



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

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

November 13, 1997

ARCO Permian  
P. O. Box 1610  
Midland, Texas 79702-1610

Attention: Laurie Cherry

RE: Administrative application for the Evelyn "35" State Com Well No. 2 to be drilled from a surface location 1439 feet from the North line and 349 feet from the East line (Unit H) of Section 35, Township 17 South, Range 28 East, NMPM, South Empire-Morrow Gas Pool, Eddy County, New Mexico to a previously approved (see Division Administrative Order No. R-10781, issued in Case 11727 and dated March 18, 1997) unorthodox subsurface gas well location for a standard 320-acre gas spacing and proration unit comprising the N/2 of said Section 35,

Dear Ms. Cherry:

In response to our conversation on and to your letter dated October 16, 1997 concerning the subject matter, I have had the opportunity to review your request in more detail along with the record in Case 11727 and considering, in particular: (i) the timing of your original request which resulted in the issuance of Order No. R-10781; (ii) the changes to Division General Rule 111 for directional drilling since that time; and, (iii) that an offset interest owner was a party to the original case; it is the Division's decision to issue an amendment to Division Order No. R-10781 as opposed to an administrative order. In an effort however to relieve any undo regulatory burton while providing all interested parties the opportunity to protect their interests in this matter, I am proposing the following advertisement for this case:

**APPLICATION OF ARCO PERMIAN TO AMEND DIVISION ORDER NO. R-10781, EDDY COUNTY, NEW MEXICO.** Applicant seeks an amendment to Division Order No. R-10781, issued in Case 11727 and dated March 18, 1997, authorizing the previously approved unorthodox subsurface gas well location for a standard 320-acre gas spacing and proration unit comprising the N/2 of Section 35, Township 17 South, Range 28 East within the South Empire-Morrow Gas Pool, which was 100 feet of a point 1253 feet from the North line and 508 feet from the East line (Unit A) of Section 35, to now be applied to its proposed Evelyn "35" State Com Well No. 2 to be drilled from a surface location 1439 feet from the North line and 349 feet from the East line (Unit H) of said Section 35. Said unit is located approximately 18 miles southeast of Artesia, New Mexico. **IT THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

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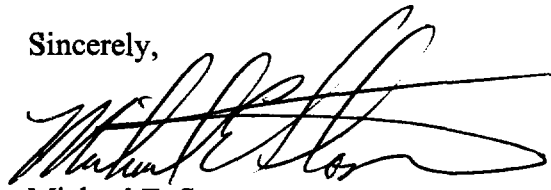
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This matter will be docketed for the next available examiner's hearing scheduled for December 18, 1997.

ARCO Permian will of course be expected to provide adequate notice of this matter pursuant to Division General Rule 1207.

Should you have any questions or comments concerning this matter, please contact me in Santa Fe at (505) 827-8185. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal flourish extending to the right.

Michael E. Stogner  
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Artesia  
William F. Carr - Santa Fe  
File: Case 11727  
~~Case 11890.~~