



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

February 22, 1994

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Mitchell Energy Corporation
P.O. Box 4000
The Woodlands, TX 77387-4000

Attention: George Mullen

Administrative Order NSL-3354

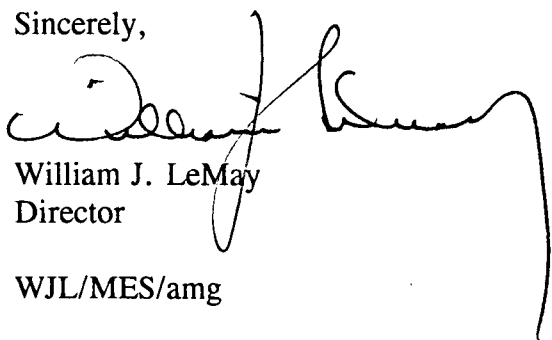
Dear Mr. Mullen:

Reference is made to your application dated January 11, 1994, for a non-standard Queen gas well location for your existing Milky Way State Well No. 1 (API No. 30-025-30941) which was drilled in 1990 and completed in the Mid-Vacuum Delaware Pool at a standard oil well location 1700 feet from the South line and 330 feet from the East line (Unit I) of Section 17, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico.

It is my understanding that the Delaware zone will be properly plugged back and said well will be recompleted to the Undesignated West Reeves Queen Pool, which pursuant to Division General Rule 104.C(2)(a), is unorthodox. Further, the SE/4 of said Section 17 shall be dedicated to the well forming a standard 160-acre gas spacing and proration unit for said pool.

By the authority granted me under the provisions of Rule 104.F(1), the above-described unorthodox gas well location is hereby approved.

Sincerely,



William J. LeMay
Director

WJL/MES/amg

cc: Oil Conservation Division - Hobbs
NM State Land Office - Santa Fe
File: Case No. 9966