

DATE IN <u>11-19-09</u>	SUSPENSE	ENGINEER <u>Brooks</u>	LOGGED IN <u>11-19-09</u>	TYPE <u>NSP</u>	PTGW <u>0932353068</u>	APP NO <u>0932353068</u>	<u>1934</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



Apache
Marshall B #1, 2, 7, 9 & 10

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]**
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]**
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]**
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]**
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]**

- [1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____

2009 NOV 19 A 11:41
 RECEIVED OOD

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

R-8170

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Michelle Hanson Michelle Hanson Landman 11/18/09
 Print or Type Name Signature Title Date

michelle.hanson@apachecorp.com
 e-mail Address



Central Region Land Department
(918) 491-4900
(918) 491-4854 (FAX)

November 18, 2009

Mark E. Fesmire, P. E.
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Dear Mr. Fesmire,

Apache Corporation respectfully requests administrative approval for simultaneous dedication in the Blinebry Oil and Gas Pool and a non-standard 120 acre gas unit in the Tubb Oil and Gas Pool. The following wells, located in the SW $\frac{1}{4}$ of Section 27, Township 21 South, Range 37 East, N.M.P.M., Lea County, New Mexico (applicant's Marshall B Lease), are involved in this application:

- Marshall B #1, located 589 feet FSL and 2051 feet FWL N
- Marshall B #2, located 600 feet FSL and 660 feet FWL M
- Marshall B #7, located 2310 feet FSL and 330 feet FWL L
- Marshall B #9, located 2310 feet FSL and 1650 feet FWL – Currently Inactive K
- Marshall B #10, located 634 feet FSL and 632 feet FWL M

Blinebry NSL
Tubb oil
Tubb gas NSL
Blinebry NSL

A plat of the Marshall B Lease, identifying the wells involved in this application, is attached as **Exhibit A**.

The above wells produce from the Blinebry and Tubb formations, among other formations. Under Division Order No. R-8170, as amended, spacing in both the Blinebry Oil and Gas Pool and Tubb Oil and Gas Pool is 160 acres for gas wells, and 40 acres for oil wells. The rules provide for non-standard gas well units of less than 160 acres. A gas well in each pool is defined as a well producing at a GOR of 50,000:1 or greater. Acreage dedicated to a gas well shall not be simultaneously dedicated to an oil well.

The wells involved in this application, the quarter-quarter sections in which the wells are located, their acreage dedications and current gas/oil status and their approximate YTD GOR's in the Blinebry and Tubb formations, are as follows:

	Marshall B 1 <u>(SE$\frac{1}{4}$SW$\frac{1}{4}$)</u>	Marshall B 9 <u>(NE$\frac{1}{4}$SW$\frac{1}{4}$)</u>	Marshall B 10 <u>(SW$\frac{1}{4}$SW$\frac{1}{4}$)</u>
Blinebry	<i>40</i> 160 acres (gas) 223,000	160 acres (gas) Inactive 07/2008	160 acres (gas) 210,000

	Marshall B 2	Marshall B 7
	<u>(SW¼SW¼)</u>	<u>(NW¼SW¼)</u>
Tubb	160 acres (gas)	160 acres (gas)
	40,000	135,000

1 Applicant requests Well Nos. 1 and 10 be simultaneously dedicated in the Blinebry Oil and Gas.(Pro Gas) Pool in the SW¼ of Section 27.

