



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS,
GOVERNOR

November 8, 1990

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STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

TXO Production Corporation
415 W. Wall
Suite 900
Midland, TX 79701-4468

Attention: Richard H. Coats

Administrative Order NSL-2937

Dear Mr. Coats:

Reference is made to your application dated July 27, 1990 for a non-standard East Carlsbad Wolfcamp gas well location for your existing Challenger-Rayroux Well No. 1 which was drilled in 1983 and completed in the Burton Flat-Morrow Gas Pool at a previously approved unorthodox gas well location (Division Order No. R-7319, dated July 19, 1983) 660 feet from the South and East lines (Unit P) of Section 19, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico.

By Division Administrative Order MC-3005, dated May 4, 1990, authorization was given to dually complete said well in both the Burton Flat-Morrow Gas and East Carlsbad Wolfcamp Gas Pools; however, the location of said well is unorthodox pursuant to Division General Rule 104.C.II. and authorization for an unorthodox gas well location in the Wolfcamp zone was not granted by said Order No. R-7319.

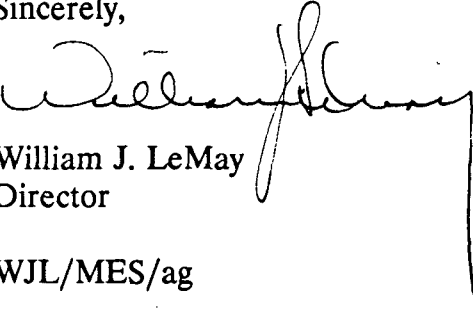
By the authority granted me under the provisions of General Rule 104.F.I., the above-described unorthodox Wolfcamp gas well location is hereby approved.

Further, Lots 3 and 4, the E/2 SW/4 and SE/4 (S/2 equivalent) of said Section 19 shall be dedicated to said well forming a 315.08-acre gas spacing and proration unit for the Wolfcamp zone.

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All other provisions of MC-3005 and R-7319 shall remain in full force and effect.

Sincerely,


William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Artesia
File: MC-3005