



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

July 21, 1989

RECEIVED

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STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

O. C. D.
ARTESIA, OFFICE

Beach Exploration, Inc.
P.O. Box 3669
Midland, TX 79702

Attention: Barbara Watson

RE: Exxon "A" Federal Lease Well
No. 3 2410' FNL - 1930' FWL
(Unit F) Section 18, Township
16 South, Range 29 East,
Eddy County, New Mexico.

Dear Ms. Watson:

After extensive review of your application dated April 19, 1989, the amendments dated June 23, 1989 and after discussion with Mr. Berry Hunt with the B.L.M. in Carlsbad, it still remains unclear to the Division as to why the proposed location could not have been moved to the north and west of the archeological site known as NMAS 5910. By doing so, the well would be at a standard oil well location and would also avoid this site. By moving to the north and east, the well is unorthodox and could result in inadequate drainage to the reservoir thereby creating waste.

In light of all of the aforementioned uncertainties that exist with this filing, adequate administrative review of this application can not be done at this time. Therefore this matter will be set for hearing before an Examiner on the next available docket scheduled for August 9, 1989.

If you should have any questions concerning the OCD hearing process, please contact this office.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: William J. LeMay
Robert G. Stovall
Vic Lyon
Oil Conservation Division - Artesia ✓