



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

ARCO Permian
P. O. Box 1610
Midland, Texas 79702-1610
Attention: Elizabeth A. Casbeer

Administrative Order NSL-3989(SD)

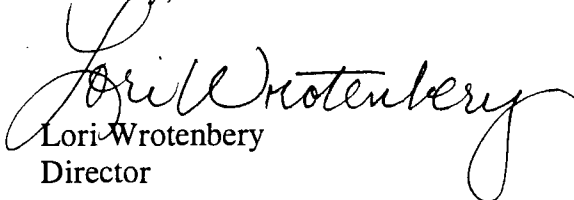
Dear Ms. Casbeer:

Reference is made to the following: (i) ARCO Permian's original application to the Division, dated February 4, 1998; (ii) the Division's initial response to said application by letter from Mr. Michael E. Stogner dated March 11, 1998; (iii) ARCO Permian's response by Mr. Dave Percy on March 20, 1998; and (vi) the records of the Division in Santa Fe: all concerning ARCO Permian's request for an unorthodox oil well location in the Red Lake Queen-Grayburg-San Andres Pool for the proposed Lago Rosa "4" Federal Well No. 5 to be drilled 1550 feet from the South line and 1115 feet from the West line (Lot 16/Unit L) of Section 4, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico. Lot 16 of said Section 4 is to be dedicated to said well in order to form a standard 38.85-acre oil spacing and proration unit for said 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").

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 - Artesia
U. S. Bureau of Land Management - Carlsbad