



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

GARREY CARRUTHERS
GOVERNOR

February 27, 1990

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

LBO New Mexico Inc.
4101 Birch Street, Suite 130
Newport Beach, CA 92660

Attn: Raymond A. Diaz

Re: Casinghead Gas Allowable
Tiffany #1-E
Section 26, T19S, R38E
Nadine Drinkard Abo Pool

Gentlemen:

As per your conversation with this office on February 26, 1990, concerning your over-production of casinghead gas from the above-referenced well. It is our understanding that the well was shut in due to production problems resulting from Phillips line problems from September 15, 1989, thru November 20, 1989. After Chevron was connected to the well November 20, 1989, it was returned to production and during the months of December 1989, and January 1990, the well produced at a rate in excess of the monthly casinghead gas allowable.

Based upon the fact that the well was curtailed due to pipeline problems during a portion of September and all of October the well will not be considered to be over-produced on casinghead gas.

However, you will be expected to strictly adhere to our casinghead gas limit for this well as no further exceptions will be granted.

Very truly yours,

OIL CONSERVATION DIVISION

Jerry Sexton
Supervisor, District I

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cc: Abel Benavidez - OCD Santa Fe