



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

January 24, 1989

Read & Stevens, Inc.
P.O. Box 1518
Roswell, NM 88202

Attention: John C. Maxey
Petroleum Engineer

Amended Administrative Order NSL-2256

Dear Mr. Maxey:

By Administrative Order NSL-2256, dated April 11, 1986, the Division authorized your Laurie "D" Federal Well No. 1 which was located at an unorthodox gas well location in the Laguna Valley Morrow Gas Pool 660 feet from the North line and 990 feet from the East line (Unit A) of Section 15, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico.

Per your letter dated December 19, 1988, it is my understanding that the subject well was dually completed on January 27, 1987 in the Laguna Valley Morrow Gas and the Undesignated Lea-Bone Springs Pools. The Lea-Bone Springs Pool is spaced on 80-acres with designated well location requirements to be within 150 feet of the center of either governmental quarter-quarter section in the unit (see Division Order No. R-1827, as amended). At the time that you originally requested authorization for an unorthodox gas location in the Morrow formation for this well, which resulted in the issuance of said NSL-2256, you failed to apply for an unorthodox oil well location in the Bone-Springs zone as well.

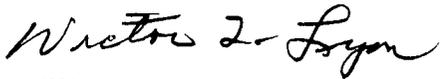
Therefore, by authority granted me under the provisions of Order No. R-1827, as amended, OCD Memorandum No. 4-86 and General Rule 104.F(I), said Administrative Order NSL-2256 is hereby amended to include authorization for the Laurie "D" Federal Well No. 1 to be an unorthodox oil well location, as defined above, in the Undesignated Lea-Bone Spring Pool.

The N/2 SE/4 of said Section 15 shall be dedicated to the well forming a standard 80-acre oil spacing and proration unit for said pool.

Amended Administrative Order NSL-2256
Read & Stevens, Inc.
January 24, 1989
Page 2

All other provisions contained in Administrative Order NSL-2256 shall also remain in full force and effect until further notice.

Sincerely,



for William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Hobbs
NM Oil and Gas Engineering Committee - Hobbs
US Bureau of Land Management - Roswell
Vic Lyon