



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

October 21, 1996

Maralo, Inc.
c/o Campbell, Carr, Berge, & Sheridan P. A.
Attn: William F. Carr
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

RE: Application of Maralo, Inc. for a Non-Standard 160-acre gas spacing and proration unit in the Undesignated West Reeves-Queen Gas Pool to be dedicated to its Maralo SV "16" State Well No. 1 (API No. 30-025-29347); located at an unorthodox gas well location 1748 feet from the South line and 742 feet from the West line (Unit L) of Section 16, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico.

Dear Mr. Carr:

The Division is in receipt of your letter dated October 18, 1996 requesting the subject matter be set for hearing. Please note that pursuant to Division General Rule 104.C(2)(b) the subject well location is unorthodox in that it is closer than 660 feet to the outer boundary of the proposed 160-acre tract. I have therefore caused the subject matter to be advertised in the following manner:

"Application of Maralo, Inc. for a non-standard gas proration unit and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to establish a non-standard gas spacing and proration unit in the Undesignated West Reeves-Queen Gas Pool comprising the S/2 NW/4 and N/2 SW/4 of Section 16, Township 18 South, Range 35 East, being approximately 5 miles southeast by south of Buckeye, New Mexico. Said unit is to be dedicated to its existing Maralo SV "16" State Well No. 1 (API No. 30-025-29347) located at an unorthodox gas well location 1748 feet from the South line and 742 feet from the West line (Unit L) of said Section 16.

Should you have any questions or comments concerning this matter, please contact me at (505) 827-8185. Thank you for your cooperation in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", written over a horizontal line.

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: Oil Conservation Division, Attn: Donna Pitzer - Hobbs
New Mexico State Land Office, Attn: Jeff Albers - Santa Fe
Maralo, Inc., Attn: Dorothea Logan - Midland, Texas
Maralo, Inc., Attn: Richard Gill - Midland, Texas