



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
ARTESIA DISTRICT OFFICE

November 6, 1981

BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

P.O. DRAWER DD
ARTESIA, NEW MEXICO 88210
(505) 746-4861

Hondo Oil & Gas Company
P.O. Box 1710
Hobbs, New Mexico 88240

Re: Federal 10
#1-E-10-18-28
Eddy County, New Mexico

Gentlemen:

We hereby acknowledge receipt of a notice of intent to attempt a Bone Springs completion on the subject well.

However, you show 320 acres dedicated to the well which is not in accordance with Division Rule 104.

If it is an oil well it would be 40 acres or if a gas well it would be 160 acres.

Further the unorthodox location that was approved by order R-6271 covers only the Wolfcamp and Pennsylvanian formations.

Therefore if the well is productive in the Bone Springs, the unorthodox location must be approved prior to producing the well.

If you have any questions concerning this matter, please feel free to call upon me.

Sincerely,

A handwritten signature in cursive script, reading "W.A. Gressett".

W.A. Gressett
Supervisor, District II

WAG:mm