



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2068
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

November 20, 1989

Tom Schneider
c/o Campbell and Black, P.A.
P.O. Box 2208
Santa Fe, New Mexico 87504-2208

Attention: William F. Carr,
Attorney

Amended Administrative Order NSL-2408

Dear Mr. Carr:

Reference is made to your application of October 17, 1989 on behalf of Tom Schneider for an unorthodox oil well location 1300 feet from the North line and 1980 feet from the East line (Unit B) of Section 27, Township 17 South, Range 36 East, NMPM, Lea County, New Mexico.

It is our understanding that the operator proposes to re-enter the Marathon Oil Company Marathon V-1687 State Well No. 1, as described above, to test the San Andres formation for oil. Said well was previously approved as an unorthodox gas well location for the Atoka formation and an unorthodox oil well location for the Bone Spring formation (Administrative Order NSL-2408, dated October 6, 1987), and was spudded on November 15, 1987, drilled to a total depth of 12,355 feet and was subsequently plugged and abandoned as a dry hole on January 2, 1988.

By authority granted me under the provisions of General Rule 104 F(I), the above-described unorthodox oil well location to test the San Andres formation is hereby approved. The NW/4 NE/4 of said Section 27 shall be dedicated to said well forming a standard 40-acre oil spacing and proration unit for said zone.

PROVIDED HOWEVER THAT, if the San Andres formation in said well should be productive, the applicant shall conduct a multi-shot directional survey from the surface to the plug-back depth in order to determine the subsurface well location prior to approval to transport any production from the well. The applicant shall notify the supervisor of the Hobbs District Office of the Division of the date and time of conducting said directional survey in order that said operation may be witnessed. Upon completion of conducting said

directional survey, the applicant shall submit copies of said survey to the Santa Fe office of the Division and to the Hobbs District Office of the Division. Should it be determined from said directional survey that the subject well's producing interval is location in another proration unit other than the above-described acreage dedication, the applicant shall be required to obtain any subsequent applicable Division approvals.

Sincerely,

A handwritten signature in cursive script, appearing to read "William J. LeMay". The signature is written in black ink and is positioned above the typed name and title.

William J. LeMay
Director

cc: Oil Conservation Division - Hobbs
NM State Land Office - Santa Fe

REMARKS: Original Administrative Order NSL-2408 dated October 6, 1987 is hereby placed in abeyance until further notice.