiring to appear must file a prehearing statement by the Friday prior to date of the hearing.

If you have no objection to changing the special pool rules to allow for a 700 BOPD oil allowable per 160 acres that may be shared by more than one well, please sign the attached waiver and return it in the enclosed postage paid envelope. If you have any questions regarding this application, please call Jerry W. Hoover at (915) 686-6548.

Very truly yours,

Jerry W. Hoover
Regulatory Coordinator

JWH/tm

EXHIBIT 20

BEFORE EXAMINER OIL CONSERVATION DIVISION
EXHIBIT NO. <u>20</u>
CASE NO. <u>10221</u>
Submitted by <u>Conoco Inc.</u>
Hearing Date <u>2-7-91</u>