



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



BRUCE KING
GOVERNOR

March 10, 1993

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ANITA LOCKWOOD
CABINET SECRETARY

Mitchell Energy Corporation
Attn: Mark N. Stephenson
P.O. Box 4000
The Woodlands, Texas 77387-4000

Administrative Order NSL-3226

Dear Mr. Stephenson:

Reference is made to your applications dated January 26 and February 2, 1993 for two unorthodox gas well locations to test the Morrow formation in Section 25, Township 22 South, Range 30 East, NMPM, Eddy County, New Mexico.

It is our understanding the two proposed standard 320-acre "lay-down" spacing and proration units to be developed by the two proposed wells on Mitchell's Apache "25" Federal Lease are within the Oil/Potash "R-111-P" Area, and are therefore subject to all applicable restrictions and rules therein. Further, it is our understanding the U.S. Bureau of Land Management, being the authorizing agency for permitting oil and gas wells on Federal lands, recommended the subject locations to minimize or alleviate any potential undue waste of potash.

By the authority granted me under the provisions of Division General Rule 104.F(1) the following two unorthodox gas well locations in said Section 25 are hereby approved:

- Well No. 1 to be drilled 1730 feet from the North line and 660 feet from the East line (Unit H) is to be dedicated to the N/2 of the section; and,
- Well No. 2 to be drilled 660 feet from the South line and 1310 feet from the East line (Unit P) is to be dedicated to the S/2 of the section.

Sincerely,

William J. LeMay
Director

WJL/MES/amg

cc: US Bureau of Land Management - Carlsbad