



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

January 13, 1997

REC-43D

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OIL CONSERVATION
DIVISION

Beach Exploration, Inc.
Attn: Barbara Watson
800 North Marienfeld - Suite 200
Midland, Texas 79701-3382

Re: *Administrative application for an unorthodox oil well location within the Red Lake Unit Penrose Waterflood Project in Section 25, Township 16 South, Range 28 East, NMPM, East Red Lake-Queen-Grayburg Pool, Red Lake Unit Area, Eddy County, New Mexico.*

Dear M. Watson:

Reference is made to your application dated January 6, 1997 for Beach's Red Lake Unit Well No. 27 to be drilled 2150 feet from the South line and 1345 feet from the East line (Unit J) of said Section 25. Pursuant to revisions of Division General Rule 104, as promulgated by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996 (see copy attached), such non-standard oil well locations for the purpose of completing an efficient production/injection pattern within an existing waterflood project are now automatically approved by the appropriate District Supervisor.

I am therefore returning your application.

Should there be any questions or comments concerning this matter, please contact me in Santa Fe at (505) 827-8185 or Mr. Tim Gum in Artesia at (505) 748-1283.

Sincerely,

Michael E. Stogner
Chief Hearing Examiner/Engineer

cc: Oil Conservation Division - Artesia
Kathy Valdes, OCD - Santa Fe