



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

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

January 26, 1998

UMC Petroleum Corporation  
c/o James Bruce  
P. O. Box 1056  
Santa Fe, New Mexico 87501

*Administrative Order NSL-3936*

Dear Mr. Bruce:

Reference is made to your application dated January 20, 1998 on behalf of the operator, UMC Petroleum Corporation, for approval to drill the Parkway West Unit "28" Well No. 3 at an unorthodox gas well location to test both the Undesignated West Parkway-Strawn Gas Pool and the Undesignated West Parkway-Morrow Gas Pool 1310 feet from the South and West lines (Unit M) of Section 28, Township 19 South, Range 29 East, NMPM, Lea County, New Mexico. The S/2 of said Section 28 to be dedicated to said well to form a standard 320-acre gas spacing and proration unit for both intervals.

It is our understanding that the subject well is to be drilled to a depth sufficient to test the Morrow formation; however, the shallower Strawn formation is the primary zone of interest. 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 West Parkway-Strawn Gas Pool than a well drilled at a location considered to be standard (see Rule 4 of the *"Special Rules and Regulations for the West Parkway-Strawn Gas Pool and West Parkway-Atoka Gas Pool,"* as promulgated by Division Order No. R-4638, as amended).

Further, that area comprising all of Sections 20, 21, 22, 27, 28, and 29 of said Township 19 South, Range 29 East, NMPM, in Lea County, New Mexico is the Parkway West Unit Area operated by UMC Petroleum Corporation; therefore, there are no affected offsets to the subject 320-acre tract other than UMC.

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), the above-described unorthodox gas well location is hereby approved.

Sincerely,

Kathleen A. Garland  
Acting Director

KAG/MES/kv

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

(2) The Division Director shall have authority to grant an exception to the well location requirements of Sections 104.B and 104.C above or to the well location requirements of special pool rules without notice and hearing when the necessity for such unorthodox location is based upon geologic conditions, archaeological conditions, topographical conditions, or the recompletion of a well previously drilled to a deeper horizon provided said well was drilled at an orthodox or approved unorthodox location for such original horizon. [1-1-82...2-1-96]

(3) Applications for administrative approval of unorthodox locations pursuant to Rule 104.F(2), above, shall be accompanied by a plat showing the subject spacing unit, its proposed unorthodox well location, the diagonal and adjoining spacing units and/or leases (whichever is applicable) and wells, and a list of affected parties. If the proposed unorthodox location is based upon topography or archaeology, the plat shall also show and describe the existent topographical or archaeological conditions. If the proposed unorthodox location is based upon geology, the application shall include appropriate geologic exhibits and a discussion of the geologic conditions which result in the necessity for the unorthodox location. [2-9-66...2-1-96]

- (a) Adjoining and diagonal spacing units shall be defined as those immediately adjacent existing spacing units in the same pool(s) as the proposed unorthodox well and towards which the unorthodox well location encroaches. [2-9-66...2-1-96]
- (b) Affected parties shall be defined as those parties who own interests in leases or operate wells on adjoining or diagonal spacing units and include:
  - (i) the designated operator of any adjoining or diagonal spacing unit producing from the same pool(s) as the proposed well;
  - (ii) in the absence of an operator, all lessees of record of any diagonal or adjoining lease owning interests in the same pool(s) as the proposed well; and
  - (iii) in the absence of an operator or lessee, all owners of record of unleased mineral interests in the same pool(s) as the proposed well. [2-9-66...2-1-96]

(4) The applicant shall submit a statement attesting that applicant, on or before the same date the application was submitted to the Division, has sent notification to the affected parties by submitting a copy of the application, including a copy of the plat described in Rule 104.F(3) above by certified or registered mail-return receipt in accordance with Rule 1207(A) (5) advising them that if they have an objection it must be filed in writing within twenty days from the date notice was sent. The Division Director may approve the unorthodox location upon receipt of waivers from all said parties or if no said party has entered an objection to the unorthodox location within 20 days after the Director has received the application. [2-9-66...2-1-96]

(5) The Division Director may set any application for administrative approval of an unorthodox location for public hearing, and may require that a directional survey be run in the unorthodox well to establish the actual location of the producing interval(s). [1-1-82...2-1-96]

104.G. Whenever an exception is granted, the Division may take such action as will offset any advantage which the person securing the exception may obtain over other producers by reason of the unorthodox location. [1-1-50...2-1-96]

104.H. If the drilling tract is within an allocated oil pool or is