



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

GARREY CARRUTHERS
GOVERNOR

April 22, 1987

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

Samedan Oil Corporation
10 Desta Drive Suite 240 East
Midland, TX 79705

Attn: Vertis Diamond

Re: Hughes Federal #3-N
Section 17, T23S, R37E
Jalmat Gas

Gentlemen:

This will confirm conversation between your Vertis Diamond and Evelyn Downs of the OCD that the recompletion of the above-referenced well from the Langlie Mattix Pool to the Jalmat Gas Pool cannot be approved until you have obtain approval of an unorthodox location and a non-standard proration unit. Since this is a recompletion there should not be a problem.

Please make your application to Santa Fe for the above exceptions and furnish this office with a copy of your application.

Also, please submit a Form C-102, acreage dedication plat outlining the acreage to be dedicated to the Jalmat completion.

When the unorthodox location and the non-standard proration unit have been approved and the acreage dedication plat has been received, we will approve your C-104 for an allowable assignment.

Very truly yours,

OIL CONSERVATION DIVISION

Jerry Sexton
Jerry Sexton
Supervisor, District I

ed

P.S. In view of your second conversation with Evelyn Downs the following situation may exist. If you plan to dedicate the SE/4 SW/4 and the S/2SE/4 & NE/4 SE/4 for your 160 acre proration unit the location will be ok. However, the non-standard proration unit will not all lie within one quarter section and cannot be approved administratively.