



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONY ANAYA
GOVERNOR

September 11, 1986

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

TXO Production Corp.
900 Wilco Building
Midland, Texas 79701

Attention: David M. Hundley

Administrative Order NSL-2290

Gentlemen:

Reference is made to your application received in this office on August 7, 1986, requesting administrative approval for an unorthodox gas well location for your proposed Delta Fee "C" Well No. 1, a Wolfcamp test to be drilled at a point 990 feet from the North line and 1980 feet from the West line of Section 12, Township 22 South, Range 27 East, NMPM, East Carlsbad-Wolfcamp Gas Pool, Eddy County, New Mexico, the W/2 of said Section 12 to be dedicated to the well.

On August 26, 1986, this office received an objection to the proposed unorthodox location from Bass Enterprises Production Co., an offset operator, together with a request for a hearing on the matter, and your application was set for hearing as Case No. 8988 on Docket No. 28-86, to be heard on September 17, 1986.

We are now in receipt of the Letter Agreement between TXO Production Corp. and the Bass companies, as well as Bass's letter withdrawing their objection to the proposed unorthodox location, provided that the Letter Agreement is incorporated into the administrative order approving the unorthodox location.

Pursuant to the authority vested in me by Rule 104 F I of the Division Rules and Regulations, TXO Production Corp. is hereby granted an exception to the well location requirements of Rule 104 C II (a) and is authorized to drill its Delta Fee "C" Well No. 1 to the Wolfcamp formation at the location described above, provided, however, that production from the subject well shall be limited in accordance with the

above-referenced Letter Agreement for so long as the well is in a non-prorated pool, and provided further, that if the well is in a prorated gas pool, it shall receive an acreage factor of 0.70 for allowable purposes.

The Letter Agreement between TXO Production Corp. and the Bass companies is attached hereto and made a part hereof as Exhibit "A" to this order.

Sincerely



R. L. STAMETS,
Director

RLS/DC/dr

cc: Mr. Steve Rowland
Bass Enterprises Production Co.
P. O. Box 2760
Midland, Texas 79702

Mr. Louis W. Wilpitz
Bass Enterprises Production Co.
First City Bank Tower
201 Main St.
Fort Worth, Texas 76102

Oil Conservation Division - Artesia