



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

June 2, 1997

UMC Petroleum Corporation
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87501

Administrative Order NSL-3800

Dear Mr. Bruce:

Reference is made to your application dated May 19, 1997 on behalf of the operator, UMC Petroleum Corporation, for approval to drill the Parkway West Unit "28" Well No. 2 at an unorthodox gas well location to test both the West Parkway-Strawn Gas Pool and the West Parkway-Morrow Gas Pool 1980 feet from the North line and 1310 feet from the West line (Unit E) of Section 28, Township 19 South, Range 29 East, NMPM, Lea County, New Mexico. The N/2 of said Section 28 to be dedicated to said well to form a standard 320-acre gas spacing and proration unit for both intervals.

It is our understanding that the subject well is to be drilled to a depth sufficient to test the Morrow formation; however, the shallower Strawn formation is the primary zone of interest. Furthermore, the Parkway West Unit "28" Well No. 2 is being drilled as a replacement well for the Parkway West Unit Well No. 1 (API No. 30-025-20760), located at a standard gas well 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 28, which produced from the West Parkway-Strawn Gas Pool from September 1973 until August, 1984, an attempt to return the Strawn interval to production in 1993 was unsuccessful. The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox Strawn gas well location is within the optimum sand thickness, but outside the area previously drained by the Parkway West Unit Well No. 1. The proposed location further provides the operator the best chance of successfully encountering potential Strawn pay within the N/2 of said Section 28.

Further, that area comprising all of Sections 20, 21, 22, 27, 28, and 29 of said Township 19 South, Range 29 East, NMPM, in Lea County, New Mexico is the Parkway West Unit Area operated by UMC Petroleum Corporation; therefore, there are no effected offsets to the subject 320-acre tract other than UMC.

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UMC Petroleum Corporation

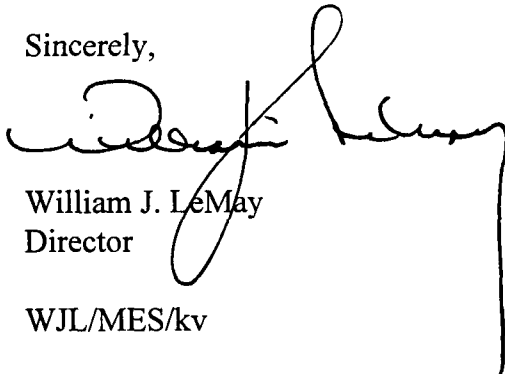
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The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in 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 dark ink, appearing to read 'William J. LeMay', is written over the typed name and title. The signature is fluid and cursive, with a large loop at the end.

William J. LeMay
Director

WJL/MES/kv

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