



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

August 28, 2000

Lori Wrotenbery
Director
Oil Conservation Division

OGS Operating Company, Inc.
550 West Texas - Suite 1140
Midland, Texas 79701
Attention: Thom O'Brien, President

Telefax No. (915) 682-4634

Administrative Order NSL-4504

Dear Mr. O'Brien:

Reference is made to the following: (i) your application dated August 3, 2000; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning OGS Operating Company, Inc.'s ("OGS") request for exceptions to Rule 2 (b) of the *General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico/Special Rules and Regulations for the Bluit-San Andres Associated Pool*, as promulgated by Division Order No. R-5353, as amended, for two non-standard Bluit-San Andres gas well locations within a standard 320-acre lay-down gas spacing and proration unit for the Bluit-San Andres Associated Pool comprising the S/2 of Section 8, Township 8 South, Range 37 East, NMPM, Roosevelt County, New Mexico.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, and the applicable provisions of the rules governing the Bluit-San Andres Associated Pool.

By the authority granted me under the provisions of: (i) Rule 2 (c) of these special pool rules; and (ii) Division Rule 104.F (2), as revised, the following two described wells to be drilled at unorthodox gas well locations within the S/2 of Section 8, are hereby approved:

Bluit "8" Federal Well No. 1
900' FSL & 1980' FWL (Unit N)
and
Bluit "8" Federal Well No. 2
685' FSL & 835' FEL (Unit P).

Further, the above-described wells and 320-acre gas spacing and proration unit will be subject to all existing rules, regulations, policies, and procedures applicable to the Associated Oil and Gas Pools and to the Bluit-San Andres Associated Pool.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Roswell