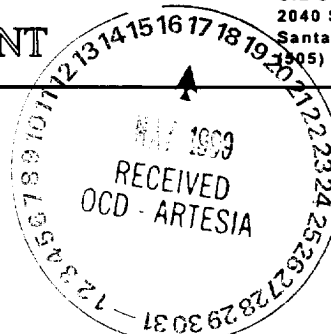




NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

May 13, 1999



Telefax No. (505) 982-2047

Kerr-McGee Oil & Gas Company
c/o W. Thomas Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504-2265

Administrative Order NSL-4280(SD)

Dear Mr. Kellahin:

Reference is made to the following: (i) your application on behalf of the operator Kerr McGee Oil & Gas Company ("Kerr-McGee") dated April 23, 1999; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe, including the file in Case No. 12066: all concerning Kerr-McGee's request for an infill gas well to be drilled at an unorthodox gas well location within an existing non-standard 320-acre gas spacing and proration unit comprising the W/2 of Section 36, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico.

The Division Director Finds That:

(1) Kerr-McGee is proposing to drill its Lowe State Well No. 5 at a location that is 1650 feet from the South line and 2540 feet from the West line (Unit K) of Section 36, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico;

(2) The Indian Basin-Upper Pennsylvanian Gas Pool currently comprises the following described area in Eddy County, New Mexico:

TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPM

Section 3:	W/2
Section 4:	All
Sections 8 and 9:	All
Section 10:	W/2
Section 15:	W/2
Sections 16 through 30:	All
Sections 32 through 35:	All
Section 36:	W/2

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Section 19:	All
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