



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

November 17, 1997

Stevens & Tull, Inc.
c/o W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504-2265

Administrative Order NSL-3901(NSP)

Dear Mr. Kellahin:

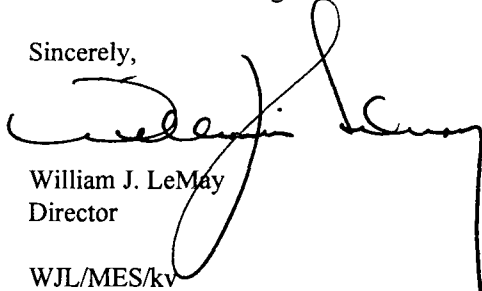
Reference is made to your application dated October 22, 1997, as supplemented by letter dated November 10, 1997, on behalf of the operator, Stevens & Tull, Inc., for a non-standard gas well location to be applicable to any and all formations and/or pools developed on 320-acre spacing from the top of the Wolfcamp formation to the base of the Morrow formation, which presently includes but is not necessarily limited to the Undesignated Little Box Canyon-Morrow Gas Pool, for Stevens & Tull, Inc.'s proposed Sweet Thing State "36" Well No. 1 to be drilled 1000 feet from the South line and 300 feet from the East line (Unit P) of irregular Section 36, Township 20-1/2 South, Range 21 East, NMPM, Eddy County, New Mexico. All of said irregular Section 36 is to be dedicated to said well to form a non-standard 265.80-acre gas spacing and proration unit.

It is our understanding that the subject well is to be drilled to a total depth of approximately 8,250 feet in order to test down to the Morrow formation. The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the Undesignated Little Box Canyon-Morrow Gas Pool than a well drilled at a location considered to be standard within the subject 265.80-acre gas spacing and proration unit. Further, evidence submitted by the applicant indicates that the effected offsetting acreage comprising all of irregular Section 31, Township 20-1/2 South, Range 22 East, NMPM, and the W/2 equivalent of Section 6, Township 21 South, Range 22 East, NMPM, Eddy County, New Mexico is a Federal unitized area (Sweet Thing Federal Unit) that is currently operated by Stevens & Tull, Inc.; therefore, there are no other offsetting operators to the subject 265.80-acre tract.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

By the authority granted me under the provisions of Division General Rule 104.F(2) and 104.D(2), the above-described unorthodox gas well location and non-standard gas spacing and proration unit are hereby approved.

Sincerely,



William J. LeMay
Director

WJL/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe
U. S. Bureau of Land Management - Carlsbad