



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

March 25, 1999

Ralph C. Bruton
3500 Acoma
Hobbs, New Mexico 88240

Administrative Order NSL-3733-B (NSP)

Dear Mr. Bruton:

Reference is made to the following: (i) your initial application dated November 30, 1998; (ii) the New Mexico Oil Conservation Division's ("Division") response by letter from Mr. Michael E. Stogner, Chief Hearing Officer/Engineer in Santa Fe, dated December 11, 1998; (iii) your telefaxed reply of March 25, 1999; and (iv) the records of the Division including well files, the files on Division Administrative Orders NSL-3733 and NSL-3733-A: all concerning your request to establish a non-standard 40-acre oil spacing and proration unit consisting of the following acreage within the Undesignated Oil Center-Blinebry Pool:

LEA COUNTY, NEW MEXICO
TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 32: SW/4 SE/4.

This unit is to be dedicated to the existing State P. C. Com. Well No. 1 (**API No. 30-025-33672**), located at a previously approved unorthodox location 1000 feet from the South line and 2370 feet from the East line (Unit O) of Section 32.

By Division Administrative Order NSL-3733, dated November 4, 1996, Shell Western E & P, Inc. was granted authorization to drill the above-described State P. C. Com. Well No. 1 to the McKee (Simpson) and Ellenburger formations at this unorthodox location within a standard 320-acre gas spacing and proration unit comprising the S/2 of Section 32. Division Administrative Order NSL-3733-A issued on December 18, 1996, amended this previous approval to include: (i) the Silurian (Fusselman), Strawn, Wolfcamp, Abo, Tubb/Drinkard (Undesignated Hardy-Tubb Drinkard Pool), Blinebry (Undesignated Oil Center-Blinebry Pool), and Glorieta intervals, underlying the standard 40-acre oil spaced and proration unit comprising the SW/4 SE/4 of Section 32; and (ii) the Undesignated Oil Center-Blinebry Pool underlying the W/2 SE/4 of Section 32 in order to form a standard 80-acre oil spacing and proration unit for this particular pool. Our records indicate that you became the operator of this well on August 1, 1998.

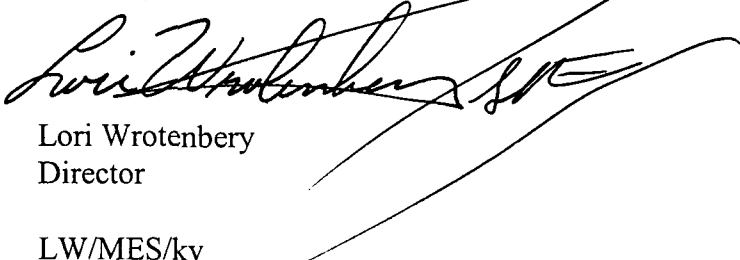
By the authority granted me under the provisions of Rule 3 of the "*Special Rules and Regulations for the Oil Center-Blinebry Pool*", as promulgated by Division Order No. R-2408, as amended, and Division Rule 104.D(2) the above-described non-standard 40-acre oil spacing and proration unit is hereby approved.

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Further, all provisions of Division Administrative Orders NSL-3733 and NSL-3233-A shall remain in full force and effect until further notice.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: NSL-3733
NSL-3733-A