



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

January 27, 1997

Louis Dreyfus Natural Gas Corporation
Attn: Jay M. Gabbard
14,000 Quail Springs Parkway - Suite 600
Oklahoma City, Oklahoma 73134

Administrative Order NSL-3761

Dear Mr. Gabbard:

Reference is made to your application dated January 22, 1997 for an unorthodox gas well location in the Happy Valley-Morrow Gas Pool for the proposed McKittrick Federal Com "29" Well No. 22 to be drilled 1715 feet from the North line and 1160 feet from the West line (Unit E) of Section 29, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico.

The W/2 of said Section 29 being a standard 320-acre gas spacing and proration unit for said pool is to be dedicated to said well.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the Morrow formation than a well drilled at a location considered to be standard.

The 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"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox gas well location is hereby approved.

Sincerely,

William J. LeMay
Director

WJL/MES/kv

cc: New Mexico Oil Conservation Division - Artesia