



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

October 23, 1996

Shell Western E & P Inc.
P. O. Box 576
Houston, Texas 77001
Attention: Yvonne T. Iverson

Administrative Order NSL-3725

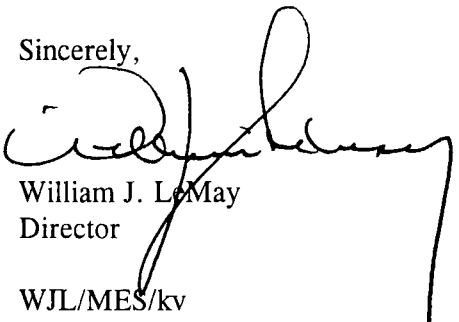
Dear Ms. Iverson:

Reference is made to your application dated September 11, 1996 for an unorthodox oil well location within the Undesignated North Vacuum-Abo Pool for the proposed Hoover "32" Well No. 1 (API No. 30-025-33594). Said well to be drilled 2231 feet from the North line and 385 feet from the East line (Unit H) of Section 32, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico, where the E/2 NE/4 of said Section 32, being a standard 80-acre oil spacing and proration unit for said pool, is to be dedicated to said well.

The proposed well location is within one mile of both the North Vacuum-Abo Pool and Vacuum-Abo Reef Pool. Currently, the North Vacuum-Abo Pool is subject to the "*Special Rules and Regulations for the North Vacuum-Abo Pool*", as promulgated by Division Order No. R-2421, as amended, which provides for: (i) 80-acre oil spacing and proration units or drilling units; (ii) that wells be located within a 200 foot radius of the center of a governmental quarter-quarter section or lot, provided that the first well on the 80-acre unit is located in either the NW/4 or SE/4 of a governmental quarter section; (iii) an oil allowable of 355 barrels per day per standard 80-acre unit; (iv) a limiting gas/oil ratio of 2,000 cubic feet of gas per barrel of oil; and, (v) a casinghead gas allowable of 710 MCFPD. While the Vacuum-Abo Reef Pool is governed by the Division's Statewide Rules and Regulations which require standard 40-acre oil spacing and proration units with wells to be located no closer than 330 feet from the outer boundary of a spacing unit, a standard oil allowable of 240 barrels of oil per day, and a limiting gas-oil ration of 2,000 cubic feet per barrel of oil or 480 MCF per day.

Upon completion of this well it shall be determined by the supervisor of the Hobbs District office of the Division as to which Abo pool the production is to be attributed and which pool will be extended to include said well. If it is ultimately determined that this well is to be included within the North Vacuum-Abo Pool the unorthodox location is hereby approved under the provisions of **Rule 5** of said special pool rules for the North Vacuum-Abo Pool.

Sincerely,


William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe