

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 9005  
Order No. R-8331

APPLICATION OF DIAMOND SHAMROCK EXPLORATION  
COMPANY FOR AN UNORTHODOX GAS WELL LOCATION,  
LEA COUNTY, NEW MEXICO.

*See Also*

*Order No. R-8331-A*

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 22, 1986, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 4th day of November, 1986, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Diamond Shamrock Exploration Company, seeks the approval of an unorthodox gas well location 660 feet from the South and East lines of Section 34, Township 22 South, Range 34 East, NMPM, to test the Atoka formation, Antelope Ridge-Atoka Gas Pool, Lea County, New Mexico.

(3) The S/2 of said Section 34 is to be dedicated to the well.

(4) Geologic evidence presented by the applicant at the hearing indicated that a well at said unorthodox location would better enable the applicant to produce the gas underlying the proration unit.

(5) The applicant presented evidence that BTA Producers, the affected offset operator, has consented to the proposed location.

(6) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the affected pool, will prevent the economic loss

caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of Diamond Shamrock Exploration Company for an unorthodox gas well location for the Atoka formation is hereby approved for a well to be located at a point 660 feet from the South and East lines of Section 34, Township 22 South, Range 34 East, NMPM, Antelope Ridge-Atoka Gas Pool, Lea County, New Mexico.

(2) The S/2 of said Section 34 shall be dedicated to the above-described well.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
R. L. Stamets  
Director

S E A L

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 9087  
Order No. R-8331-A

APPLICATION OF DIAMOND SHAMROCK  
EXPLORATION COMPANY FOR AN AMENDMENT  
OF DIVISION ORDER NO. R-8331, LEA  
COUNTY, NEW MEXICO.

*See New Order No.  
R-8331*

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 4, 1987, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 13th day of March, 1987, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) Division Order No. R-8331, dated November 4, 1986, authorized the applicant in the immediate case, Diamond Shamrock Exploration Company, to drill a well to test the Atoka formation at an unorthodox gas well location 660 feet from the South and East lines (Unit P) of Section 34, Township 22 South, Range 34 East, NMPM, Antelope Ridge-Atoka Gas Pool, Lea County, New Mexico.

(3) The applicant at this time seeks to amend said Order No. R-8331 to include the Morrow formation which underlies the Atoka formation in the provisions set forth in that order.

(4) The S/2 of said Section 34 is to be dedicated to the well forming a standard 320-acre gas spacing and proration unit in the Undesignated Antelope Ridge-Morrow Gas Pool.

(5) No offset operator objected to the proposed unorthodox gas well location.

(6) At the time of the immediate hearing the subject well was drilling at a depth of approximately 12,140 feet.

(7) It is the intention of Diamond Shamrock Exploration Company to penetrate the Atoka formation, cease drilling operations, and test the Atoka zone. The Morrow formation will then be penetrated and evaluated.

(8) If it is found that both formations are productive, the applicant proposes to shut-in the Morrow zone and produce the Atoka zone first.

(9) If it is found that both zones are productive the provisions set forth in this order should be retained until such time that the Morrow zone may be produced.

(10) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

(11) All provisions set forth in previous Order No. R-8331 should remain in full force and effect.

IT IS THEREFORE ORDERED THAT:

(1) The Diamond Shamrock Exploration Company's well presently drilling at a previously approved unorthodox gas well location for the Antelope Ridge-Atoka Gas Pool (Division Order No. R-8331, dated November 4, 1986), 660 feet from the South and East lines (Unit P) of Section 34, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico, is hereby approved as an unorthodox gas well location in the Undesignated Antelope Ridge-Morrow Gas Pool.

(2) The S/2 of said Section 34 shall be dedicated to the above-described well.

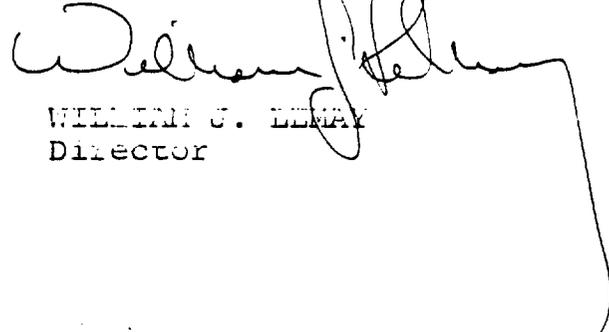
(3) The provisions set forth in this order shall remain in effect until such time as the Morrow zone can be exploited.

