



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

March 1, 1996

Maralo Inc.
Attention: Dorothea Logan
P. O. Box 832
Midland, Texas 79702

Administrative Order NSL-3636

Dear Ms. Logan:

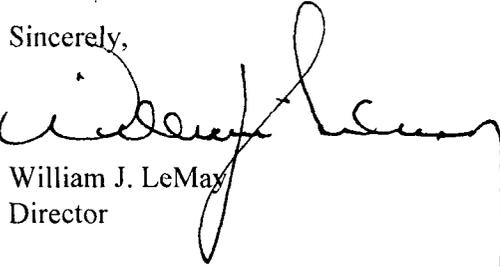
Reference is made to your applications dated November 20 and December 18, 1995 for a non-standard oil well location within a standard 40-acre oil spacing and proration unit comprising the SE/4 NE/4 (Unit H) of Section 26, Township 20 South, Range 26 East, NMPM, Eddy County, New Mexico for your proposed D. S. "26" Federal Well No. 2 to be drilled 1683 feet from the North line and 1259 feet from the East line of said Section 26.

It is our understanding that the subject well is to be drilled to a total depth of approximately 2,600 feet in order to test the Seven Rivers, Queen, Grayburg, and San Andres formations, all of which are subject to the Division's General Rules and Regulations governing oil well locations [see **Rule 104.B(2)(c)** and **104.C(1)**] which requires wells to be no closer than 330 feet from the outer boundary of the designated 40-acre drilling tract.

The application has been duly filed under the provisions of **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 Oil Conservation Commission in Case 11,351 on January 18, 1996.

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

Sincerely,



William J. LeMay
Director

WJL/MES/kv

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