Applicant further requests that Well No. 2 be classified as a Tubb oil well requiring a 40 acre unit being the SW¼SW¼ of Section 27 leaving a non-standard 120 acre Tubb gas spacing unit, covering the NW¼SW¼ and E¼SW¼ of Section 27, to be dedicated to Well No. 7. This will eliminate overlapping well units for oil and gas wells. If granted, the following well units will be in effect:

	Marshall B 2	Marshall B 7
	<u>(SW¼SW¼)</u>	<u>(NW¼SW¼)</u>
Tubb	40 acres (oil) ✓	120 acres (gas)
	40,000	135,000

30-025-39551

Need 120 ac
NSP in Bline
or 40 acre

Applicant plans to drill and complete the Marshall B Well No. 14, located at an orthodox location, being 1845' FSL and 1765' FWL of Section 27, in the Blinebry, Tubb and Drinkard formations. As a result,

3 Applicant seeks administrative approval to simultaneously dedicate Well No. 14 to the 160 acre Blinebry gas proration unit, as well as to simultaneously dedicate said Well to the non-standard 120 acre Tubb gas proration unit, should the non-standard Tubb gas unit requested herein be approved.

4

A land plat with a listing of the operators of all quarter sections offsetting the SW¼ of Section 27 is marked **Exhibit B**. Notice was given to all operators by the letter attached as **Exhibit C**.

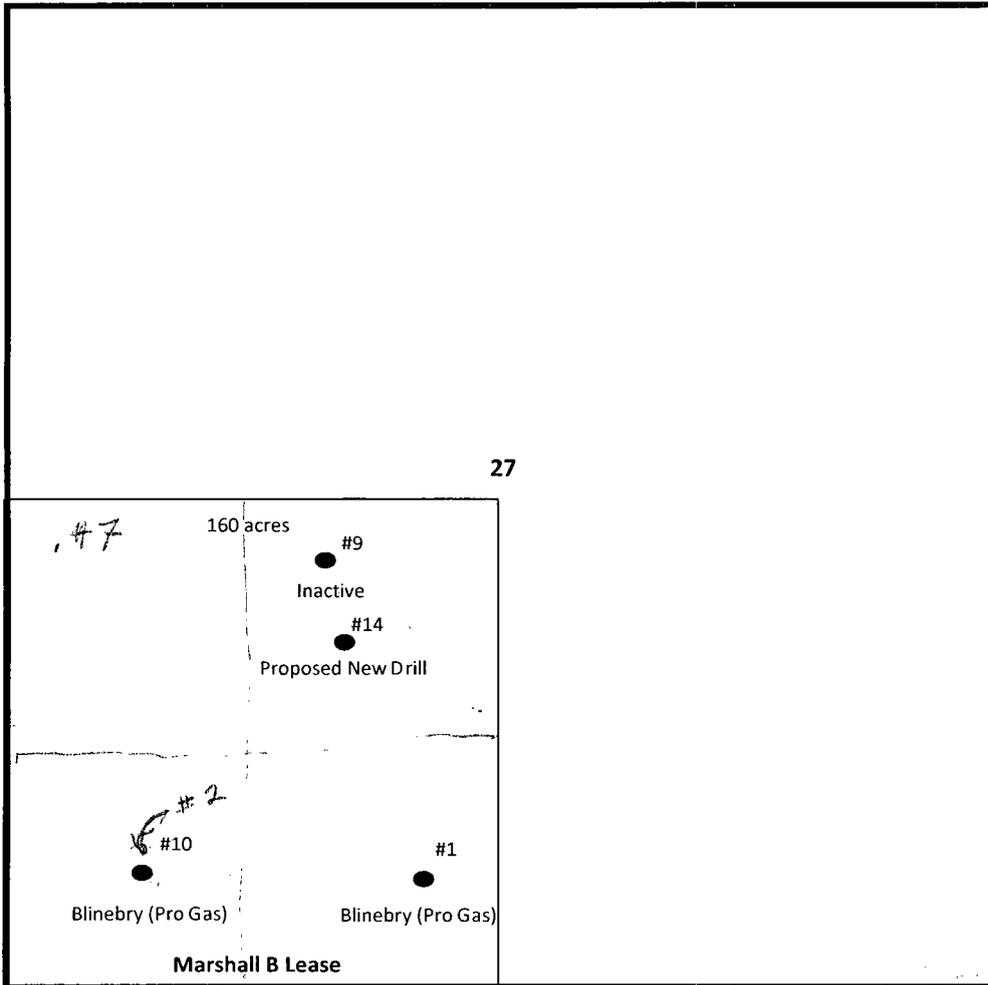
Interest ownership within the SW¼ of Section 27 is common, so no one in the quarter section has been notified of this application.

