



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 18, 1997

Reliance Operating Company
P. O. Box 10946
Midland, Texas 79702
Attention: James R. Berryman
Operations Manager

Administrative Order NSL-3838

Dear Mr. Berryman:

Reference is made to your application dated July 18, 1997 for a non-standard oil well location in the West Crossroads-Devonian Pool for your proposed Federal "D" Well No. 3 to be drilled 1120 feet from the South line and 1420 feet from the East line (Unit O) of Section 31, Township 9 South, Range 36 East, NMPM, Lea County, New Mexico. The SW/4 SE/4 of said Section 31 is to be dedicated to said well to form a standard 40-acre oil spacing and proration unit for said pool.

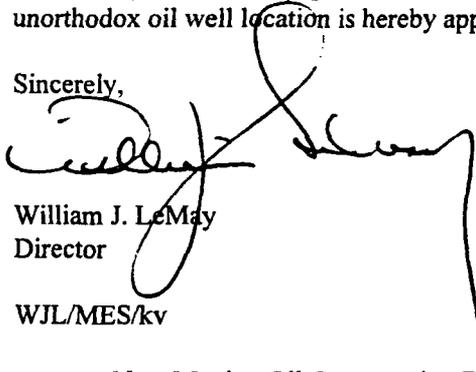
The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the productive interval of the Devonian formation than a well drilled at a location considered to be standard within the subject 40-acre oil spacing and proration unit.

Further, the SE/4 of said Section 31 is a single Federal lease (LC-065249) in which Reliance Operating Company ("Reliance") is the operator; therefore, there are no affected offsets to the subject 40-acre tract other than Reliance.

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 11351 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: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Roswell