(4) The provisions set forth in the previous Division Order No. R-8331 shall remain in full force and effect.

(5) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'William J. Berry', is written over the typed name. The signature is fluid and cursive, with a long, sweeping tail that extends downwards and to the right.

WILLIAM J. BERRY  
Director

S E A L

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

April 15, 1987

GARREY CARRUTHERS  
GOVERNOR

Diamond Shamrock Exploration Company  
2001 Ross Avenue  
Dallas, Texas 75201-2916

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-5800

Attn: Randy Simmons  
Reservoir Engineer Manager

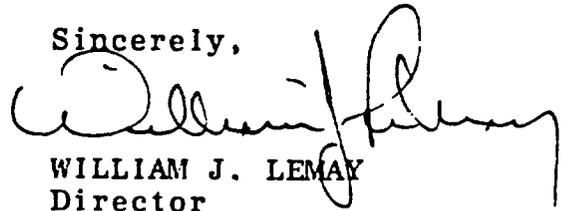
Re: Federal Well No. 2 Unit P,  
Section 34, Township 22  
South, Range 34 East, Lea  
County, New Mexico

Dear Mr. Simmons:

Division Order No. R-8331, dated November 4, 1986, authorized the drilling of the subject well to test the Antelope Ridge Atoka Gas Pool at an unorthodox gas well location 660 feet from the South and East lines (Unit P) of said Section 34. Division Order No. R-8331-A, dated March 13, 1987, amended R-8331 to include the Undesignated Antelope Ridge Morrow Gas Pool into the provisions set forth in that order. Both orders indicated the S/2 of said Section 34 was to be dedicated in both pools to the well.

Your letter dated April 10, 1987, requesting a re-orientation of the dedicated acreage in both pools for the subject well to include the E/2 of said Section 34, has been considered and reviewed. Since this change would facilitate the drilling of an Atoka/Morrow well in the SW/4 of said Section 34 and the ownership of minerals is common throughout the entire section, your request to rededicate the E/2 of said Section 34 to the subject well is hereby approved.

Sincerely,



WILLIAM J. LEMAY  
Director

WJL/MES/et

xc: Oil Conservation Division - Hobbs  
Paul Cooler  
Case Nos. 9005, 9087

RECEIVED

APR 21 1987

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STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 9150  
Order No. R-8465

APPLICATION OF MAXUS ENERGY CORPORATION  
FOR AN UNORTHODOX GAS WELL LOCATION, LEA  
COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 17, 1987, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 7th day of July, 1987, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Maxus Energy Corporation, seeks approval of an unorthodox gas well location 660 feet from the South line and 1650 feet from the West line (Unit N) of Section 34, Township 22 South, Range 34 East, NMPM, to test the Wolfcamp, Strawn and Morrow formations, and the Undesignated Antelope Ridge-Atoka Gas Pool, Lea County, New Mexico.

(3) The W/2 of said Section 34 is to be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said intervals.

(4) A well at said unorthodox location will better enable applicant to either produce or test said zones within the W/2 of said Section 34.

(5) No offset operator objected to the proposed unorthodox location.

(6) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the affected intervals, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

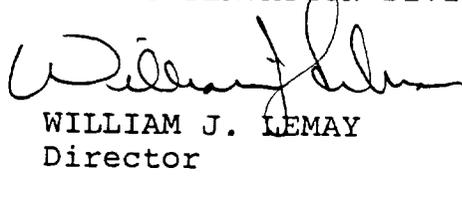
(1) The application of Maxus Energy Corporation for an unorthodox gas well location for the Wolfcamp, Strawn and Morrow formations and the Undesignated Antelope Ridge-Atoka Gas Pool is hereby approved for a well to be located at a point 660 feet from the South line and 1650 feet from the West line (Unit N) of Section 34, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico.

(2) The W/2 of said Section 34 shall be dedicated to the above-described well.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
WILLIAM J. LEMAY  
Director

S E A L



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

August 24, 1987

Maxus Exploration Company  
P.O. Box 10397  
Midland, TX 79702

Attention: Randy Simmons

Administrative Order NSL-2381

Gentlemen:

Reference is made to your application for a non-standard location for your Federal Well No. 3 to be located 990 feet from the South line and 1980 feet from the West line of Section 34, Township 22 South, Range 34 East, NMPM, Wolfcamp, Strawn, Morrow and Undesignated Antelope Ridge Atoka Pool, Lea County, New Mexico. The W/2 of said Section 34 shall be dedicated to the well.

By authority granted me under the provisions of Rule 104 F(I), the above-described unorthodox location is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. Lemay".

WILLIAM J. LEMAY  
Director

REMARKS: This administrative order supercedes Order No. R-8465, which authorized an unorthodox location for the subject well of 660 feet from the South line and 1650 feet from the West line of said Section 34.

WJL/DRC/ag

cc: Oil Conservation Division - Hobbs

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

*See Also Order No.  
R-9009-A*

CASE NO. 9755  
ORDER NO. R-9009

APPLICATION OF BTA OIL PRODUCERS  
FOR AN UNORTHODOX GAS WELL LOCATION,  
LEA COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 6, 1989, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 3rd day of October, 1989, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant in this matter, BTA Oil Producers, is the owner and operator of the only two wells presently developing Section 34, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico, Maxus "B" 8026 "JV-P" Well Nos. 1 and 2, located in Units P and N, respectively. The No. 1 well was originally drilled at an unorthodox gas well location 660 feet from the South and East lines of said Section 34 to test the Antelope Ridge-Atoka Gas Pool, the S/2 of said Section 34 being dedicated to the well forming a standard 320-acre gas spacing and proration unit, was approved by Division Order No. R-8331, dated November 4, 1986. On March 13, 1987, this order was amended by Division Order No. R-8331-A to include the Undesignated Antelope Ridge-Morrow Gas Pool. By letter from the Director of the Oil Conservation Division dated April 15, 1987, authorization was given to rededicate the E/2 of said Section 34 to the No. 1 well in both the Atoka and Morrow zones. The No. 2 well was also drilled at an unorthodox gas well location 990 feet from the South line and 1980 feet from the West line and was approved by Division Administrative Order No. NSL-2381 dated August 24, 1987, the W/2 of said Section 34 being dedicated to said well forming a standard 320-acre gas spacing and proration unit.

(3) The applicant now seeks approval of an unorthodox gas well location for its Maxus "B" 8026 JV-P Well No. 3 to be drilled 660 feet from the North line and 1650 feet from the East line (Unit B) of Section 34, Township 22 South, Range 34 East, NMPM, to test the Antelope Ridge-Atoka Gas Pool and the Antelope Ridge-Morrow Gas Pool, Lea County, New Mexico.

(4) Further the applicant proposes to redesignate the proration units in said Section 34 in both the Antelope Ridge-Atoka and Antelope Ridge-Morrow Gas Pools from E/2 and W/2 dedications to N/2 and S/2 dedications, whereby the N/2 would be dedicated to the proposed Maxus "B" 8026 JV-P Well No. 3 and the S/2 would be dedicated to just the Maxus "B" 8026 JV-P Well No. 1. The Maxus "B" 8026 JV-P Well No. 2 will, upon completion of the No. 3 well, be plugged and abandoned in the Atoka and Morrow zones.

(5) The applicant presented geologic evidence and testimony which indicates that a well drilled at the proposed unorthodox location will penetrate the Atoka and Morrow formations at a more structurally advantageous position than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial production.

(6) No offset operator appeared at the hearing in opposition to the application.

(7) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pools, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

(8) This order should not be made effective until such time as the Maxus "B" 8026 JV-P Well No. 3 is placed on production.

IT IS THEREFORE ORDERED THAT:

(1) The application of BTA Oil Producers for an unorthodox gas well location for the Antelope Ridge-Atoka Gas Pool and the Antelope Ridge-Morrow Gas Pool is hereby approved for its Maxus "B" 8026 JV-P Well No. 3 to be located at a point 660 feet from the North line and 1650 feet from the East line of Section 34, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico.

(2) The N/2 of said Section 34 shall be dedicated to the Maxus "B" 8026 JV-P Well No. 3 forming a standard gas spacing and proration unit for said pools.

(3) The S/2 of said Section 34 shall be rededicated in both the Atoka and Morrow zones to the Maxus "B" 8026 JV-P Well No. 1 located at a previously approved unorthodox gas well location 660 feet from the South and East lines (Unit P) of said Section 34.

Case No. 9755  
Order No. R-9009  
Page No. 3

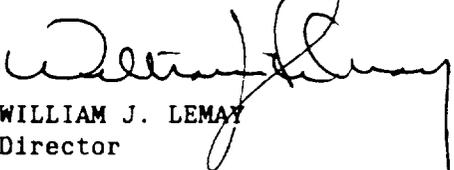
(4) Division Administrative Order No. NSL-2381 and the letter from the Director of the Oil Conservation Division dated April 15, 1989 concerning this matter are hereby placed in abeyance until further notice.

(5) This order shall not be made effective until such time as the Maxus "B" 8026 JV-P Well No. 3 is placed on production, also at such time the Maxus "B" 8026 JV-P Well No. 2 located 990 feet from the South line and 1980 feet from the West line (Unit N) of said Section 34 shall be plugged and abandoned in the Atoka and Morrow formations.

(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
WILLIAM J. LEMAY  
Director

S E A L

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 10426  
ORDER NO. R-9009-A

APPLICATION OF BTA OIL PRODUCERS  
FOR SIMULTANEOUS DEDICATION AND TO  
AMEND DIVISION ORDER NO. R-9009, LEA  
COUNTY, NEW MEXICO

*See Also Order No.  
R-9009*

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 19, 1991, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 21st day of February, 1992 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant in this matter, BTA Oil Producers, is currently developing the Antelope Ridge-Atoka Gas Pool underlying Section 34, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico, in the current manner and in accordance with the provisions of Division Order No. R-9009, dated October 3, 1989:

the N/2 of said Section 34 comprising 320 acres is dedicated to the Maxus "B" 8026 JV-P Well No. 3, located at an unorthodox gas well location 660 feet from the North line and 1650 feet from the East line (Unit B). This well was drilled and completed in the last quarter of 1989. On January 4, 1990 this well began producing gas from the Antelope Ridge-Atoka Gas Pool;

the S/2 of said Section 34, comprising 320 acres, is dedicated to the Maxus "B" 8026 JV-P Well No. 1, located at an unorthodox gas well location 660 feet from the South and East lines (Unit P). This well was drilled in the first quarter of 1987 by Maxus Exploration Company. In September 1987, this well was dually completed in both the Antelope Ridge-Atoka and Antelope Ridge-Morrow Gas Pools. On December 1, 1987, this well began producing from both intervals.

(3) The BTA Oil Producers' Maxus "B" 8026 JV-P Well No. 2, located 990 feet from the South line and 1980 feet from the West line (Unit N) of said Section 34 has been "shut-in" since 11:00 am on January 4, 1990. Said Well No. 2 was originally drilled by Maxus Exploration Company in the first quarter of 1987. In January 1987, this well was completed in the Antelope Ridge-Atoka Gas Pool, and first delivery occurred on February 12, 1988. Said Division Order No. R-9009 contained provisions whereby the No. 2 well would be plugged and abandoned at such time as the No. 3 well was placed on production (January 4, 1990). A reprieve from the plugging requirements was granted BTA Oil Producers by the Division whereby the No. 2 well could be temporarily abandoned and still satisfy the provisions of Decretory Paragraph No. (5) of said Order No. R-9009.

(4) At this time, BTA Oil Producers seeks an exception to Division General Rule 104.C(2) to allow for the simultaneous dedication of the existing 320-acre gas spacing and proration unit within the Antelope Ridge-Atoka Gas Pool, comprising the S/2 of said Section 34 to both the aforementioned Well Nos. 1 and 2. A concurrent request is being sought to amend said Order No. R-9009 whereby the No. 2 well would be allowed to produce Atoka Gas at a restricted flow not to exceed 500 MCF per day in any one month period (15,000 MCF per month).

(5) The Antelope Ridge-Atoka Gas Pool is at this time considered an "unprorated gas pool" and therefore is not governed by the General Rules for the Prorated Gas Pools of New Mexico, as promulgated by Division Order No. R-8170, as amended.

(6) The spacing requirements provided in Division Statewide Rule 104.C(2)(b) would therefore apply in this particular situation. Specifically that which states:

"Unless otherwise provided in special pool rules, each development well for a defined gas pool..., shall be located on a designated drilling tract..."

(7) Two separate memorandums issued by the Division Director on July 22, 1988 and August 3, 1990 set forth officially the Division's interpretation and policy for those instances, such as this case, where an applicant is requesting an additional well on an existing non-prorated gas spacing unit. The Division's conclusions were as follows:

"Application to produce both wells continuously and concurrently will be approved only after notice and hearing and upon compelling evidence that the applicant's correlative rights will be impaired unless both wells are produced.

Requests to produce the wells alternately (one well shut-in while the other produces) may be submitted for administrative handling. The request should set out the length of producing and shut-in cycles for each well (a one month minimum is suggested), the proposed method for ensuring compliance with the proposed producing and shut-in schedules and reasons for the request."

(8) BTA Oil Producers failed in this case to adequately show that its correlative rights would be impaired unless both the Maxus "B" 8026 JV-P Well Nos. 1 and 2 were allowed to produce continuously and concurrently, even at the proposed restricted flow rate for the No. 2 well.

(9) The applicant further indicated at the time of the hearing that both wells producing alternately could recover all of the gas to which BTA is entitled under the S/2 of said Section 34.

(10) The applicant's request to continuously and concurrently produce Atoka gas from both the Maxus "B" 8026 JV-P Well Nos. 1 and 2 within the 320-acre gas spacing and proration unit comprising the S/2 of said Section 34 should be *denied*; however, nothing contained herein should be construed as prohibiting the applicant from producing Atoka gas from both wells alternately (one well shut-in while the other produces). Such producing/shut-in cycle length should be administratively set by the Division Director, but should not be less than a one month period.

(11) Because both wells will not be permitted to produce simultaneously under this order, the well which is producing at any given time should not be subject to a restricted producing rate.

**IT IS THEREFORE ORDERED THAT:**

(1) The subject application of BTA Oil Producers for an exception to Division General Rule 104.C(2) and to amend Division Order no. R-9009, dated October 3, 1989, to allow for the simultaneous dedication of the existing 320-acre gas spacing and proration unit within the Antelope Ridge-Atoka Gas Pool, comprising the S/2 of Section 34, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico, to both its Maxus "B" 8026 JV-P Well Nos. 1 and 2, located respectively in Units P and N of said Section 34, is hereby granted conditional approval;

WHEREBY the applicant is permitted to produce Atoka gas from both wells alternately (one well shut-in while the other produces). Said production/shut-in cycle period for both wells may be established by the Division Director after administrative request by the applicant; however, such period shall not be for less than one month.

(2) The applicant's request to continuously and concurrently produce Antelope Ridge-Atoka Gas Pool production in the S/2 of said Section 34 from both of said wells is hereby *denied*.

(3) The applicant's proposal to restrict gas production from the Maxus "B" 8026 JV-P Well No. 2 at a maximum flow rate not to exceed 500 MCF per day is *dismissed*.

(4) Either well when producing shall be allowed to flow at an unrestricted rate.

(5) Decretory Paragraph No. (5) on page 3 of Division Order No. R-9009, dated October 3, 1989, is hereby placed in abeyance until further notice.

(6) All other provisions of Division Order No. R-9009 shall remain in full force and effect.