Please call me if you need any further information on this matter.

Sincerely,
APACHE CORPORATION

Michelle Hanson

Michelle Hanson
Landman
(918) 491-4838 direct
(918) 491-4854 fax
Michelle.hanson@apachecorp.com



Marshall B Lease
 No. 1 and No. 10
 Simultaneous Dedication
 Blinebry Oil & Gas Pool
 Section 27-T21S-R37E
 Lea County, New Mexico
 Scale: 1" = 1000'

275,625
 198,025

 473,650
 435,000

W

EXHIBIT A
 Page 1 of 2

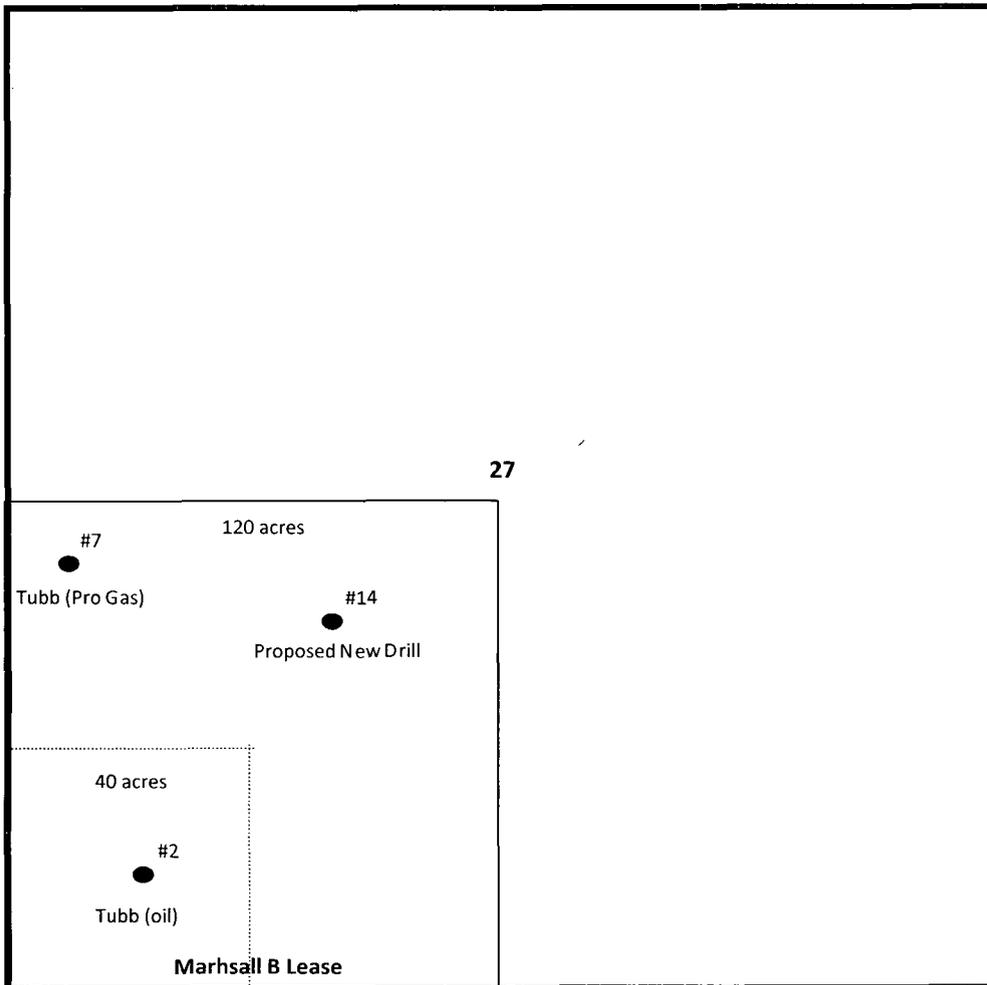


EXHIBIT A
Page 2 of 2

Marshall B Lease
No. 7
Non-Standard Proration Unit
Section 27-T21S-R37E
Lea County, New Mexico
Scale: 1" = 1000'

