



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

August 18, 1998

Mallon Oil Company
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

Administrative Order NSL-4113

Dear Mr. Bruce:

Reference is made to the following: (i) your original application dated June 26, 1998 on behalf of the operator, Mallon Oil Company ("Mallon"); and, (ii) to the record in Case No. 12025: all concerning Mallon's request to drill its proposed Mescalero Ridge "19" Well No. 1 at an unorthodox Morrow gas well location 1650 feet from the South line and 990 feet from the West line (Lot 3/Unit L) of Section 19, Township 19 South, Range 34 East, NMPM, Undesignated Quail Ridge-Morrow Gas Pool, Lea County, New Mexico.

Lots 3 and 4, the E/2 SW/4, and the SE/4 (S/2 equivalent) of Section 19 is to be dedicated to the well in order to form a standard 319.92-acre gas spacing and proration unit for the Undesignated Quail Ridge-Morrow Gas Pool.

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 Morrow formation than a well drilled at a location considered to be standard.

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 RULE 5 of the "*Special Rules and Regulations for the Quail Ridge-Morrow Gas Pool*," as promulgated by Division Order No. R-3890, issued in Case No. 4261 dated December 3, 1969, and Division General Rule 104.F(2), the above-described unorthodox Morrow gas well location is hereby approved.

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,

A handwritten signature in cursive script, reading "Lori Wrotenbery".

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
File: Case No. 12025