



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

November 6, 1997

Cobra Oil & Gas Corporation
c/o Campbell, Carr, Berge & Sheridan, P.A.
P. O. Box 2208
Santa Fe, NM 87504-2208
Attn: Paul R. Owen

Administrative Order NSL-3895

Dear Mr. Owen:

Reference is made to: (i) your application filed on October 14, 1997 on behalf of the operator, Cobra Oil & Gas Corporation ("Cobra"); (ii) the New Mexico Oil Conservation Division's ("Division") records in upcoming Case 11873; and, (iii) the Division's records on Division Order R-10829, issued on July 2, 1997 in Case 11780: all of which concern Cobra's request to drill its Gainer Unit Well No. 1 into the South Crossroads-Devonian Pool at an unorthodox oil well location 1294 feet from the North line and 37 feet from the West line (Unit D) of Section 22, Township 10 South, Range 36 East, NMPM, Lea County, New Mexico. The NW/4 NW/4 (Unit D) of said Section 22 is to be dedicated to said well in order to a standard 40-acre oil spacing and proration unit for said pool.

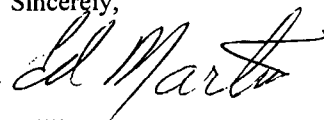
The Gainer Unit Agreement, which was the subject of said Division Order No. R-10829, comprises the 160-acre area consisting of the E/2 NE/4 of Section 21 and the W/2 NW/4 of Section 22, both in Township 10 South, Range 36 East, NMPM, Lea County, New Mexico; therefore, there are no affected offsets to the subject 40-acre tract other than Cobra.

The geologic interpretation on file in said Case 11780 indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the South Crossroads-Devonian Pool than a well drilled at any other location within the above-described Unit Area.

The application, as supplemented, has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the Division.

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

Sincerely,

for 
William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: Case 11780
Case 11873