OFFSET OPERATORS

Chevron U.S.A., Inc.
Attn: NOJV Group
1400 Smith Street
Houston, TX 77002

ExxonMobil Coporation
P.O. Box 4610
Houston, TX 77210

ConocoPhillips Company
Attn: Land Department
600 N. Dairy Ashford
Houston, TX 77079

John H. Hendrix Corporation
110 N. Marienfield, Suite 400
Midland, TX 79701-4400

Stephens & Johnson Operating Co.
100 Palo Pinto Ave
Strawn, TX 76475

J. R. Cone
P.O. Box 10217
Lubbock, TX 79408



6120 S. YALE / SUITE 1500 / TULSA, OKLAHOMA 74136

Central Region Land Department
(918) 491-4900
(918) 491-4854 (FAX)

November 18, 2009

OFFSET OPERATORS

RE: Administrative approval for
Non-Standard Gas Spacing Unit
Tubb Oil & Gas (Pro Gas) Pool
and Simultaneous Dedication
Blinebry Oil & Gas (Pro Gas) Pool
Township 21 South, Range 37 East;
Section 27: SW¼ (Marshall B Lease)
Lea County, New Mexico

Offset Operators,

This is to inform you as an offset operator that Apache Corporation ("Apache") has applied for administrative approval for a non-standard 120 acre Tubb gas spacing unit and simultaneous dedication of the Marshall B Well Nos. 1 and 10 in the Blinebry Oil & Gas (Pro Gas) Pool.

Apache has requested a non-standard 120 acre Tubb gas spacing unit to consist of the E½SW¼ and NW¼SW¼, which would include the Marshall B Well No. 7. Apache has also requested a 40 acre Tubb oil spacing unit be formed and dedicated to Well No. 2, consisting of the SW¼SW¼, since said well is currently producing a GOR of less than 50,000:1, which represents an oil well.

Further, Apache is planning to drill and complete the Marshall B Well No. 14 in the Blinebry Oil & Gas (Pro Gas) and Tubb Oil & Gas (Pro Gas) zones. The location of the proposed new drill well will be Section 27, T21S, R37E, 1845' FSL & 1765' FWL, Lea County, New Mexico. Therefore, Apache has requested that this well be simultaneously dedicated with Well Nos. 1 and 10 in the 160 acre Blinebry gas proration unit as well as simultaneously dedicated with Well No. 7 in the non-standard 120 acre Tubb gas proration unit, if the non-standard 120 acre Tubb gas proration unit is approved.

If you object to this application, you should file a written objection with the Oil Conservation Division's Santa Fe office within 20 days from the date of this letter. Otherwise, the application may be granted without further notice.

If you require additional information, please contact the undersigned at (918) 491-4838.

Sincerely,

APACHE CORPORATION

A handwritten signature in cursive script that reads "Michelle Hanson".

Michelle Hanson

Landman

(918) 491-4854 fax

Michelle.hanson@apachecorp.com

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Wednesday, December 02, 2009 11:15 AM
To: 'michelle.hanson@apachecorp.com'
Subject: Marshall B; SD and NSP applications

Dear Ms. Hanson

In order that I can be certain appropriate notices were given of this application, I would appreciate you furnishing us a plat depicting the units adjoining the SW/4 of Section 27, and indicating the operators or owners notified for each such unit.

Thanks

David K. Brooks
Legal Examiner
505-476-3450

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Thursday, December 03, 2009 4:31 PM
To: 'Hanson, Michelle'
Subject: RE: Marshall B; SD and NSP applications

It is "adjoining spacing units," that is spacing units adjoining the directly affected spacing unit by a shared side or a shared corner.

