



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

December 18, 1996

Shell Western E & P, Inc.
P. O. Box 576
Houston, Texas 77001
Attention: Jeff A. Dethrow

Administrative Order NSL-3733-A

Dear Mr. Dethrow:

Reference is made to your letter of application dated November 26, 1996 requesting the amendment of a previously approved order by the Division of an unorthodox deep gas well location by expanding the vertical limits of the provisions in said order to include the potential oil bearing Silurian (Fusselman), Strawn, Wolfcamp, Abo, Tubb/Drinkard (Undesignated Hardy-Tubb Drinkard Pool), Blinebry (Undesignated Oil Center-Blinebry Pool), and Glorieta intervals.

Division Administrative Order NSL-3733, dated November 4, 1996 authorized the drilling of your State P.C. Com Well No. 1 (API No. 30-025-33672) at an unorthodox gas well location within a standard 320-acre gas spacing and proration unit, comprising the S/2 of Section 32, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, 1000 feet from the South line and 2370 feet from the East line (Unit O) in order to test both the McKee (Simpson) and Ellenburger formations.

Current rules governing these intervals within said vertical extent for the subject well location are as follows:

- (a) Silurian (Fusselman), Strawn, Wolfcamp, Abo, and Glorieta: these intervals are considered to be "wildcat" and if oil is encountered these zones will be subject to Division statewide Rule 104.B(1)(b), which requires 40-acre spacing and proration units with wells to be located no closer than 330 feet to any boundary of such tract;
- (b) Tubb/Drinkard: being within one mile of the Hardy-Tubb Drinkard Pool this interval is subject to Division statewide Rule 104.C(1)(a), which also requires 40-acre spacing and proration units with wells to be located no closer than 330 feet to any boundary of such tract;
- (c) Blinebry: being within one mile of the Oil Center-Blinebry Pool this interval is therefore subject to the "*Special Rules and Regulations for the Oil Center-Blinebry Pool*", which requires 80-acre spacing and proration units or drilling units with wells to be located in either the NW/4 or SE/4 of a governmental quarter section and is to be no closer than 330 feet to any quarter-quarter section or lot line on which it is situated.

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Division records indicate that the E/2 SW/4 and SE/4 of said Section 32 is one single State lease in which is operated by Shell Western E & P. Inc.

The SW/4 SE/4 of said Section 32, being a standard 40-acre oil spacing and proration unit in the Silurian (Fusselman), Strawn, Wolfcamp, Abo, Undesignated Hardy-Tubb Drinkard Pool, and Glorieta intervals and the W/2 SE/4 of said Section 32, being a standard 80-acre oil spacing and proration unit for the Undesignated Oil Center-Blinebry Pool, are to be dedicated to said well.

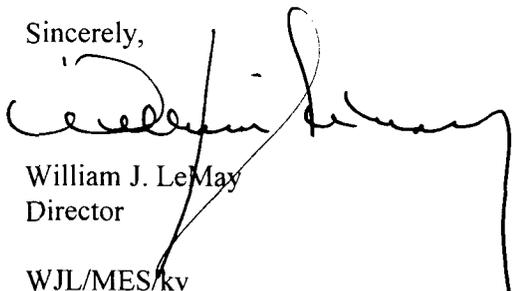
The subject request has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

By the authority granted me under the provision of the "*Special Rules and Regulations for the Oil Center-Blinebry Pool*", as promulgated by Division Order No. R-2408, as amended, Division Memorandum 4-86 dated June 2, 1986, and Division General Rule 104.F(2) the above-described unorthodox oil well location is hereby approved for oil production from the Silurian (Fusselman), Strawn, Wolfcamp, Abo, Undesignated Hardy-Tubb Drinkard Pool, Undesignated Oil Center-Blinebry Pool, and Glorieta intervals.

All provisions of said Administrative Order NSL-3733 shall remain in full force and effect until further notice.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: NSL-3733