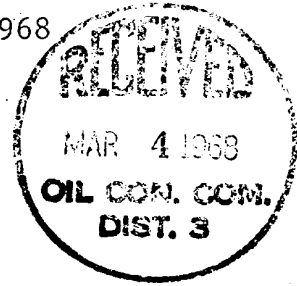


Mobil Oil Corporation

P.O. BOX 1652
CASPER, WYOMING 82601

March 1, 1968



• Mr. A. L. Porter, Jr.
New Mexico Oil Conservation Commission
Post Office Box 871
Sante Fe, New Mexico 87501

re: NON-STANDARD PRORATION UNIT
MOBIL OIL CORPORATION'S
H. K. RIDDLE WELL NO. 1
BASIN DAKOTA FIELD
SAN JUAN COUNTY
NEW MEXICO

Dear Mr. Porter:

Mobil Oil Corporation, a New York Corporation qualified to do business in the State of New Mexico, respectfully requests administrative approval of a 76.30 non-standard gas proration unit for the Dakota formation which would consist of the S/2 of the SW/4, Section 7, Township 27 North, Range 12 West, San Juan County, New Mexico. The requested non-standard proration unit consists of quarter-quarter sections that are contiguous by common bordering sides and which lie wholly within a governmental quarter section. The acreage included in the proposed unit is productive of gas from the Basin Dakota Horizon and Mobil Oil Corporation has a 93.75% working interest and Mr. O. J. Lilly a 6.25% working interest in a well known as the H. K. Riddle Well No. 1 which is located in the SW/4 of the SW/4 of said Section 7.

The request for this non-standard gas proration unit arises by virtue of an application, heretofore filed by Pan American Petroleum Corporation, for approval of a 228.66 acre non-standard gas proration unit for the Dakota formation consisting

March 1, 1968

of the NW/4 and the N/2 of the SW/4 of Section 7, Township 27 North, Range 12 West, San Juan County, New Mexico. Pan American, in addition to owning a lease covering the NW/4 of Section 7, has the right to obtain from Mr. O. J. Lilly and Mobil Oil Corporation the operating rights to the Dakota formation in the N/2 SW/4 of said Section. Pan American does not desire to communitize its acreage into a standard unit that would contain the aforesaid H. K. Riddle Well No. 1 for reasons expressed in its application and particularly because a workover of such well would be risky, imprudent, and uneconomic.

The H. K. Riddle Well No. 1 was completed in 1953 with an initial potential of 584 MCF of gas and 6 to 9 barrels of condensate per day. At the present time, the well is capable of producing 100 to 120 MCF of gas and approximately one barrel of condensate per day. Since this is a marginal well, it is believed a workover of same would not be economically feasible and it is also believed the joinder of the N/2 of the SW/4 of Section 7 to the NW/4 of Section 7, now leased by Pan American, would enable Pan American to justify drilling a new gas well in the NW/4 NW/4 of Section 7 at which point a much better sand section is expected to be encountered.

If approval is received for this requested 76.30 unit, as well as Pan American's 228.66 unit, there will be a dedication of all acreage in the W/2 of Section 7, Township 27 North, Range 12 West, San Juan County, New Mexico, producing from the Dakota formation. Consequently, there will not be any islands of acreage undedicated or being drained from offsetting Dakota unit wells and correlative rights will then be protected.

Attached hereto is a map showing the location of the proposed 76.30 non-standard gas proration unit for the Dakota formation and all surrounding acreage and wells.

All offset operators in the Sections adjoining said Section 7, as well as operators within said Section, are being notified of the request herein contained by virtue of copies of this letter being sent to them by certified mail.

March 1, 1968

It is respectfully requested you give favorable consideration to this letter of application.

