



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

November 6, 1997

Cobra Oil & Gas Corporation
c/o Campbell, Carr, Berge & Sheridan, P.A.
P. O. Box 2208
Santa Fe, NM 87504-2208
Attn: Paul R. Owen

Administrative Order NSL-3895

Dear Mr. Owen:

Reference is made to: (i) your application filed on October 14, 1997 on behalf of the operator, Cobra Oil & Gas Corporation ("Cobra"); (ii) the New Mexico Oil Conservation Division's ("Division") records in upcoming Case 11873; and, (iii) the Division's records on Division Order R-10829, issued on July 2, 1997 in Case 11780: all of which concern Cobra's request to drill its Gainer Unit Well No. 1 into the South Crossroads-Devonian Pool at an unorthodox oil well location 1294 feet from the North line and 37 feet from the West line (Unit D) of Section 22, Township 10 South, Range 36 East, NMPM, Lea County, New Mexico. The NW/4 NW/4 (Unit D) of said Section 22 is to be dedicated to said well in order to a standard 40-acre oil spacing and proration unit for said pool.


The Gainer Unit Agreement, which was the subject of said Division Order No. R-10829, comprises the 160-acre area consisting of the E/2 NE/4 of Section 21 and the W/2 NW/4 of Section 22, both in Township 10 South, Range 36 East, NMPM, Lea County, New Mexico; therefore, there are no affected offsets to the subject 40-acre tract other than Cobra.

The geologic interpretation on file in said Case 11780 indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the South Crossroads-Devonian Pool than a well drilled at any other location within the above-described Unit Area.

The application, as supplemented, has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the Division.

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,

for 
William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: Case 11780
Case 11873

11780

COMMERCIAL RESOURCES
(505)-827-5724

SURFACE RESOURCES
(505)-827-5793

MINERAL RESOURCES
(505)-827-5744

ROYALTY
(505)-827-5772

**State of New Mexico
Commissioner of Public Lands**

Ray Powell, M.S., D.V.M.
310 Old Santa Fe Trail, P. O. Box 1148
Santa Fe, New Mexico 87504-1148
Phone (505)-827-5760, Fax (505)-827-5766

PUBLIC AFFAIRS
(505)-827-5765

ADMINISTRATIVE MGMT.
(505)-827-5700

LEGAL
(505)-827-5713

PLANNING
(505)-827-5752

July 28, 1997

Permian Basin Land Associates
P.O. Box 3715
Midland, Texas 79702

Attn: Mr. Charles House

Re: Final Approval
Gainer Unit Agreement
Lea County, New Mexico

Dear Mr. House:

This office is in receipt of your letter of July 21, 1997, wherein on behalf of Cobra Oil Gas Corporation, you have requested final approval of the Gainer Unit Agreement, Lea County, New Mexico.

Please be advised that the Commissioner of Public Lands has this date granted final approval to the Gainer Unit Agreement, Lea County, New Mexico. The effective date of the Gainer Unit is July 28, 1997.

Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Enclosed are Five (5) Certificates of Approval. Your filing fee in the amount of \$60.00 has been received.

Please submit a copy of the New Mexico Oil Conservation Division well records reflecting the drilling and spud date of the Gainer Unit Well No. 1.

JUL 30 1997

Permian Basin Land Associates

July 28, 1997

Page 2

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWER, MS, D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: *For: Anthony H. Neal*
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/cpm

Enclosure

cc: Reader File

OCD-Roy Johson

(EXPLORATORY)

