



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

April 13, 1999

McKay Oil Corporation
Attention: Bill J. Milstead
P. O. Box 2014
Roswell, New Mexico 88202

12163

Re: *Administrative application submitted on April 9, 1999 for an unorthodox West Pecos Slope-Abo infill gas well location for McKay Oil Corporation's South Four Mile Draw Federal "B" Com. Well No. 12 located 600' FNL & 1958' FEL (Unit B) of Section 24, Township 6 South, Range 22 East, NMPM, Chaves County, New Mexico.*

Dear Mr. Milstead:

The well in which the subject application was filed is located within the West Pecos Slope-Abo Gas Pool and is therefore subject to the "*Special Rules and Regulations for the West Pecos Slope-Abo Gas Pool*", as promulgated by Division Order No. R-9976-C, dated March 19, 1996 (see copy attached). These rules do not include an administrative procedure for authorizing unorthodox gas well locations (see Rule 5). This application will therefore be set for hearing and will be placed on the next available docket scheduled for May 13, 1999.

Please provide adequate notice pursuant to Rule 1207.A(5) of the Division's Rules and Regulations.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Roswell
Kathy Valdes, NMOCD - Santa Fe