



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

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

October 18, 1999

OGS Operating Company, Inc.
550 West Texas - Suite 1140
Midland, Texas 79701
Attention: Thom O'Brien, President

Telefax No. (915) 682-6373

Administrative Order NSL-4368

Dear Mr. O'Brien:

Reference is made to the following: (i) your application dated September 23, 1999; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning OGS Operating Company, Inc.'s ("OGS") request for an exception to Rule 2(b) of the *"General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico/Special Rules and Regulations for the Bluitt-San Andres Associated Pool,"* as promulgated by Division Order No. R-5353, as amended, for a non-standard Bluitt-San Andres infill gas well location in an existing standard 320-acre lay-down gas spacing and proration unit for the Bluitt-San Andres Associated Pool comprising the N/2 of Section 15, Township 8 South, Range 37 East, NMPM, Roosevelt County, New Mexico. This 320-acre gas unit is currently dedicated to OGS's Bilberry "15" Federal Com. Well No. 1 (API No. 30-041-20847), located at a standard gas well location 990 feet from the North and East lines (Unit A) of Section 15.

The subject application has been duly filed under the provisions of Division Rule 104.F and the applicable provisions of the rules governing the Bluitt-San Andres Associated Pool.

It is our understanding that the subject well for this application was recently drilled to a depth of 4,620 feet in order to test the lower San Andres oil producing interval; however, this deeper zone was not commercially oil productive and was completed in a shallower gas producing interval of the Bluitt-San Andres Associated Pool. Pursuant to Rule 2(b) of these special pool rules this location, which was standard for an oil well is considered to be unorthodox for a gas well.

By the authority granted me under the provisions of: (i) Rule 2(c) of these special pool rules; and (ii) Division Rule 104.F(2), the unorthodox gas well location of OGS's existing Bilberry "15" Federal Com. Well No. 2 (API No. 30-041-20883), located 1980 feet from the North and West lines (Unit F) of Section 15 is hereby approved.

Further, both of the aforementioned Bilberry "15" Federal Com. Wells No. 1 and 2 and

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existing 320-acre gas spacing and proration unit will be subject to all existing rules, regulations, policies, and procedures applicable to the Associated Oil and Gas Pools and to the Bluit-San Andres Associated Pool.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery", followed by a small mark that looks like a stylized "L" or "W".

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Roswell