



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

February 21, 1996

John L. Cox
Attention: Martha Wittenbach
P.O. Box 2217
Midland, Texas 79702-2217

Administrative Order NSL-3631

Dear Ms. Wittenbach:

Reference is made to your application dated February 12, 1996, as amended by letter dated February 16, 1996, for a non-standard oil well location for your proposed Phillips "26" State Well No. 1 to be drilled 940 feet from the North line and 2650 feet from the East line (Unit C) of Section 26, Township 12 South, Range 33 East, NMPM, Hightower-Devonian Pool, Lea County, New Mexico.

The application has been duly filed under the provisions of the following rules, regulations, policies, and procedures:

- (a) Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the New Mexico Oil Conservation Commission ("Commission") in Case 11,351 on January 18, 1996;
- (b) Order No. 846, issued by the Commission in Case No. 198 on November 18, 1949, which order, in part, established 80-acre (oil) proration units and a uniform pattern for the spacing and drilling of wells to the Devonian formation within the area comprising Sections 22, 23, 26, and 27 of Township 12 South, Range 33 East, NMPM, Lea County, New Mexico; and,
- (c) Division Memorandum 4-86 dated June 2, 1986.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the Devonian formation than a well drilled at a location considered to be standard.

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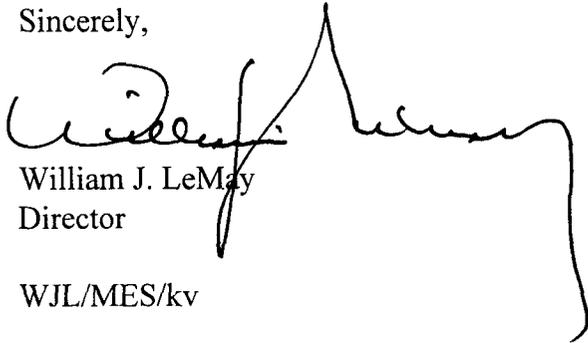
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By the authority granted me under the provisions of Division General Rule 104.F(2) and said Memorandum 4-86, the above-described unorthodox oil well location is hereby approved. Further, the N/2 NW/4 of said Section 26 is to be dedicated to said well to form a standard 80-acre oil spacing and proration unit for said pool.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay". The signature is fluid and cursive, with a prominent peak in the middle and a long, sweeping tail that curves downwards and to the right.

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
William F. Carr - Santa Fe