



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
DISTRICT I HOBBS  
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GARY E. JOHNSON  
GOVERNOR

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CABINET SECRETARY

February 24, 2000

Leo Gallegos  
Vista Resources of Texas, Inc.  
550 W Texas Ave., Ste 700  
Midland, TX 79701

Subject: Vista Resources of Texas Inc, South Lea Federal # 1, K-17-T26S-R36E,  
API Number 30-025-23197

Dear Mr Leo Gallegos

As per our phone conversation on Thursday February 24, 2000 the following facts were established concerning the above well. This well is presently producing from the following perforations (13,024-13,040), (13,526-13,538), (13,555-13,562), (13,565-13,575) and (14,004-14,014). The Formation tops for the Strawn, Atoka, and Morrow were picked by Paul F. Kautz District I Geologist for the Oil Conservation Division as follows, Strawn at 12814, Atoka at 13280 and Morrow at 14300. These tops were picked from the original logs run on the well by Humble Oil & Refining Company, South Lea Deep Unit # 1, K-17-T26S-R36E, API Number 30-025-23197. Since the late 1960's it has been the policy of the Oil Conservation Division, that gas zones in the Pennsylvannian Formations of the Strawn, Atoka and Morrow within the Delaware Basin are to be produced separately.

The above Formation tops indicate that this well is not just producing from the Strawn Formation, but also from the Atoka Formation. Therefore you are directed to shut this well in. This well is to remain shut in until the completion of one of the following options: squeeze off perforations in one of the formations, isolate the two zones, or file an application for downhole commingling.

Please be further advised that problems with pool nomenclature in the future can be avoided by contacting the District I Geologists. If you have any questions about pool nomenclature, please call (505) 393-6161 ext 104 for assistance from Paul Kautz.

Yours very truly,

OIL CONSERVATION DIVISION

*Chris Williams (B34)*

Chris Williams  
District I, Supervisor

Cc: Michael Stogner