



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

August 20, 1997

David Petroleum Corporation
c/o Campbell, Carr, Berge & Sheridan, P.A.
P. O. Box 2208
Santa Fe, New Mexico 87504-2208
Attention: William F. Carr

Administrative Order NSL-3858

Dear Mr. Carr:

Reference is made to your application dated August 19, 1997 on behalf of the operator, David Petroleum Corporation, for an unorthodox oil well location in the Shipp-Strawn Pool for its proposed Conoco State Well No. 1 to be drilled 1250 feet from the South line and 1200 feet from the East line (Unit P) of Section 36, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico. The E/2 SE/4 of said Section 36 is to be dedicated to said well to form a standard 80-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 potentially productive interval of the Strawn formation than a well drilled at a location considered to be standard within the subject 80-acre oil spacing and proration unit.

Further, the SE/4 of said Section 36 is a single State lease (B-01534) in which David Petroleum Corporation is the lessee; therefore, there are no effected offsets to the subject 80-acre tract other than David Petroleum Corporation.

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") and Rule.

By the authority granted me under the provisions of Division General Rule 104.F(2) and Rule 5 of the "*Special Rules and Regulations for the Shipp-Strawn Pool*", as promulgated by Division Order No. R-8062, as amended, the above-described unorthodox oil well location is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay", written over a horizontal line.

William J. LeMay
Director

WJL/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: Case 11824