



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

August 26, 1998

Shahara Oil, L.L.C.
c/o Eastham, Johnson, Monnheimer & Jontz, P.C.
P. O. Box 1276
Albuquerque, New Mexico 87102-5311

Attention: Paul A. Cooter

Administrative Order NSL-4118

Dear Mr. Cooter:

Reference is made to: (i) your application dated June 11, 1998 on behalf of the operator Shahara Oil, L.L.C. ("Shahara"); and, (ii) the records of the Division in Santa Fe: all of which refer to Shahara's request for an unorthodox oil well location in the Grayburg-Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool for its proposed Maddren "B" Federal Well No. 11 (API No. 30-015-30008) to be drilled 1310 feet from the North and West lines (Unit D) of Section 27, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico. The SW/4 SW/4 of said Section 27 is to be dedicated to said well in order to form a standard 40-acre oil spacing and proration unit for this pool.

The subject application has been duly filed under the provisions of Division General Rule 104.F.

Further, the 160 acres comprising the NW/4 of said Section 27 is a single Federal lease (U. S. Government lease No. NM-0467934) in which Shahara is the operator; therefore, there are no effected offsets to the subject 40-acre tract other than Shahara.

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,

Lori Wrotenbery
Director

LW/MES/kv

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