



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

October 20, 1998

TMBR/Sharp Drilling, Inc.
Drawer 10970
Midland, Texas 79702-7970
Attention: Jeffrey D. Phillips

Administrative Order NSL-4155

Dear Mr. Phillips:

Reference is made to the following: (i) your application dated October 10, 1998; and, (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning TMBR/Sharp Drilling, Inc.'s request for an exception to the "*Special Rules and Regulations for the East Saunders Permo-Pennsylvanian Pool*," as promulgated by Division Order No. R-2359, as amended, authorizing the State "16" Well No. 1 (API No. 30-025-34333), recently drilled as a vertical borehole at an unorthodox oil well location 1250 feet from the north line and 2176 feet from the East line (Unit B) of Section 16, Township 14 South, Range 34 East, NMPM, Lea County, New Mexico.

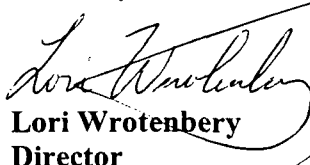
It is our understanding that the NE/4 of Section 16 is to be dedicated to this well in order to form a standard 160-acre oil spacing and proration unit for the East Saunders Permo-Pennsylvanian Pool.

From the information on file with the Division in Santa Fe, it appears that the N/2 of Section 16 is a single State Lease (No. V-05084) in which TMBR/Sharp Drilling, Inc. has the right to drill for and develop oil and gas reserves.

The application has been duly filed under the provisions of Division General Rule 104.F and the applicable provisions of Division Order No. R-2359, as amended.

By the authority granted me under the provisions of RULE 4 of the special East Saunders Permo-Pennsylvanian pool rules and Division General Rule 104.F(2), the above-described unorthodox oil well location is hereby approved.

Sincerely,


Lori Wrotenberg
Director

LW/MES/kv

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