



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

January 14, 1997

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

Administrative Order NSL-3754(NSP)

Dear Ms. Wittenbach:

Reference is made to your application dated December 20, 1996 for a non-standard oil well location for your proposed State "14" Well No. 1 to be drilled 1310 feet from the South and East lines (Unit P) of Section 14, Township 12 South, Range 33 East, NMPM, to test either the Undesignated Hightower-Devonian Pool or Undesignated Bagley-Siluro 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 adopted Rules for the Hightower-Devonian Pool established, in part, 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;
- (c) Division Order No. R-69, as amended, which adopted Rules for the Bagley-Siluro Devonian Pool, also established "stand-up" 80-acre (oil) proration units and a uniform pattern for the spacing and drilling of wells in the Fusselman (Silurian) and Devonian formations within that area now comprising the W/2 of Section 1, all of Sections 2 and 3, the E/2 of Section 4, the E/2 of Section 10, all of Section 11, and the W/2 of Section 12, all in

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Township 12 South, Range 33 East, NMPM, Lea County, New Mexico; and,

(d) Division Memorandum 4-86 dated June 2, 1986.

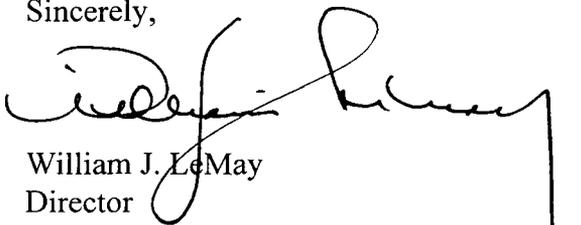
The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the Siluro/Devonian interval than a well drilled at a location considered to be standard within the SE/4 of said Section 14.

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 S/2 SE/4 of said Section 14 is to be dedicated to said well to form an 80-acre oil spacing and proration unit for said pool.

The proposed 80-acre spacing and proration unit for this well, the S/2 SE/4 of said Section 14 is considered "unorthodox" for the Hightower-Devonian Pool.

Upon completion of this well it shall be determined by the supervisor of the Hobbs District office of the Division as to which of the two aforementioned pools the production is to be attributed and which pool will be extended to include said well. If it is ultimately determined that this well is to be included within the Hightower-Devonian Pool the subject "lay-down" 80-acre oil spacing and proration unit is hereby approved under the provisions of Division General Rule 104.D(2) and said Memorandum 4-86.

Sincerely,



William J. LeMay
Director

WJL/MES/kv

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