David Brooks

From: Hanson, Michelle [mailto:Michelle.Hanson@apachecorp.com]
Sent: Thursday, December 03, 2009 9:40 AM
To: Brooks, David K., EMNRD
Subject: RE: Marshall B; SD and NSP applications

David,

For notifications to offset operators, is it supposed to be a 1-mile radius around the Q/Q section or ½ mile?

Michelle Hanson

Landman

Apache Corporation

6120 S. Yale Ave., Suite 1500

Tulsa, OK 74136

(918) 491-4838 office

(918) 491-4854 fax

michelle.hanson@apachecorp.com

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Wednesday, December 02, 2009 12:15 PM
To: Hanson, Michelle
Subject: Marshall B; SD and NSP applications

Dear Ms. Hanson

In order that I can be certain appropriate notices were given of this application, I would appreciate you furnishing us a plat depicting the units adjoining the SW/4 of Section 27, and indicating the operators or owners notified for each such unit.

Thanks

David K. Brooks
Legal Examiner
505-476-3450

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Brooks, David K., EMNRD

From: Hanson, Michelle [Michelle.Hanson@apachecorp.com]
Sent: Friday, December 04, 2009 8:17 AM
To: Brooks, David K., EMNRD
Subject: RE: Marshall B; SD and NSP applications
Attachments: Marshall B_NSP & SD App_Offset Owners.docx; Marshall B_NSP & SD App_Plat.pdf

Good morning David,

Please see attached Offset Owner list and plat. I notified John H. Hendrix and J.R. Cone and probably didn't need to since those parties are not in the adjoining tracts. I have sent in other Applications for the Mark Owen Lease, Walter Lynch Lease and Lou Worthan Lease. You may not have these applications in hand yet, but I'm sure you are going to need this information for those Leases as well so I will work on getting you further information. I apologize for not providing this information with the applications. I have never done an application before so I greatly appreciate your patience and thank you for your help.

Have a wonderful weekend!

Michelle Hanson

Landman

Apache Corporation

6120 S. Yale Ave., Suite 1500

Tulsa, OK 74136

(918) 491-4838 office

(918) 491-4854 fax

michelle.hanson@apachecorp.com

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Wednesday, December 02, 2009 12:15 PM
To: Hanson, Michelle
Subject: Marshall B; SD and NSP applications

