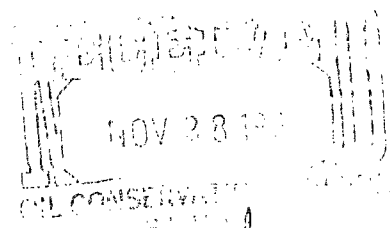


November 23, 1988



*Change Operator
and well on
the NSP*

Mr. Michael Stogner
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Administrative Order NSP-1039
Township 16 South, Range 34 East, N.M.P.M.
Section 6: Lots 17 and 18, E/2 SW/4, SE/4
Lea County, New Mexico

Dear Mr. Stogner:

By the referenced order a non-standard unit was approved for Lots 17 and 18, E/2 SW/4 and SE/4 Section 6, Township 16 South, Range 34 East, N.M.P.M., in favor of Mark Production Company.

By request of David Catanach, and M. Brad Bennett, Inc., current operator of the unit, amendment of such order is requested in favor of M. Brad Bennett, Inc. This is related to Case No. 9519 which was heard November 9, 1988.

Please let me know if you need anything further or have any questions in connection with this matter.

Thank you.

Sincerely yours,

DICKERSON, FISK & VANDIVER

Chad Dickerson

CD:pvw

cc: Mr. M. Brad Bennett

December 16, 1988

Mr. David R. Catanach, Examiner
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Order No. R-8792 -- Case No. 9519
Administrative Order NSP-1039
Township 16 South, Range 34 East, N.M.P.M.
Section 6: Lots 17 and 18, E/2 SW/4, SE/4
Lea County, New Mexico

Dear Mr. Catanach:

Order R-8792 entered in Case No. 9519 on December 14, 1988, requires that an application be filed with the Division for an amendment of Administrative Order NSP-1039. Amendment of such Order was requested by letter dated November 23, 1988, a copy of which is enclosed for your information.

Please let me know if you need anything further in connection with this matter.

Thank you.

Sincerely yours,

DICKERSON, FISK & VANDIVER



Chad Dickerson

CD:pvw

cc: Mr. M. Brad Bennett

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 9519
Order No. R-8792

APPLICATION OF M. BRAD BENNETT,
INC. FOR AN UNORTHODOX GAS WELL
LOCATION, LEA COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 9, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 14th day of December, 1988, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, M. Brad Bennett, Inc., seeks approval of an unorthodox gas well location 660 feet from the South and East lines (Unit X) of Section 6, Township 16 South, Range 34 East, NMPM, for a well to be drilled to test the Pennsylvanian formation, Hume-Atoka Gas Pool and Hume-Morrow Gas Pool, Lea County, New Mexico.

(3) The applicant further proposes to dedicate a 303.79-acre non-standard gas proration unit consisting of the S/2 of said Section 6 to the above described well.

(4) The applicant presented evidence which indicates that the State "E" Com Well No. 1 located 660 feet from the South line and 1980 feet from the West line (Unit V) of said Section 6 was previously completed in and produced from the Hume-Morrow Gas Pool from approximately 1977-1978, and the Hume-Atoka Gas Pool from approximately 1978-1986.

(5) Further testimony indicates that said well will be recompleted to the Wolfcamp formation.

(6) The applicant seeks to drill its proposed well in order to recover remaining gas reserves underlying the S/2 of said Section 6 which may not have been recovered by the State "E" Com Well No. 1.

(7) The applicant presented geologic evidence and testimony which indicates that a well drilled at the proposed location will penetrate the Atoka and Morrow formations at a more structurally advantageous position than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial production.

(8) No affected offset operator appeared and objected to the proposed non-standard well location.

(9) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

(10) The record in this case indicates that the proposed non-standard gas proration unit, described in Finding No. (3) above, was previously approved by Division Order No. NSP-1039, dated January 26, 1977 for the preceding operator, Mark Production Company.

(11) Said Order No. NSP-1039 should remain in full force and effect, however, the applicant should be required to submit application for an amendment to said order reflecting the operator change and the well change.

CASE NO. 9519
Order No. R-8792
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IT IS THEREFORE ORDERED THAT:

(1) The applicant, M. Brad Bennett, Inc., is hereby authorized to drill a well at an unorthodox gas well location 660 feet from the South and East lines (Unit X) of Section 6, Township 16 South, Range 34 East, NMPM, to test the Pennsylvanian formation, Hume-Atoka Gas Pool and Hume-Morrow Gas Pool, Lea County, New Mexico.

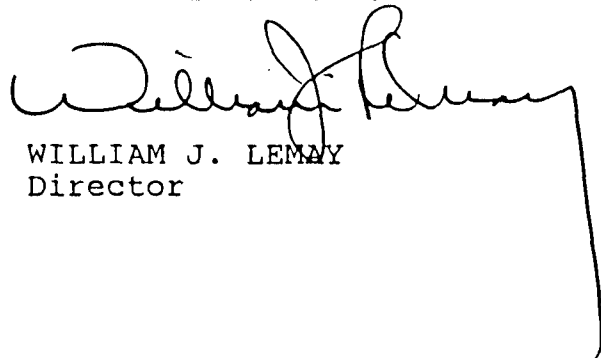
(2) A 303.79-acre non-standard gas proration unit previously approved by Division Order No. NSP-1039 and consisting of the S/2 of said Section 6 shall be dedicated to the above-described well.

PROVIDED HOWEVER, the applicant should be required to file an application with the Division for an amendment to said Order No. NSP-1039 reflecting the change of operator and well change.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L