



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 4, 1997

EnerQuest Resources, L.L.C.
P. O. Box 11150
Midland, Texas 79702
Attention: Christopher P. Renaud

Administrative Order NSL-3802(SD)

Dear Mr. Renaud:

Reference is made to your application dated June 3, 1997 for an unorthodox "infill" San Andres oil well location in an existing 40-acre standard oil spacing and proration unit for the East Hobbs-San Andres Pool comprising the SW/4 SW/4 (Unit M) of Section 29, Township 18 South, Range 39 East, NMPM, Lea County, New Mexico. Said 40-acre unit is currently dedicated to the Carrie O. Davis Well No. 1 (API No. 30-025-07945) located at a standard oil well location 990 feet from the South and West lines of said Section 29.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within EnerQuest's Carrie O. Davis lease (comprising Lots 3 and 4, the W/2 SW/4, and the SE/4 SW/4 of said Section 29) to adequately drain reserves within the productive interval that might not otherwise be produced and to provide for a more efficient production pattern within the East Hobbs-San Andres Pool.

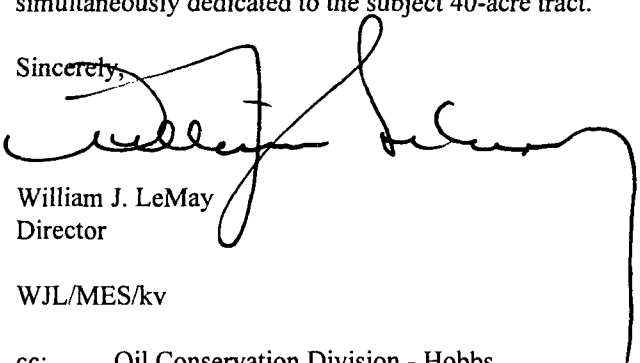
The subject application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

By the authority granted me under the provisions of Division General Rule 104.F(2), the following described well to be drilled at an unorthodox infill oil well location in said Section 29 is hereby approved:

Carrie O. Davis Well No. 5
1310' FSL & 330' FWL

Further, East Hobbs-San Andres Pool oil production from the Carrie O. Davis Well Nos. 1 and 5 are to be simultaneously dedicated to the subject 40-acre tract.

Sincerely,


William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs