



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

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

April 6, 2000

St. Mary Land & Exploration Company
c/o Nance Petroleum Corporation
P. O. Box 7168
Billings, Montana 59103
Attention: Herb Thackery, Operations Engineer
Telefax No. (406) 245-9106

Administrative Order NSL-4431

Dear Mr. Thackery:

Reference is made to the following: (i) your application telefaxed to the New Mexico Oil Conservation Division ("Division") on April 6, 2000; (ii) your telephone conversation with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer on Thursday, April 6, 2000; and (iii) the records of the Division: all concerning your request for an exception to Division Rule 104.B (1), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, for the existing Hopi Federal Well No. 2 (API No. 30-015-30819), recently drilled to and completed in the Delaware formation at an unorthodox oil well location 850 feet from the North line and 1500 feet from the West line (Lot 3/Unit C) of Section 1, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico.

Lot 3 of Section 1 is to be dedicated to this well in order to form a standard 40.10-acre oil spacing and proration unit for the Willow Lake-Delaware Pool.

This application has been duly filed under the provisions of Division Rule 104.F, as revised.

The Division understands that the W/2 equivalent of Section 1 is a single Federal lease (United States Government Lease No. NM-088128) in which Nance Petroleum Corporation, a wholly owned subsidiary of St. Mary Land & Exploration Company, is the leasehold operator; therefore, there are no effected offsets to the subject 40-acre tract other than themselves.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox oil well location is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
U. S. Bureau of Land Management - Roswell