

BENSON-MONTIN-GREER DRILLING CORP.

221 PETROLEUM CENTER BUILDING, FARMINGTON, NM. 87401 505-325-8874

October 1, 1985

Oil Conservation Division  
New Mexico Energy & Minerals Department  
P.O. Box 2088  
Santa Fe, NM 87501

BEFORE EXAMINER QUINTANA	
OIL CONSERVATION DIVISION	
DUGAN EXHIBIT NO.	<u>7</u>
CASE NO.	<u>8713</u>

Re: CASE NO. 8713:  
PROPOSAL TO EXTEND GAVILAN OIL POOL:  
EXCEPTION LOCATIONS

Gentlemen:

Case No. 8713 is currently set for Examiner Hearing  
October 9.

Should Dugan's application be approved to extend Gavilan and apply the field rules to the extended area, two locations will not meet the 1650' minimum distance from the West Puerto Chiquito pool boundary. These are the Mallon #1-8 Howard located 870' from the east line in the NE/4 of Section 1, Township 25 North, Range 2 West and the Dugan #4 Tapacitos located 1600' from the east line of Section 36, Township 26 North, Range 2 West.

Benson-Montin-Greer Drilling Corp., as operator of the Canada Ojitos Unit, lands of which lie along the west boundary of the West Puerto Chiquito pool, states that it approves Dugan's application and has no objection to these two locations being exceptions to the field rules; and that each of these wells should be permitted its otherwise full allowable.

If we have a witness at the hearing the witness will so testify; but in event we do not have a witness testify at the hearing, please accept this letter as evidence of unit operator's approval of Dugan's application and that we have no objection to these exception locations.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY:

  
Albert R. Greer President

ARG/tlp

cc: John Roe, Dugan Production Corp.  
Mallon Oil Co.  
Ernie Padilla  
Bill Carr