



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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

November 4, 1996

Shell Western E & P, Inc.
P. O. Box 576
Houston, Texas 77001
Attention: Jeff A. Dethrow

Administrative Order NSL-3733

Dear Mr. Dethrow:

Reference is made to your application dated October 29, 1996 for approval to drill the State P. C. Com Well No. 1 at an unorthodox gas well location to test both the McKee (Simpson) and Ellenburger formations 1000 feet from the South line and 2370 feet from the East line (Unit O) of Section 32, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico. The S/2 of said Section 32 to be dedicated to said well to form a standard 320-acre gas spacing and proration unit for both intervals.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox gas well location is hereby approved.

Sincerely,

A handwritten signature in cursive script, appearing to read "William J. LeMay".

William J. LeMay
Director

WJL/MES/kv

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