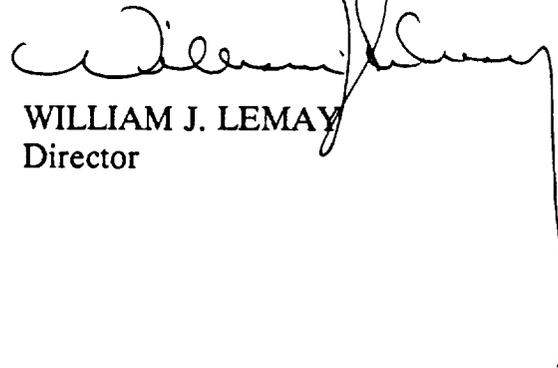
(7) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Case No. 10426  
Order No. R-9009-A  
Page No. 5

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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'William J. Lemay', is written over the typed name. The signature is fluid and cursive, with a long vertical line extending downwards from the end of the signature.

WILLIAM J. LEMAY  
Director

S E A L



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

November 18, 1992

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-6800

BTA Oil Producers  
104 South Pecos  
Midland, TX 79701

Attention: Dorothy Houghton

*RE: Application for reorientation of dedicated acreage.  
Antelope Ridge-Atoka/Antelope Ridge-Morrow Gas Pools,  
Maxus "B" Lease, Section 34, Township 22 South, Range  
34 East, NMPM, Lea County, New Mexico.*

*Administrative Amendments to Division  
Order Nos. R-9009 and R-9009-A*

Dear Ms. Houghton:

The aforementioned area is currently governed under the provisions of Division Order Nos. R-9009 and R-9009-A, which authorized the N/2 of the section to be dedicated in both the Atoka and Morrow intervals to the Maxus "B" Well No. 3 located in Unit B (currently said well is completed in the Atoka formation). Also, the Morrow interval in the S/2 of the section is dedicated to the Maxus "B" Well No. 1 located in Unit P. The Atoka interval in the S/2 of the section (under full authority of R-9009-A) is simultaneously dedicated, with certain conditions, to both the Maxus "B" Well No. 1 in Unit P and the Maxus "B" Well No. 2 in Unit N (the No. 1 well is currently dually completed and the No. 2 well is completed, but shut-in, in the Atoka zone only).

It is our understanding that the Maxus "B" Well No. 3 is to be shut-in at this time and the No. 2 well is to be "turned on." Such reorientation would essentially allow both spacing units in the Atoka, and if desired, the Morrow interval in the E/2 and W/2 to produce without interruption. Since this request promotes conservation measures and the applicant has notified all offset operators since all the wells have had unorthodox well location exceptions at one time or another, your request to rededicate the E/2 of said Section 34 to the Maxus "B" Well No. 1 and the W/2 of said Section 34 to the Maxus "B" Well No. 2 is hereby approved.

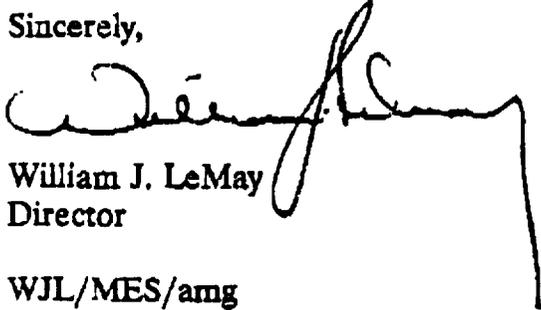
Exhibit C

*BTA Oil Producers*  
*Attention: Dorothy Houghton*  
*November 18, 1992*  
*Page 2*

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If at any time the No. 3 well should be placed on production in either the Atoka or Morrow intervals, this office should also be contacted and any such approvals under the rules of the Division be applied. Further, Division Order Nos. R-9009 and R-9009-A shall be placed in abeyance until further notice.

Sincerely,



William J. LeMay  
Director

WJL/MES/amg

xc: Oil Conservation Division - Hobbs  
US Bureau of Land Management - Carlsbad  
File: Case No. 9755  
Case No. 10426  
Maxus "B" Well Nos. 1, 2 and 3 (Santa Fe well files)