

*Cole Production Co.*

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Farmington, New Mexico 87499

22 January 1991

Mike Stogner  
Oil Conservation Division  
State of New Mexico  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

Re: Application for Tight Formation  
Designation, Lybrook Area Gallup

Dear Mike:

Cole production company respectfully requests your advice in preparing for a tight formation designation hearing.

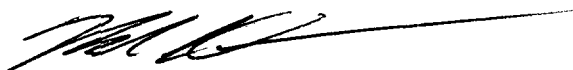
Our problem is that the relatively small area which we wish to designate as tight falls at the juncture of four (4) regulatory pools. (Please see attached map.)

Is there a way we can bring the area before the Commission with one application and one hearing? It would save both of us a great deal of time.

Geologically, the formation is very continuous throughout the area in question and this can be shown with cross sections. The only reason there are four separate regulatory pools is that development of the Gallup play originated from four different directions. The segregation is merely historical, not geological.

We will sincerely appreciate any advice you can offer. All of our data indicates that our reservoir meets the criteria for a tight sand and we are eager to get the application process started.

Yours Very Truly,



Neel L. Duncan  
Engineering & Production Manager

*Tellus W. West Duncan*  
*1/25/91, 1st sent*  
*application is filed.*



