

NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

March 1, 1996

Maralo, Inc.
P. O. Box 832
Midland, Texas 79702

Attention: Dorothea Logan
Regulatory Analyst

RE: *Administrative Application for a Non-Standard 40-acre gas spacing and proration unit in the Undesignated West Reeves-Queen Gas Pool to be dedicated to your Maralo SV "16" State Well No. 1 (API No. 30-025-29347); 1748' FSL-742' FWL (Unit L) of Section 16, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico.*

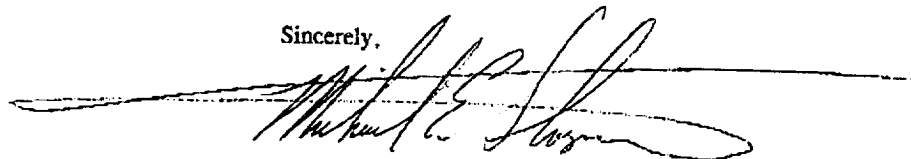
Dear Ms. Logan:

I have attached a copy of the amended Statewide Rules and Regulations pertaining to spacing, please refile the subject application accordingly. Note also that the required explanation for such a filing as this in an "unprorated gas pool" will need to be somewhat thorough and the reasons for forming this a non-standard unit will also need explanations as to:

- (1) what measures have been taken to reach a voluntary agreement by all parties in communizing the required acreage in the SW/4 of said Section 16;
- (2) why forced pooling is not an option; and,
- (3) how will this well effect overall drainage issues should the parties being segregated be forced to drill unnecessary offsetting wells within this same quarter section.

Should you have any questions or comments concerning these rules, requirements and/or procedures after you have reviewed them, please contact me at (505) 827-8185.

Sincerely,



Michael E. Stogner
Chief Hearing Officer/Engineer

cc: Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
William J. LeMay, Director - OCD, Santa Fe

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