



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

October 19, 1998

Elk Oil Company
Box 310
Roswell, New Mexico 88202
Attention: Joseph J. Kelly

Telefax No. (505) 623-5001

Administrative Order NSL-4151

Dear Mr. Kelly:

Reference is made to your applications dated October 12, 1998 for two unorthodox gas well locations within the Foor Ranch-PrePermian Gas Pool in Section 36, Township 8 South, Range 26 East, NMPM, Chaves County, New Mexico.

It is our understanding, pursuant to this application, that you intend to reorient the acreage that is currently dedicated to Elk Oil Company's Jan State Well No. 2 (API No. 30-005-63090), located at a standard gas well location 990 feet from the North line and 2130 feet from the West line (Unit C) of Section 36, from its standard 320-acre lay-down N/2 dedication to a standard 320-acre stand-up W/2 dedication and, pursuant to the applicable rules and procedures for the Foor Ranch-PrePermian Gas Pool [Division General Rule 104.C(2)(b)], this location is now considered to be "unorthodox". The Jan State Well No. 2 is currently completed in the pre-Mississippian dolomite interval of the Foor Ranch-PrePermian Gas Pool.

It is further understood that your proposed Jan State Well No. 3 (API No. 30-005-63178) is to be drilled at an unorthodox gas well location for a standard 320-acre stand-up gas spacing and proration unit comprising the E/2 of Section 36 that is 660 feet from the North line and 1650 feet from the East line (Unit B) of Section 36. This well is to be completed within the Pennsylvanian interval of the Foor Ranch-PrePermian Gas Pool.

Both applications have been duly filed under the provisions of **Rule 104.F** of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

By the authority granted me under the provisions of Division General **Rule 104.F(2)**, the two above-described unorthodox Foor Ranch-PrePermian gas well locations for both the Jan State Well Nos. 2 and 3 are hereby approved.

Sincerely,

LORI WROTENBERY
Director

LW/MES/kv

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