

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

October 2, 1991

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

Union Oil Company of California
c/o William F. Carr
P.O. Box 2208
Santa Fe, New Mexico 87504-2208

Administrative Order NSL-3060(MC)

Dear Mr. Carr:

An incorrect authorization code number was assigned Union Oil Company's recent approval for the unorthodox location of the Red Hills Unit Well No. 1 Division Administrative Order "NSP-1637(MC)", dated September 19, 1991, should therefore be rescinded at this time and replaced by the order issued hereto.

Reference is made to your application on behalf of Union Oil Company of California dated April 24, 1991 for a non-standard gas well location for the Red Hills Unit Well No. 1 which was originally drilled in 1963 to a total depth of 21,321 feet to test the Ellenburger formation at a standard oil well location 330 feet from the South line and 2310 feet from the West line (Unit O) of Section 32, Township 25 South, Range 33 East, NMPM, Lea County, New Mexico. Currently, said well is completed in and producing gas from the Red Hills - Wolfcamp Gas Pool under the authority of Division Order No. R-3073, which granted the unorthodox location for said gas well and promulgated special pool rules including 640-acre spacing units.

It is our understanding at this time that the Wolfcamp zone will be properly plugged back and said well will be dually completed in such a manner as to permit the production of gas from the Red Hills Devonian Gas Pool and Red Hills - Pennsylvanian Gas Pool through parallel strings of 2 7/8 inch tubing. Pursuant to General Rule 104.C(2) and RULE 4 of the Special Rules and Regulations for the Red Hills Devonian Gas Pool, as promulgated by Division Order No. R-6183, said well location is considered unorthodox in both the Devonian and Pennsylvanian formations. In compliance with appropriate spacing in both pools the S/2 of said Section 32 shall be dedicated to the Red Hills - Pennsylvanian Gas Pool forming a standard 320-acre gas spacing and proration unit and all of said Section 32 shall be dedicated to the Red Hills - Devonian Gas Pool forming a standard 640-acre gas spacing and proration (RULE 2 of R-6183).

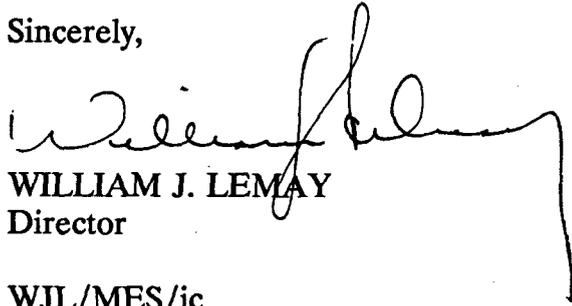
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By the authority granted me under the provisions of General Rules 104.F(1) and 112-A and RULE 5 of said Order No. R-6183, the above-described dual completion and resulting unorthodox gas well locations are hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read 'William J. Lemay', written over a horizontal line.

WILLIAM J. LEMAY
Director

WJL/MES/jc

cc: Oil Conservation Division - Hobbs
NMSLO - Santa Fe