Dear Ms. Hanson

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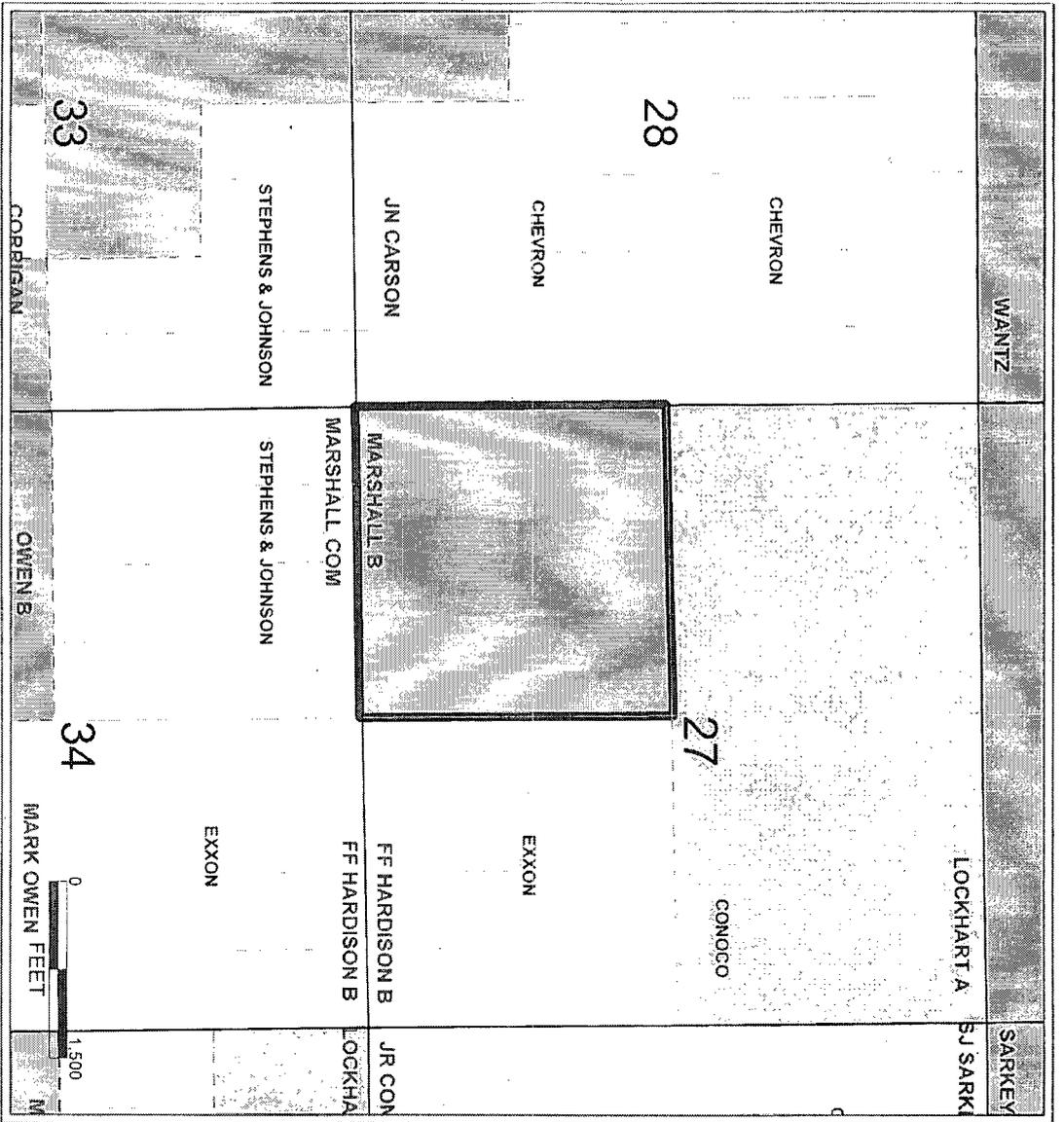
Thanks

David K. Brooks
Legal Examiner
505-476-3450

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T21S-R37E
 Lea Co., NM

Marshall "B" NSP & SD Application

Township 21 South, Range 37 East, Lea County, New Mexico

Tracts adjoining the SW/4 of Section 27

Section 27:

N/2: ConocoPhillips Company
SE/4: ExxonMobil Coporation

Section 28:

E/2 Chevron U.S.A., Inc.

Section 33:

NE/4: Stephens & Johnson Operating Co.

Section 34:

NW/4: Stephens & Johnson Operating Co.
NE/4: ExxonMobil Coporation

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Wednesday, December 09, 2009 11:28 AM
To: 'Hanson, Michelle'
Subject: Marshall B; NSP/SD Application

Dear Ms. Hanson

I have two questions concerning this application.

First it appears that all of the subject wells except the Marshall B #2, which according to your report is an oil well, and the proposed Marshall B #14, are a non-standard gas well locations. The rules for both the Blinbry and Tubb pools require that a gas well dedicated to a unit of more than 40 acres be at least 660 feet from the unit outer boundaries. Have the unorthodox gas well locations of the Marshall B #1, 7, 9 and 10 been approved? If so, can you locate the NSL order numbers?

Second, your request for formation of a 120-acre non-standard gas unit requires notice to any owner (including a royalty or overriding royalty owner) who owns a larger interest in the excluded SE/4 SE/4 than such owner owns in the proposed 120-acre unit. Are there any such owners?

Sincerely,

David K. Brooks
Legal Examiner
505-476-3450

Brooks, David K., EMNRD

From: Hanson, Michelle [Michelle.Hanson@apachecorp.com]
Sent: Thursday, December 10, 2009 7:32 AM
To: Brooks, David K., EMNRD
Subject: RE: Marshall B; NSP/SD Application

Hi David,

In trying to answer your question regarding the Marshall B #1, #7 and #10 being located at unorthodox locations, I found the following information:

Marshall B #1 – approved for a non-standard 40 acre gas spacing unit (NSP-1784)

Marshall B #7 – approved unorthodox location (4490-SD)

Marshall B #9 – this well is inactive as the Blinebry

Marshall B #10 – could not find approval for unorthodox gas well location. This well initially produced as an oil well and, apparently, when the well classification changed, the previous operator, being Marathon, did not file for administrative approval for an unorthodox location. There may be an approval out there, but I could not locate it.

To answer your second question, all the interest owners, royalty owners and overriding royalty owners are the same and own an undivided interest within the entire SW/4, therefore, no working, royalty or overriding royalty interest owner was notified.

In light of my findings, would I need to submit for administrative approval for a non-standard gas well location for the Marshall B #10?

Michelle Hanson

Landman

Apache Corporation

6120 S. Yale Ave., Suite 1500

Tulsa, OK 74136

(918) 491-4838 office

(918) 491-4854 fax

michelle.hanson@apachecorp.com

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]

Sent: Wednesday, December 09, 2009 12:28 PM

To: Hanson, Michelle

Subject: Marshall B; NSP/SD Application

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Sincerely,

David K. Brooks
Legal Examiner
505-476-3450

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Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Thursday, December 10, 2009 3:10 PM
To: 'Hanson, Michelle'
Subject: RE: Marshall B; NSP/SD Application

Dear Ms. Hanson

I am unable to find an Order No. NSP-1784 on the Imaging System. If you have a copy of such an order, please furnish it for review.

Thanks

David K. Brooks
Legal Examiner

From: Hanson, Michelle [mailto:Michelle.Hanson@apachecorp.com]
Sent: Thursday, December 10, 2009 7:32 AM
To: Brooks, David K., EMNRD
Subject: RE: Marshall B; NSP/SD Application

Hi David,

In trying to answer your question regarding the Marshall B #1, #7 and #10 being located at unorthodox locations, I found the following information:

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In light of my findings, would I need to submit for administrative approval for a non-standard gas well location for the Marshall B #10?

Michelle Hanson

Landman

Apache Corporation

6120 S. Yale Ave., Suite 1500

Tulsa, OK 74136

(918) 491-4838 office

(918) 491-4854 fax

michelle.hanson@apachecorp.com

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Wednesday, December 09, 2009 12:28 PM

To: Hanson, Michelle
Subject: Marshall B; NSP/SD Application

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Second, your request for formation of a 120-acre non-standard gas unit requires notice to any owner (including a royalty or overriding royalty owner) who owns a larger interest in the excluded SE/4 SE/4 than such owner owns in the proposed 120-acre unit. Are there any such owners?

Sincerely,

David K. Brooks
Legal Examiner
505-476-3450

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API	Well Name	Well Number	Type	Lease	Status	Unit Letter	Section	Township	Range	Last Production	Spud Date	Plugged On
30-025-09934	MARSHALL B	#001	Gas	Private	Active	N	27	21S	37E	Sep-09	10/18/1946	
30-025-06819	MARSHALL B	#002	Gas	Private	Active	M	27	21S	37E	Sep-09	12/8/2046	
30-025-06822	MARSHALL B	#007	Oil	Private	Active	L	27	21S	37E	Sep-09	2/4/1950	
30-025-06826	MARSHALL B	#009	Oil	Private	Active	K	27	21S	37E	Sep-09	7/26/2008	
30-025-29797	MARSHALL B	#010	Oil	Private	Active	M	27	21S	37E	Sep-09	3/5/1987	

off R B DMS / ocd



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

July 17, 2000

Lori Wrotenbery
Director
Oil Conservation Division

Marathon Oil Company
P. O. Box 552
Midland, Texas 79702-0552
Attention: Jerry Fletcher

