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 Caroline Blankenship
 Matthew S. Rappaport

Counsel
 William K. Stratvert
 James B. Collins

Reply to Santa Fe

150 Washington Ave., Suite 300
 Santa Fe, NM 87501

Mailing Address:
 P.O. Box 1986
 Santa Fe, NM 87504-1986

Telephone: (505) 989-9614
 Facsimile: (505) 989-9857

FACSIMILE TRANSMISSION COVER SHEET

DATE: February 17, 2004

TO: Michael Stogner (505) 476-3462

FROM: J. Scott Hall

OPERATOR: glb

MESSAGE: Please see attached.

NUMBER OF PAGES INCLUDING COVER SHEET: 3

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ALBUQUERQUE
 (505) 842-1950

HARMINGTON
 (505) 362-4521

LAS CRUCES
 (505) 523-2481

SANTA FE
 (505) 989-9614

MILLER STRATVERT

PROFESSIONAL ASSOCIATION

Ranne B. Miller
Alice T. Lorenz
Stephen M. Williams
Stephen M. Vidmar
Seth V. Bingham
Timothy R. Briggs
Rudolph Lucero
Deborah A. Solove
Gary L. Gordon
Lawrence R. White
Sharon P. Gross
Virginia Andersen
Marte D. Lightstone

J. Scott Hall*
Thomas R. Mack
Thomas M. Domme
Ruth O. Fregeizer
Jeffrey E. Jones
James J. Wikland
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Robin A. Goble
James R. Wood
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M. Dylan O'Reilly
Jennifer D. Hall
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Todd A. Schwarz
Neil Graham Sale
Scott P. Hatcher
Leonard D. Sanchez
Michelle K. Ostro

Kelsey D. Groen
Marcy Baysinger
David J. Martin
Caroline Blankenship
Matthew S. Rappaport
Karen E. Wootton
Samer K. Chyz

Counsel
William K. Stratvert
James B. Collins
Robert D. Talbert

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Santa Fe, NM 87504-1986

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Facsimile: (505) 989-9857

* New Mexico Board of Specialization Recognized Specialist in Natural Resources - Oil & Gas Law
** New Mexico Board of Specialization Recognized Specialist in Real Estate Law

February 16, 2004

Mr. Michael Stogner
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: New Mexico Oil Conservation Case No. 13144; Application of Permian Resources, Inc. for Special Pool Rules or, Alternatively, for an Unorthodox Well Location, Lea County, New Mexico

Dear Mr. Stogner:

A review of the Division's correspondence file in this matter will reflect that this case has been the subject of numerous continuances in the past few months. On behalf of the Applicant, I again request the hearing on the Application be continued, this time to the April 29, 2004 Examiner hearing docket.

The Hilburn No. 3 well is the third re-entry through the same well bore drilled to the Strawn formation with a resulting bottom hole location that is closer to a standard location than the current unorthodox surface location. In addition to approval of the unorthodox location, Permian sought a pool rules amendment to change the acreage dedication requirement in the North Shoe Bar-Strawn Pool from 80 acres to 160 acres. Permian will dismiss this aspect of the Application, leaving only the unorthodox location for the Division's review and approval.

Since its completion in October, 2003, the well has been unable to sustain a flow of measurable amounts. Permian is planning to re-stimulate the well and place it on artificial lift, but for a number of reasons, it has been prevented from scheduling the work. Until the work is done and production data obtained, Permian will not have the necessary information to include in a production restriction agreement it proposes to enter into with two offsetting operators, EOG and Yates Petroleum, both of whom have been cooperative. The delay in finalizing the production restriction agreement has also delayed the planned submission of an application for administrative approval of the unorthodox well location.

LAW OFFICES

ALBUQUERQUE
(505) 842-1950

FARMINGTON
(505) 326-4521

LAS CRUCES
(505) 523-2481

SANTA FE
(505) 989-9614

Mr. Michael Stogner
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The provision of notice in connection with the original Application was quite onerous and it is primarily for this reason that I have been reluctant to simply dismiss the application and re-file at a later date. Continuation of the matter until the April 29th docket should allow the Applicant ample time to complete its evaluation of the well and provide the Division with the application materials for administrative approval, based on the notice that has been provided in the docketed case.

Thank you for the Division's ongoing cooperation in this matter. Should any additional information be required, please let me know.

Very truly yours,

MILLER STRATVERT P.A.



J. Scott Hall

JSH/glb

cc: Michael Feldewert, Esq.
William Carr, Esq.
Michael Stewart
Will Porter