Yours very truly,

MOBIL OIL CORPORATION

By *Robert L. Smith*

RRI:jc

attachment

cc: Certified letters to:

Mr. and Mrs. O. J. Lilly
1806 Pompton Drive
Austin, Texas 78758

Pan American Petroleum Corporation
Security Life Building
Denver, Colorado

Southwest Production Co.
3108 Southland Center
Dallas, Texas

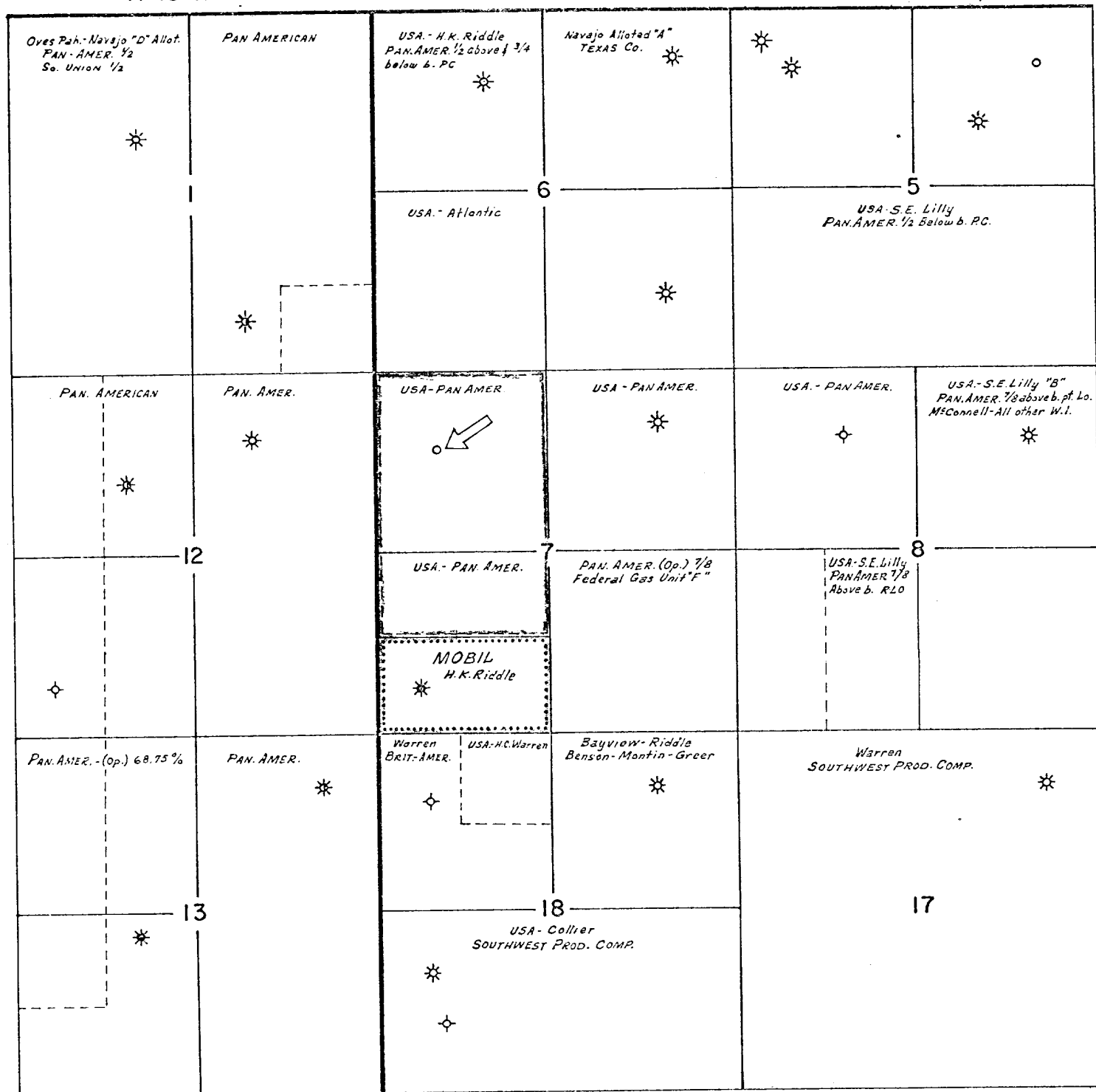
Southern Union Production Company
Fidelity Union Tower Building
Dallas, Texas

United States Geological Survey
Post Office Box 965
Farmington, New Mexico 87401

New Mexico Conservation Commission
1000 Rio Brazos Road
Aztec, New Mexico

R 13 W

R 12 W



LEGEND

Non Standard Unit Outline
PAN AMERICAN PET. CORP.

Non Standard Unit Outline
MOBIL OIL CORP.

Proposed Well PAN. AM.

Dakota Well

MOBIL OIL CORPORATION
NON-STANDARD PRORATION UNIT
BASIN DAKOTA FIELD
SAN JUAN COUNTY, NEW MEXICO