



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

June 18, 1991

BRUCE KING
GOVERNOR

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

Tahoe Energy Inc.
3909 West Industrial
Midland, TX 79703

Attn: K. A. Freeman

Re: Junk Yard Dog #1-D
Sec. 19, T25S, R37E

Gentlemen:

As discussed with Evelyn Downs of this office, the above-referenced well was proposed as a Jalmat oil well but was completed as a Jalmat gas well and produces from the approximate same interval as your Sholes A-19 #1 to which the W/2 W/2 of Section 19 is dedicated.

In order to clear this matter up you have two options.

- 1) If the potential test is not a true reflection of the well's producing ability and it is possibly an oil well then you may produce it as permitted. However, you will need to submit a new test showing less than a 100,000/1 GOR and you will also need to make application to reduce the 160-acre non-standard proration unit dedicated to the Sholes A-19 #1 to 120 acres.
- 2) If it is a gas well as the potential test indicates, you will need to do the following:
 - a) Obtain approval of non-standard location and simultaneous dedication of the well to the 160 acre proration unit with the Sholes A-19 #1.
 - b) File C-104 changing lease name to Sholes A-19 and change well number to whatever number you want to use.
 - c) File revised acreage dedication plat outlining the 160 acres and spotting both wells on it. Also, file revised plat for Sholes A-19 #1 spotting both wells.

Either option you choose you will have to have the NSP amended. Please let us know what your plans are for this well.

Very truly yours,

OIL CONSERVATION DIVISION

Jerry Sexton
Supervisor, District I

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11-5-91
applied to reduce
NSP (2429) to 120 ac
Reduced to oil base
to 30 day
long test