



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

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

August 26, 1996

Erwin Oil & Gas Ltd., Inc.  
c/o Oil Reports and Gas Services, Inc.  
P. O. Box 755  
Hobbs, New Mexico 88241

Attention: Gaye Heard

**RE:** *Administrative application for a non-standard 37.72-acre gas spacing and proration unit in the Undesignated Byers-Yates Gas Pool to be dedicated to the Erwin Oil & Gas, Ltd., Inc. Quarry Well No. 1 (API No. 30-025-32297); 1980'FSL-890'FWL (Lot 3/Unit L) of Section 19, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico.*

Dear Ms. Heard:

I have attached a copy of the amended Statewide Rules and Regulations pertaining to spacing, please note that the required explanation for such a filing as this in an "unprorated gas pool" will need to be somewhat thorough and a response to the following inquiries will need to be addressed before we can process the subject application:

- (1) have the notice provisions of Division General Rule 104.D(2)(c) been adequately met;
- (2) what measures have been taken to reach a voluntary agreement by all parties in communitizing the required acreage in the SW/4 equivalent of said Section 19;
- (3) why forced pooling is not an option; and,
- (4) 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  
William J. LeMay, Director - OCD, Santa Fe