



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
HOBBS DISTRICT OFFICE

April 4, 1991

BRUCE KING  
GOVERNOR

POST OFFICE BOX 1980  
HOBBS, NEW MEXICO 88241-1980  
(505) 393-6161

Columbia Gas Development Corporation  
P.O. Box 1350  
Houston, TX 77251-1350

Attn: Aline A. Reese

Re: Application for Permit to Drill  
McMillan #1 (1537/W and 404/N)  
Sec. 34, T14S, R38E

Gentlemen:

The above-referenced application has been received in this office. However, we will be unable to approve it until you have obtained a plugging bond and the orthodox location has been approved.

In New Mexico you must have an approved plugging bond on file with the Oil Conservation Division to cover any well drilled on state or fee land. We are enclosing two bond forms, one is for a surety bond obtained from an insurance company and the other is a cash collateral bond which may be used if you are unable to obtain a surety bond. If you have any questions concerning your bond please contact Diane Richardson in our Santa Fe office at (505) 827-5806. Also, your corporation must be registered to do business in New Mexico before your bond can be approved.

Statewide rules for well location require that a wildcat oil well be located no nearer than 330 feet to a quarter/quarter section line therefore this location is unorthodox. It will require a hearing since there is no provision for administrative approval of an unorthodox wildcat oil well location.

As soon as you have an approved plugging bond and an order for the unorthodox location your application for permit to drill will be approved and returned to you. If you have further questions, please contact me at (505) 393-6161.

Very truly yours,

OIL CONSERVATION DIVISION

Jerry Sexton  
Supervisor, District I

ed  
Encl.

Randy Smith  
713-871-3578

4-10-91  
per Elaine  
will move loc.  
& submit amended  
C-101 & new plat  
Will get bond.  
& they are registered  
w/cc