



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

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

April 4, 2000

Gas Well Services, Inc.
26 East Compress Road
Artesia, New Mexico 88210
Attention: Jack Matthews, President

Telefax No. (505) 746-2675

Administrative Order NSL-4428

Dear Mr. Matthews:

Reference is made to the following: (i) your application dated April 3, 2000; (ii) your telephone conversation with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer with the New Mexico Oil Conservation Division in Santa Fe ("Division") on Monday, April 3, 2000; and (iii) the records of the Division: all concerning your request to drill the Shearn Shilo Federal Well No. 1 at an unorthodox Yates/Seven Rivers oil well location 991 feet from the North line and 1464 feet from the East line (Unit B) of Section 14, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico. The NW/4 NE/4 of Section 14 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit for the Undesignated Empire-Yates-Seven Rivers Pool.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It is the Division's understanding that the NE/4 of Section 14 is a single Federal lease (United States Government Lease No. NM-970603) in which Gas Well Services, Inc. is the leasehold operator; therefore, there are no effected offsets to the subject 40-acre tract other than Gas Well Services, Inc.

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

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad