

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

July 20, 1989

American Exploration Company
2100 Republic Bank Center
700 Louisiana
Houston, TX 77002-2725

Attention: Marty B. McClanahan

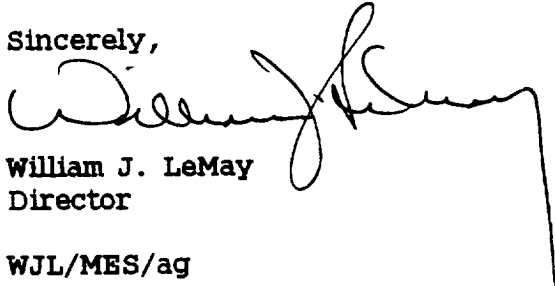
Administrative Order NSL-2681

Dear Ms. McClanahan:

Reference is made to your application of July 20, 1989 for a non-standard oil well location to permit the completion of an efficient production/injection pattern within a secondary recovery project for your Hospah Sand Unit Well No. 105 to be drilled 70 feet from the South line and 1750 feet from the West line (Unit N) of Section 36, Township 18 North, Range 9 West, NMPM, Hospah Upper Sand Pool, Hospah Unit Waterflood Project Area, McKinley County, New Mexico. Said well to be dedicated to the existing standard 40-acre oil spacing and proration unit comprising the SE/4 SW/4 of said Section 36.

By the authority granted me under the provisions of General Rule 104 F(I) and Decretory Paragraph No. (2) of Division Order No. R-2807, as amended, the above-described unorthodox oil well location is hereby approved.

Sincerely,


William J. LeMay
Director

WJL/MES/ag

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