



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

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

April 3, 2000

Titan Resources I, Inc.
500 West Texas - Suite 500
Midland, Texas 79701
Attention: Laurie Clepper, Regulatory Analyst

Telefax No. (915) 687-0192

Administrative Order NSP-1817(L)(SD)

Dear Ms. Clepper:

Reference is made to the following:

- (1) Your letter of application dated January 6, 2000 concerning gas development within the Blinebry Oil and Gas Pool underlying the NW/4 of Section 10, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico, and well placement within this quarter section for an existing wellbore recently recompleted as a Blinebry gas well;
- (2) The New Mexico Oil Conservation Division's ("Division") records on the following wells operated by Titan Resources I, Inc. ("Titan") within the NW/4 of Section 10:
 - (a) Brunson-Argo Well No. 6 (**API No. 30-025-10174**), located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 10;
 - (b) Brunson-Argo Well No. 17 (**API No. 30-025-10178**), located 589 feet from the North line and 731 feet from the West line (Unit D) of Section 10;
 - (c) Brunson-Argo Well No. 18 (**API No. 30-025-10179**), located 660 feet from the North line and 2080 feet from the West line (Unit C) of Section 10; and
 - (d) Brunson-Argo Well No. 21 (**API No. 30-025-33824**), located 1700 feet from the North line and 1880 feet from the West line (Unit F) of Section 10; and
- (3) The rules currently governing the Blinebry Oil and Gas Pool, which include:
 - (a) The "*Special Rules and Regulations for the Blinebry Oil and Gas Pool*" as promulgated by Division Orders No. R-8170, as amended, and R-10987, as amended;
 - (b) Division Rule 605;

(c) Division Rules 104.D and F; and

(d) Division Rules 1207.A (2) and (3).

The Division's records indicate that the Brunson-Argo Well No. 18 was reclassified from a gas well within the Blinebry Oil and Gas Pool to a Blinebry oil well in April, 1999, whereby a standard 40-acre oil spacing and proration unit comprising the NE/4 NW/4 (Unit C) of Section 10 was formed (see Division Form C-102 dated April 22, 1999) pursuant to Rule 2 (a) 2 of the special pool rules (see Division Order No. R-8170); therefore, in accordance to Rule 2 (a) 3 of the special pool rules the remaining 120 acres within the NW/4 of Section 10, being the W/2 NW/4 and the SE/4 NW/4, should be assigned to the above-described Brunson-Argo Wells No. 6, 17, and 21, which are currently classified as gas wells within the Blinebry Oil and Gas Pool.

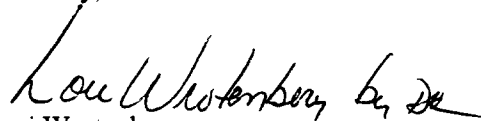
Further, the locations of the Brunson-Argo Wells No. 17 and 21 are considered to be unorthodox pursuant to Rule 2 (b) of the special pool rules.

By authority granted me under the provisions of Rule 2(d) of the special pool rules (see Division Order No. R-8170-H and Division Rules 605.B (2) (b), 104.D (2), and 104.F (2), the above-described 120-acre non-standard gas spacing and proration unit and the resulting unorthodox Blinebry gas well locations for both the Brunson-Argo Wells No. 17 and 21 are hereby approved.

This newly established 120-acre gas spacing and proration unit is to be simultaneously dedicated to the above-described Brunson-Argo Wells No. 6, 17, and 21, with allowable assigned thereto in accordance with Rule 5 of the special pool rules (see Division Order No. R-8170) and Division Rule 605.D (4) (a) based upon the unit size of 120 acres .

It is further ordered, as a contingency of approval, that Titan must submit corrected Division Forms C-102 for its Brunson-Argo Wells No. 6, 17, and 21 showing the proper acreage now dedicated to these wells (being the 120-acre non-standard gas spacing and proration unit comprising the W/2 NW/4 and the SE/4 NW/4 of Section 10, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico) to the Hobbs District Office of the Division. Failure to file these forms within 60 days from the date of this order will result in the cancellation of allowable for this 120-acre unit.

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs