



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

July 8, 1997

Mallon Oil Company
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

Administrative Order NSL-3827

Dear Mr. Bruce:

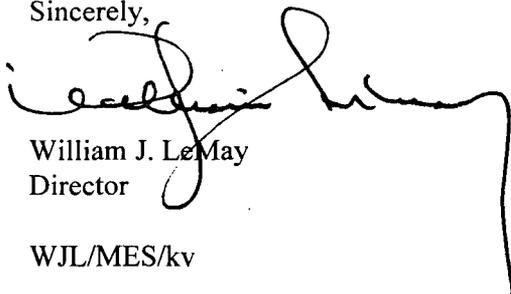
Reference is made to your application dated February 14, 1997 on behalf of the operator, Mallon Oil Company, and to the Division records of Case 11702, concerning Mallon's request to drill its Mescalero "30" Federal Well No. 4 (API No. **30-025-33813**) at an unorthodox gas well location to test the Morrow formation 1330 feet from the North and East lines (Unit G) of Section 30, Township 19 South, Range 34 East, NMPM, Undesignated Quail Ridge-Morrow Gas Pool, Lea County, New Mexico. Lots 1 and 2, the NE/4, and the E/2 NW/4 (N/2 equivalent) of said Section 30 is to be dedicated to the well to form a standard 320.55-acre gas spacing and proration unit.

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

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 gas well location is hereby approved.

Sincerely,



William J. LeMay
Director

WJL/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
File: Case 11702