



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

September 29, 1998

EnerQuest Resources, L.L.C.
P. O. Box 11150
Midland, Texas 79702

Telefax No. (915) 687-4804

Attention: Christopher P. Renaud

Administrative Order SD-98-5

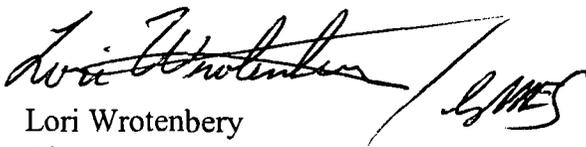
Dear Mr. Renaud:

Reference is made to your letter dated September 21, 1998. EnerQuest Resources, L.L.C. is hereby authorized to simultaneously dedicate oil production from the East Hobbs-San Andres Pool to a standard 40-acre oil spacing and proration unit that comprises the NW/4 SE/4 (Unit J) of Section 30, Township 18 South, Range 39 East, NMPM, Lea County, New Mexico, from the:

- (a) existing Laney Well No. 1 (API No. 30-025-07956) located at a standard oil well location 2310 feet from the South line and 1650 feet from the East line of Section 30; and,
- (b) proposed Laney "A" Well No.1 to be drilled at a standard oil well location 1650 feet from the South and East lines of Section 30.

Further, EnerQuest Resources, L.L.C. is permitted to produce the allowable assigned this standard 40-acre unit from both wells in any proportion.

Sincerely,


Lori Wrottenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs