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FAX COVER SHEET

DATE: 5/23

FAX NUMBER SENDING TO: 505-827-8177

ATTENTION: Mr. Michael Stogner *Executive New Mexico*
(Conservation Division)

FAX TRANSMISSION FROM: (214) 239 2655

OF PAGES TRANSMITTED (INCLUDING THIS PAGE): 3

NOTES: _____

FAX # 505-827-8177

5769 Beltline Rd. #502
Dallas, Texas 75240
May 21, 1996

Mr. Michael Stogner
Examiner, New Mexico Oil Conservation Division
2040 S. Pacheco
Sante Fe, NM 87505

Re: Allowables Dagger Draw North Field

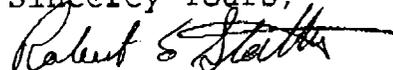
Dear Mr Stogner:

As a royalty owner in the Dagger Draw North Field (and as an experienced Petroleum Engineer who has made a detailed study of this field), I am very interested in this field's allowable. Please note that I have previously testified at NMOCC hearings and have 35 years of petroleum engineering experience, much of it in New Mexico

My royalty interest is under the Southwest Quarter of Section 28-19S-25E. The well on this property (Yates N.M. State K-3) is capable of producing considerably more than the current allowable. It has been my experience that a well of this type, if curtailed, will in all likelihood, lose some of its producibility and would thus be unable to produce the reserves originally recoverable under this property to which it was entitled. From my detailed study of this field, I concluded that there is very little, if any drainage between 160 units. Even if there is drainage, it is my property which is being drained, not the offsetting units. The Yates N.M State K-3 160-acre unit is completely surrounded by producing wells which have snuggled up as close as possible to the K-3; most or all of these offset wells have a lower producing capacity and (if there is drainage) are pulling oil out from under the K-3 160-acre unit since the K-3 is being curtailed.

To prevent waste of recoverable oil reserves, and to prevent drainage between units (if any), I highly recommend that the allowable for this field be increased significantly. I support the recommended 4,000 BOPD per 160-acre unit allowable. I missed the notification on the recent allowable hearing on this field, and would have liked to have been there, but request that you now give due consideration to my conclusions, recommendation and experience.

Sincerely Yours,



Robert E. Statton

Mr. Stogner, my small ORRI under this property provides a significant part of my retirement income. I am worried about the damage to the K-3 which will probably occur if it is curtailed, and also about the drainage (if any) of my oil to the surrounding fields. I would, of course, truly appreciate your help in ~~settling~~ this matter.

Charles

N.M. State K Property SW/4 28-193-25E Eddy Co. N.M.
Dogger Draw North Field

