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February 26, 1993

*NOT LICENSED IN NEW MEXICO

David B. Catanach
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87503

Re: Case No. 10,674, Application of Exxon Corporation
for an Unorthodox Gas Well Location and Simultaneous
Dedication, Lea County, New Mexico

Dear Mr. Catanach:

This application was submitted to the Division for administrative approval, but was set for hearing due to an objection by Conoco Inc. Exxon and Conoco have settled their differences (see attached letters), and as a result Exxon has requested Mr. Stogner to process the application administratively. Therefore, Exxon requests that this matter be removed from your hearing docket. Please call me if you have any questions.

Very truly yours,

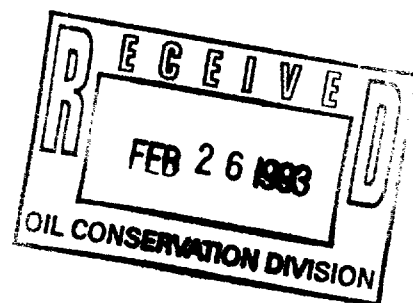
HINKLE, COX, EATON, COFFIELD
& HENSLEY

James Bruce
James Bruce

JB:frs
c: W. Thomas Kellahin, Esq.

Via Hand Delivery

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February 25, 1993

W. Thomas Kellahin, Esq.
117 N. Guadalupe
Santa Fe, New Mexico 87501

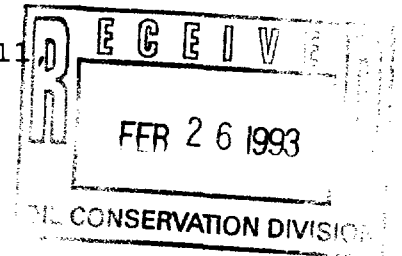
Re: Exxon Corporation John D. Knox Well No. 11
Unit I, Section 10, Township 21 South,
Range 36 East, N.M.P.M., Lea County,
New Mexico

Dear Tom:

Exxon has requested administrative approval of an unorthodox location for the above well, located 330 feet FEL and 2,310 feet FSL. Exxon proposes to recomplete the well in the Eumont Yates Seven Rivers Queen (Prorated Gas) Pool. Exxon has also requested that the E $\frac{1}{2}$ of Section 10 be simultaneously dedicated to its John D. Knox Well Nos. 1, 11, and 13. Conoco Inc. has objected to the unorthodox location for the No. 11 Well.

Exxon proposes to limit production from the No. 11 Well to no more than 50% of the 320 acre unit allowable. In the event the No. 11 Well produces more or less than 50% of the 320 acre unit allowable for any six month proration period, as defined by the Division (under Order No. R-8170, as amended), then Exxon shall be permitted to make up such overproduction or underproduction during the next succeeding six month proration period. Such makeup may occur either by shut-in, underproduction, or overproduction, at Exxon's option. If underproduction is not made up during the six month makeup period, underproduction shall be canceled. If overproduction is not balanced during the six month makeup period, then Exxon shall shut in the No. 11 Well until balancing occurs.

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W. Thomas Kellahin, Esq.
Page Two
February 25, 1993

If Conoco agrees to this proposal, please sign and date the copy of this letter below, and return it to me. Conoco, by agreeing to this proposal, hereby withdraws its objection to administrative approval of the unorthodox location, provided that the administrative order incorporates the above limitation. Exxon will submit this letter to the Division with a request that the unorthodox location and simultaneous dedication be approved administratively, incorporating the above allowable limitation on the No. 11 Well. A copy of the letter to the OCD is enclosed.

Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY


James Bruce

Agreed to and accepted:


W. Thomas Kellahin

Attorney Conoco Inc.

Dated: February 26, 1993

Via Hand Delivery

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HINKLE, COX, EATON, COFFIELD & HENSLEY

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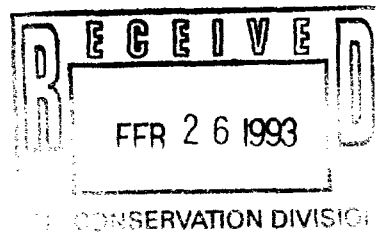
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February 26, 1993

Michael E. Stogner
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87503



Re: Case No. 10,674, Application of Exxon Corporation
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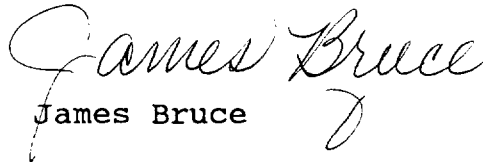
The above application was submitted to the Division for administrative approval, but was set for hearing due to an objection by Conoco Inc. Exxon and Conoco have settled their differences based upon a production limitation of 50% of a 320 acre unit allowable for the John D. Knox No. 11 Well. The other two wells to be simultaneously dedicated to the unit, the John D. Knox Well Nos. 1 and 13, will be allowed to produce at capacity. Production from the unit (the E $\frac{1}{2}$ of Section 10 - 21 South - 36 East) will, of course, be restricted by the Division's proration schedule for the Eumont Pool. A copy of the letter agreement is attached.

Michael E. Stogner
Page Two
February 26, 1993

Exxon requests that the application be approved without hearing, and that the letter agreement be incorporated in the administrative order.

Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY


James Bruce

c: W. Thomas Kellahin, Esq.

Via Hand Delivery



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

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March 11, 1993

HINKLE, COX, EATON,
COFFIELD & HENSLEY
Attorneys at Law
P. O. Box 2068
Santa Fe, New Mexico 87501

RE: CASE NO. 10674
ORDER NO. R-9854

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

Sally Leichtle
Sally E. Leichtle
Administrative Secretary

cc: BLM - Carlsbad
T. Kellahin

HINKLE COX, EATON, COFFIELD & HENSLEY

Attorneys at Law

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