



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

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

January 31, 2000

**Elliott Oil Company
P. O. Box 1355
Roswell, New Mexico 88202
Attention: Marc Wise**

Administrative Order NSL-4398

Dear Mr. Wise:

Reference is made to the following: (i) your application dated January 17, 2000; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Elliott Oil Company's request for an exception to the well location to drill its proposed Monterey Federal Well No. 7 at an unorthodox Abo oil well location 990 feet from the South line and 2480 feet from the West line (Unit V) of irregular Section 1, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

The SE/4 SW/4 of Section 1, which is included within is a single Federal lease (United States Government Lease No. LC-065525-B) in which Elliott Oil Company is the leasehold operator, is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit for the Wantz-Abo Pool.

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.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the potentially productive interval of the Abo formation than a well drilled at a location considered to be standard within the subject 40-acre oil spacing and proration unit.

Further, it is our understanding that offsetting the 40-acre tract to the east, the SW/4 SE/4 (Unit W) of Section 1, is included within a single Federal lease (United States Government Lease No. LC-065525) which is fully owned by Elliott Oil Company; therefore, there are no effected offsets to the subject 40-acre tract within the Abo interval other than Elliott Oil Company.

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

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

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