



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

September 17, 1997

UMC Petroleum Corporation  
c/o James Bruce  
P. O. Box 1056  
Santa Fe, New Mexico 87501

*Administrative Order NSL-3870*

Dear Mr. Bruce:

Reference is made to:

(a) your application dated August 11, 1997 on behalf of the operator, UMC Petroleum Corporation ("UMC"), to (i) form a standard 80-acre oil spacing and proration unit for the Undesignated Big Dog-Strawn Pool and (ii) dedicate said acreage to the proposed Townsend State Well No. 4 to be drilled at an unorthodox oil well location within said 80-acre unit 400 feet from the South line and 1500 feet from the East line (Unit W) of Irregular Section 2, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico;

(b) the "*Special Pool Rules and Regulations for the South Big Dog-Strawn Pool*", as promulgated by Division Order No. R-9722-C/R-10448-A, issued in Case No. 11599 and dated February 26, 1997, which included provisions for: (i) 80-acre spacing and proration units each comprising of the N/2, S/2, E/2, or W/2 of a governmental Quarter section; (ii) designated well location requirements such that each well drilled within the pool is to be no closer than 330 feet to any quarter-quarter section or subdivision inner boundary nor closer than 1020 feet to the nearest well drilling to or capable of producing from the same pool; (iii) each standard 80-acre unit within said pool be subject to a depth bracket oil allowable of 445 barrels of oil per day;

(c) Division Order No. R-10803, dated May 22, 1997 [in particular Decretory Paragraph No. (3)] and Division Administrative Order DD-180(H), which approved for UMC's Townsend State Well No. 1 (API No. 30-025-33713), located at a standard surface oil well location 3526 feet from the South line and 727 feet from the East line (Unit P/Lot 16) of said Section 2: (i) the formation of an 80-acre non-standard oil spacing and proration unit in the Undesignated South Big Dog-Strawn Pool; and, (ii) the corresponding "project area" for a horizontal wellbore; and,

(d) Division Order No. R-10803, dated May 22, 1997 [in particular

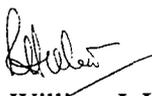
Finding Paragraph No. (12)(g)], which addresses further Strawn development within UMC's State of New Mexico oil and gas lease No. E07720 which comprises Lots 14 through 16 and the SE/4 of said Section 2.

The geologic interpretation submitted with this application indicates that a well drilled within the S/2 SE/4 of said Section 2 at the proposed unorthodox oil well location will be at a more favorable geologic position within the Undesignated Big Dog-Strawn Pool 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 11351 on January 18, 1996.

By the authority granted me under the provisions of RULE 6 of said "*Special Pool Rules and Regulations for the South Big Dog-Strawn Pool*" and Division General Rule 104.F(2), the above-described unorthodox oil well location is hereby approved.

Sincerely,

by    
William J. LeMay  
Director

WJL/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs  
New Mexico State Land Office - Santa Fe  
File: DD-180(H)  
Case No. 11741