



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

June 4, 1997

EnerQuest Resources, L.L.C.
P. O. Box 11150
Midland, Texas 79702
Attention: Christopher P. Renaud

Administrative Order NSL-3801

Dear Mr. Renaud:

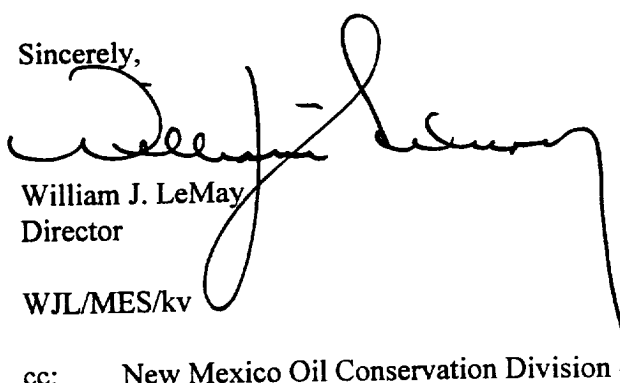
Reference is made to your application dated June 3, 1997 for a non-standard oil well location in the East Hobbs-San Andres Pool for your proposed Samuel Cain Well No. 5 to be drilled 1310 feet from the South line and 2310 feet from the West line (Unit N) of Section 30, Township 18 South, Range 39 East, NMPM, Lea County, New Mexico. The SE/4 SW/4 of said Section 30 is to be dedicated to said well to form a standard 40-acre oil spacing and proration unit for said pool.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within EnerQuest's Samuel Cain lease (comprising the NW/4 and the E/2 SW/4 of said Section 30) to adequately drain reserves within the productive interval that might not otherwise be produced and to provide for a more efficient production pattern within the East Hobbs-San Andres Pool.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox oil well location is hereby approved.

Sincerely,


William J. LeMay
Director

WJL/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs /