



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

November 21, 1989

Shell Western E & P, Inc.
P.O. Box 576
Houston, TX 77001

Attention: J.H. Smitherman
Regulatory Supervisor

Administrative Order SD-89-4(L)

Dear Mr. Smitherman:

Reference is made to your application dated June 14, 1989 for the simultaneous dedication of an existing 160-acre standard gas spacing and proration unit in the Hare-San Andres Gas Pool comprising the NW/4 of Section 22, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

It is our understanding that Shell intends to re-complete the Argo "A" Well No. 5 and/or 9 to the San Andres formation for the purpose of supplementing source water production to your Northeast Drinkard Unit Waterflood Project.

The Argo "A" Well No. 10, located 660 feet from the North line and 1660 feet from the West line (Unit C) of said Section 22, is presently completed on the subject unit in the San Andres formation as a water source well and as such is also experiencing a small amount of associated gas production.

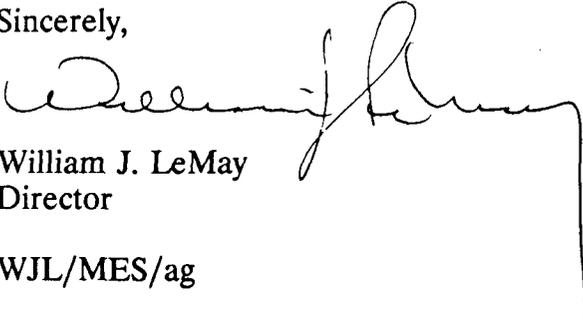
Since it is expected that both the No. 5 and 9 wells will also have associated gas production along with this source water production, Shell Western E & P, Inc. is hereby authorized to simultaneously dedicate Hare-San Andres Gas Pool production to the aforementioned proration unit from the following three wells in said Section 22:

<u>WELL</u>	<u>FOOTAGE LOCATION</u>
Argo "A" Well No. 5	1980' FNL - 2130' FWL
Argo "A" Well No. 9	980' FNL - 500' FWL
Argo "A" Well No. 10	660' FNL - 1660' FWL

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Also, inasmuch as the well locations for the No. 5 and No. 9 are unorthodox pursuant to General Rule 104.C.II., all provisions for administrative approval have been met and pursuant to General Rule 104.F.(I) the unorthodox gas well location for said Argo "A" Wells No. 5 and 9 are also approved.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay". The signature is fluid and cursive, with a long vertical line extending downwards from the end of the name.

William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Hobbs
NM Oil and Gas Engineering Committee - Hobbs