Administrative Order NSL-4490(SD)

Dear Mr. Fletcher:

Reference is made to the following: (i) your application dated June 19, 2000; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Marathon Oil Company's ("Marathon") request for an unorthodox Tubb gas well location within an existing standard 160-acre gas spacing and proration unit ("GPU") for the Tubb Oil and Gas Pool comprising the SW/4 of Section 27, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico. This GPU is currently dedicated to Marathon's W. S. Marshall "B" Well No. 2 (**API No. 30-025-06819**) located at a standard gas well location 660 feet from the South and West lines (Unit M) of Section 27.

It is our understanding that the subject well in this application, Marathon's W. S. Marshall "B" Well No. 7 (**API No. 30-025-06822**), was originally drilled by The Ohio Company in 1950 to a total depth of 7,774 feet in order to test the Brunson-Ellenburger interval for oil production at a standard oil well location 2310 feet from the South line and 330 feet from the West line (Unit L) of Section 27. This well is currently completed in the Wantz-Abo Pool. It is further understood that Marathon now intends to abandon the Abo zone and recomplete this well up-hole into the Tubb Oil and Gas Pool.

Pursuant to Rule 2(b)1 of the "*General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Tubb Oil and Gas Pool*," as promulgated by Division Order No. R-8170, as amended, the location of the W. S. Marshall "B" Well No. 7 is considered to be unorthodox.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

By authority granted me under the provisions of Rule 2(d) of the special rules for the Tubb Oil and Gas Pool and Division Rule 104.F (2), the unorthodox gas well location of the W. S. Marshall "B" Well No. 7 is hereby approved. ✓

Administrative Order NSL-4490(SD)
Marathon Oil Company
July 17, 2000
Page 2

Also, you are hereby authorized to simultaneously dedicate Tubb gas production from both the W. S. Marshall "B" Wells No. 2 and 7. Furthermore, you are hereby permitted to produce the allowable assigned the subject 160-acre GPU from both wells in any proportion.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Wrotenbery" followed by a large, stylized flourish or scribble.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs

SW/4 Sec 27 - 215 - 37E

Blindery

1 SE/5W 40 acre gas unit per NSP-1784

10 SW/5W gas (no NSP) NSL needed for
120 or 160

14 (new) NW/5W std loc.

Table

2 SW/5W oil

7 NW/5W gas (no NSP) NSL needed for
120 or 160

14



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

CW
Donna

February 9, 1998

Marathon Oil Company
P. O. Box 2409
Hobbs, NM 88241-2409
Attention: Thomas P. Kacir

Administrative Order NSP-1784

Dear Mr. Kacir:

Reference is made to your application dated January 14, 1998 for a 40-acre non-standard gas spacing and proration unit ("GPU") consisting of the following acreage in the Blinebry Oil and Gas Pool:

LEA COUNTY, NEW MEXICO
TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 27: SE/4 SW/4.

It is my understanding that this unit is to be dedicated to your existing W.S. Marshall "B" Well No. 1 (API No. 30-025-09934), located at a standard gas well location for the subject 40-acre GPU 589 feet from the South line and 2051 feet from the West line (Unit N) of said Section 27.

By the authority granted me under the provisions of Rule 2(d) of the "*Special Rules and Regulations for the Blinebry Oil and Gas Pool*" as promulgated by Division Order No. R-8170, as amended, the above-described 40-acre non-standard gas spacing and proration unit is hereby approved. Also, you are hereby permitted to produce the allowable assigned the subject GPU, in accordance with Rule 5 of said pool rules based upon a unit size of 40 acres.

Sincerely,

Lori Wrotenberg
Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs /