

OIL CONSERVATION DIVISION

November 22, 1995

P E D Oil Corporation
P. O. Drawer 3547
Midland, Texas 79702

Case 11439

Attention: Michael L. Guss
Vice-President

RE: Administrative application to recomplete the existing Mescalero Federal Well No. 1 (API No. 30-005-21052), located 1980'FN & WL (Unit F) of Section 11, Township 12 South, Range 30 East, NMPM, Chaves County, New Mexico, to an unorthodox bottomhole Devonian oil well location within the adjacent 40-acre tract comprising the SW/4 NW/4 (Unit E).

Dear Mr. Guss:

The subject application was received on November 13, 1995, subsequent to my initial review a few questions and situations were found that will need to be addressed before any further action can be taken.

You had provided a copy of this well's Federal Sundry Report dated October 25, 1995 with an attachment labeled "EXHIBIT "A"", which appears to be some portion of a sales agreement, stating that P E D Oil Corporation had acquired ownership of this well from Samedan Oil Corporation. Our records indicate that Foy and Middlebrook of Midland, Texas obtained this well in 1988 to utilize it as a salt water disposal well (see copy of well file attached). What is the relationship between Samedan and Foy and Middlebrook and what is the status of Foy and Middlebrook at this time?

Is all of said Section 11 considered to be one Federal mineral lease with common ownership throughout? Were all offsetting parties to the proposed 40-acre oil spacing and proration unit being Unit "E" notified of this matter as required by Division General Rules 111.D(2)(f) and 104.F(4)? If so please provide a copy of such notification and proof of delivery and provide an ownership plat showing such ownership if different then the submitted **Midland Map Company** portioned.

Your application stated that the deviation is being requested to penetrate the Devonian formation at a more favorable geologic location. Please submit any such supporting data to supplement this application.

Should you have any questions, please call me at (505) 827-8185.

Sincerely,



Michael E. Stogner
Chief Hearing Officer/Engineer

cc: OCD - Hobbs
U. S. Bureau of Land Management - Roswell