

PENROC

December 28, 1992

Mr. David Catanach
New Mexico Oil Coservation Division
P. O. BOX 2088
Santa Fe, New Mexico 87501-2088

RE: SWD APPLICATION
STAN WATSON
STATE # 1
Unit I, SEC. 10, T10S R32E
Lea County, New Mexico

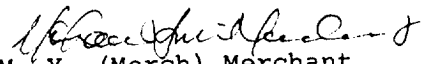
Dear Mr. Catanach:

Penroc Oil Corporation is in receipt of a letter dated December 14, 1992 from Stan Oil Company regarding the captioned. On December 21, 1992 I contacted Mr. Watson for a copy of the application, but as of this date have not received none.

A disposal well if approved will no doubt benefit some of the producers in the area and hopefully include Penroc too. However, the Bison well in Section 11 of the same township and range may not have cement across the zone of disposal. This can adversely affect Penroc's producers in Section 11 also.

Your attention to the matter will be greatly appreciated. Thank you.

Sincerely,


M. Y. (Merch) Merchant
President & Chief Executive Officer

MYM/lm

cc: Mr. Jerry Sexton
Mr. Stan Watson

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