



PRO NEW MEXICO INC.
OIL AND GAS PRODUCTION AND PROPERTIES

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VIA TELEFAX
(505) 327-7987

OIL CORP. DIV.
PERMITS

January 24, 1996

Giant Exploration & Production Company
P.O. Box 2810
Farmington, NM 87499-2810

Attn: Gregory E. McIntosh, Area Engineer

RE: Basin Dakota 24B Com 1
Section 24, T25N, R11W
San Juan County, New Mexico

Gentlemen:

Pro New Mexico has just discovered that Giant Exploration & Production Company has obtained a permit to drill a Basin Dakota well in the NE/4, Section 24, T25N, R11W, San Juan County, New Mexico. The application was designated by Giant as "confidential".

Our company holds oil and gas leases on the W/2 and SE/4 of that Section 24. Ostensibly Giant is attempting to include our leasehold in the SE/4 as part of the necessary 320 acres for dedication to the proposed Dakota well. This action has been taken without any effort to communitize the E/2 of Section 24; indeed, without even notifying Pro New Mexico.

Your filing with the NMOCD and BLM intentionally misrepresents that Giant controls the proration unit acreage on the dedication plat and fails to conform to the requirements of Rule 1102 of the Oil Conservation Commission and violates the instructions on the Form C-102.


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Pro New Mexico opposes the drilling of the subject well, opposes
Giant being the operator of a well on any of the acreage and will ask that this
matter be decided by formal hearing before the NMOCD, if Giant persists in
going forward.

Very truly yours,

PRO NEW MEXICO, INC.

By


J. E. Gallegos
President

cc(via telefax):

John Corbett, Vice President Operations, Giant
William LeMay, Director, NMOCD
Frank Chavez, District Supervisor, NMOCD
Ken Townsend, D & P Technical Advisor, BLM