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== Kelton Operating Corporation ==

Post Office Box 276  
Andrews, Texas 79714

524-6400  
Office : 915-523-6535  
Mobile: 915-523-1178

February 22, 1995

**ATTENTION : Mr. MICHAEL STOGNER**

New Mexico Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87501-2088

Re: Wilson Prospect NM-565  
Lea County, New Mexico  
State "L" #1 Well  
SW/4 NW/4 Section 25  
T-21-S, R-34-E, N.M.P.M.  
State Lease E-2385-5  
State Lease E-2385-6

Dear Mr. Stogner:

Please find enclosed copies of letters from the State of New Mexico Commissioner of Public Lands, consent to change proration unit from Pogo Producing Company, and Form C-102 in reference to the above mentioned lease.

Kelton Operating Corporation (Kelton) purchased the above mentioned lease from Caprock Oil and Gas (Caprock) in January 1994.. On November 16, 1994 Kelton received a notice from Commissioner of Public Lands stating that since there were two lease holders on the 80 acre tract that a Communitization Agreement should be entered into. At this time I notified the lease holders, Pogo Producing (Pogo) and Caprock, and initiated the process. After review by Pogo's Senior Landman Terry Gant, he informed me that they had conveyed to Caprock the SW/4 NW/4 containing 40 acres. At this point I contacted Mr. Jeff Albers of the Commissioner of Public Lands office and informed him of my findings. Mr. Albers contacted Mr. Gant and decided that a communitization agreement was not needed. However, the district office informed me that I needed to file a C-102 changing the proration unit to a 40 acre tract. After filing the C-102 I was contacted by the district office informing me that the 80 acre proration unit covering the S/2 of the NW/4 was governed by Order Number NSP-1659L allowing a non-standard gas proration unit of 80 acres.

Under direction from the district office, Kelton respectfully requests that the Commission review the Order Number NSP-1456L and revise the order to allow a 40 Acre Non-Standard Proration Unit under an administrative approval for the above mentioned lease. Kelton truly believes that all correlative rights will be protected as the State "L" #1 well is a marginal producer with production averaging 5 - 7 MCFPD.

Should you need anything further please contact the undersigned at the following number 915-524-6400.

Very truly yours,

KELTON OPERATING CORPORATION

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by a horizontal line and a small flourish.

C. Dale Kelton  
President

Enclosures

CDK/clw

cc: Oil Conservation Division - Hobbs  
Pogo Producing Company  
Caprock Oil and Gas

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

**COPY** Form C-10  
Revised February 10, 1999  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-02502596		Pool Code	Pool Name 64600
Property Code 015108	Property Name State "L"		Well Number 1
OGRID No. C12444	Operator Name Kelton Operating Corporation		Elevation 3866

<sup>10</sup> Surface Location

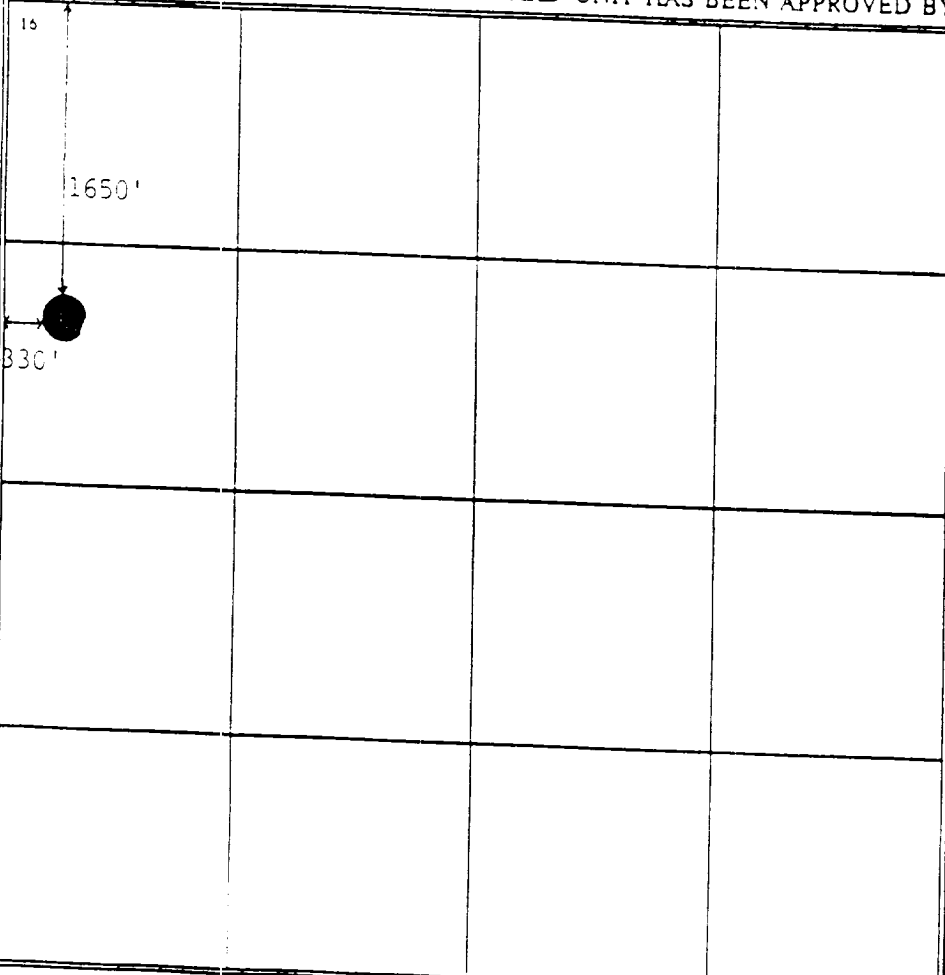
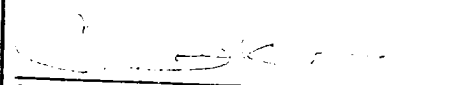
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	25	21S	34E		1650	North	330	West	Lea

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<b><sup>17</sup> OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.   Signature C. Dale Kelton Printed Name President Title February 13, 1995 Date			
	<b><sup>18</sup> SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.  Date of Survey Signature and Seal of Professional Surveyor			
	Certificate Number			