



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

July 26, 1995

Billco Energy, Inc.
c/o Hinkle, Cox, Eaton, Coffield & Hensley, P.L.L.C.
Attn: James Bruce
P. O. Box 2068
Santa Fe, New Mexico 87504-2068

Administrative Order NSP-1730

Dear Mr. Bruce:

Reference is made to your application dated March 3, 1995 on behalf of Billco Energy, Inc. for a 40-acre non-standard oil spacing and proration unit consisting of the following acreage in the Cha Cha-Gallup Oil Pool:

SAN JUAN COUNTY, NEW MEXICO
TOWNSHIP 29 NORTH, RANGE 15 WEST, NMPM
Section 11: NE/4 NW/4

It is my understanding that this unit is to be dedicated to the existing Lobo Production Mesa Kirtland "11" Well No. 1 (API No. 30-045-25440), located at a previously approved unorthodox oil well location (granted under the authority of Division Order No. R-7206, dated February 18, 1983) 1190 feet from the North line and 1850 feet from the West line (Unit C) of said Section 11.

By authority granted me under the provisions of Rule 4 of the "*Special Rules and Regulations for the Cha Cha-Gallup Oil Pool*", as promulgated by Division Order No. R-1800, as amended, the operator of said well is hereby authorized to operate the above-described non-standard oil spacing and proration unit, with allowable assigned thereto based upon the unit size of 40 acres.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay".

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Aztec