



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

November 5, 1999



Union Oil Company of California (UNOCAL)
P. O. Box 3100
Midland, Texas 79702
Attention: Charlotte Beeson

Administrative Order NSL-3378-A

Dear Ms. Beeson:

Reference is made to your application dated October 27, 1999 for an unorthodox gas well location in the South Blanco-Pictured Cliffs Pool for UNOCAL's existing Rincon Unit Well No. 133-E (API No. 30-039-25187) located 790 feet from the North line and 445 feet from the West line (Unit D) of Section 14, Township 27 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.

By New Mexico Oil Conservation Division ("Division") Administrative Order NSL-3378, dated April 20, 1994, UNOCAL received authorization to drill to and complete the above-described Rincon Well No. 133-E in the Blanco-Mesaverde and Basin-Dakota Pools at an unorthodox gas well location for both pools.

It is our understanding that UNOCAL intends to perforate the Pictured Cliffs interval in an attempt to establish gas production and dually complete the Pictured Cliffs and commingled Mesaverde/Dakota with two strings of tubing.

Further, the NW/4 of Section 14 is to be dedicated to this well in order to form a standard 160-acre gas spacing and proration unit for the South Blanco-Pictured Cliffs Pool.

The location of this well within the South Blanco-Pictured Cliffs Pool is also considered to be unorthodox, pursuant to: (i) the "*Special Rules and Regulations for the South Blanco-Pictured Cliffs Pool*," as promulgated by Division Orders No. R-8170, as amended, and R-10987, as amended; (ii) Division Rule 605.B; and (iii) Rule 104.C(3), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

The application has been duly filed under the provisions of Division Rules 104.F and 605.B.

By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox gas well location within the South Blanco-Pictured Cliffs Pool is hereby

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UNOCAL

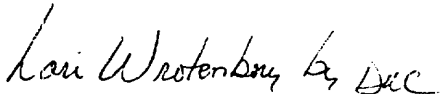
November 5, 1999

Page 2

approved.

Further all provisions of Division Order NSL-3378 shall remain in full force and affect until further notice.

Sincerely,



Lori Wrotenberg

Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
File: NSL-3378