



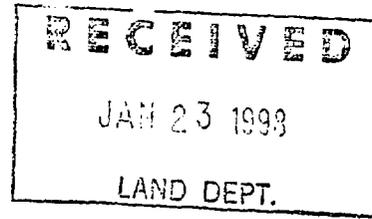
NEW MEXICO ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT

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

January 14, 1998

Enron Oil & Gas Company
P. O. Box 2267
Midland, Texas 79702
Attention: Patrick J. Tower

Handwritten note: This orig. To Dewey.



Administrative Order NSL-3932

Dear Mr. Tower:

Reference is made to your application dated December 18, 1997 for authorization to drill the Sand Tank "31" Federal Com. Well No. 2 to test both the Undesignated Sand Tank-Morrow Gas Pool and the Undesignated Sand Tank-Chester Gas Pool at an unorthodox gas well location for both intervals 990 feet from the South line and 1200 feet from the West line (Lot 4/Unit M) of Section 31, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico. Lots 1, 2, 3, and 4 and the E/2 W/2 (W/2 equivalent) of said Section 31 is to be dedicated to said well to form a standard 310.56-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 down to the Chester interval; however, the shallower Morrow formation is the primary zone of interest.

The geologic interpretation submitted with this application indicates the gas producing interval of the Morrow formation in this area to be a northeast/southwest trending beach to near shore system of discontinuous marine sands of limited extent and that a well at the proposed unorthodox location should penetrate a thicker portion of the Morrow sand than a well drilled at a standard gas well location thereon, thereby increasing the likelihood of intersecting a commercial grade gas bearing zone within the Morrow formation.

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,

Handwritten signature of Kathleen A. Garland

Kathleen A. Garland
Acting Director

KAG/MES/kv

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

BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case No. 11950 Exhibit No. 1

Submitted by: Enron Oil & Gas Company

Hearing Date: March 19, 1998