



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

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

April 6, 1998

Floyd Operating Company  
c/o James Bruce  
P. O. Box 1056  
Santa Fe, New Mexico 87504

*Administrative Order NSL-3988*

Dear Mr. Bruce:

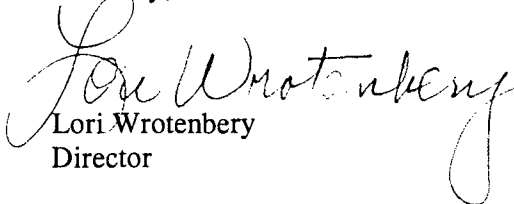
Reference is made to the following: (i) your original application on behalf of the operator, Floyd Operating Company ("Floyd"), dated March 11, 1998; (ii) the Division's initial response to said application by letter from Mr. Michael E. Stogner dated March 12, 1998; (iii) your supplemental data submitted by letter dated March 13, 1998; and, (vi) the records of the Division in Santa Fe: all concerning Floyd's request for an unorthodox oil well location in the Undesignated McCormack-Silurian Pool for its proposed FOC Kennan Well No. 1 to be drilled 2180 feet from the North line and 1280 feet from the East line (Unit H) of Section 29, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico. The SE/4 NE/4 of said Section 29 is to be dedicated to said well in order to form a standard 40-acre oil spacing and proration unit for said pool.

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 the productive interval of the subject pool than a well drilled at a location considered to be standard within the subject 40-acre oil spacing and proration unit.

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").

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

Sincerely,



Lori Wrotenbery  
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs