



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONY ANAYA
GOVERNOR

September 22, 1986

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
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RECEIVED BY

SEP 24 1986

O. C. D.
ARTESIA, OFFICE

Mr. Steve Pfaff
Hudson/Llano Inc.
921 W. Sanger
Hobbs, New Mexico 88240

Re: Overproduction - Santa Fe Energy's Walker No. 1,
Eddy County, New Mexico

Dear Mr. Pfaff:

Thank you for your letter dated September 16. I have also been in contact with personnel in Santa Fe Operating Partner's Midland office. From our phone conversations it appears you may have a hardship situation.

Our agency is charged with preventing waste and protecting correlative rights and we do this through our rules and orders. Abuses of these rules and orders must be dealt with in order to protect the rights of all involved parties. We regret that the tone of your letter led us to react as we did but we are pleased to be informed that you understand the situation.

Your mistake and Santa Fe's was in failing to bring this situation to our attention in a timely manner so that appropriate action could be taken in conformance with our rules. As it is there is a serious problem of protecting correlative rights without causing waste.

Santa Fe O.P. is preparing application for emergency hardship classification. This will confirm my verbal approval of continuing the well on production pending Mr. Clement's approving that classification which should not require more than two weeks. My temporary authorization will expire September 29.

Very truly yours,

VICTOR T. LYON,
Chief Engineer

VTL/dr

cc: Santa Fe Operating Partners
Artesia District Office