UNIT AGREEMENT: GAINER UNIT
OPERATOR: COBRA OIL & GAS CORPORATION
LEA COUNTY, NEW MEXICO

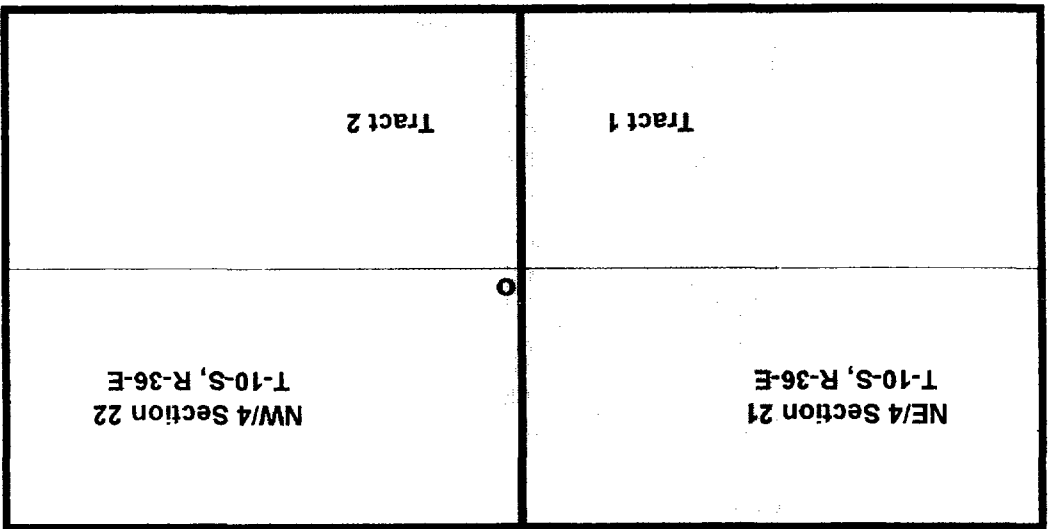
DATE	OCC CASE NO.	TOTAL	STATE	FEDERAL	FEE	SEGREGATION	TERM
APPROVED	OCC ORDER NO.	ACREAGE				CLAUSE	
EFFECTIVE	CASE NO. 11780	160.00	160.00	0	0	STRICT	5 YEARS
7/28/97	ORDER NO. R-10829						SO LONG AS
APPROVALS							
SLO--7-28-97							
OCD--7-02-97							

TOWNSHIP 10 SOUTH, RANGE 36 EAST

SECTION 21: E/2NE/4
SECTION 22: W/2NW/4

EXHIBIT "A" MAP OF UNIT AREA

GAINER EXPLORATORY UNIT
LEA COUNTY, NEW MEXICO



TRACT 1: E/2 NE/4 Sec. 21 T-10-S, R-36-E (80 acres)
TRACT 2: W/2 NW/4 Sec. 22 T-10-S, R-36-E (80 acres)

UNIT ACREAGE:
FEDERAL LANDS: 0 acres
STATE LANDS: 160 acres
FEE LANDS: 0 acres

PROPOSED WELL LOCATION: 1294 feet from North Line and 39 feet from West Line of Section 22, T-10-S, R-36-E, Lea County, New Mexico

EXHIBIT "B" SCHEDULE OF OWNERSHIP

Schedule Showing All Lands and Leases
Within the GAINER EXPLORATORY UNIT
LEA COUNTY, NEW MEXICO

TRACT NO.	DESCRIPTION OF LANDS	ACRES	SERIAL NO. and EXPIRATION DATE	BASIC ROYALTY PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY PERCENTAGE	WORKING INTEREST PERCENTAGE	BENEFICIARY
1	E/2 NE/4 Sec. 21 T-10-S, R-36-E	80	V-4402 - 2 Exp. 7/1/99	16.6667%	Cobra Exploration Company	8.3333%	75.0000%	N. M. Tech /
2	W/2 NW/4 Sec. 22 T-10-S, R-36-E	80	V-4206 - 2 Exp. 10/1/98	16.6667%	Cobra Exploration Company	8.3333%	75.0000%	N. M. Tech

RECAPITULATION

160	Acres of State of New Mexico Lands	100%
	Acres of Fee Lands	%
	Acres of Federal Lands	%
Total 160		100%



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LEGAL
(505)-827-5715

PLANNING
(505)-827-5752

June 19, 1997

Campbell, Carr, Berge & Sheridan, P.A.
P.O. Box 2208
Santa Fe, New Mexico 87504-2208

Attn: Mr. William F. Carr

Re: Preliminary Approval
Proposed Gainer Unit
Lea County, New Mexico

Dear Mr. Carr:

This office has received the unexecuted copy of the unit agreement which you have submitted on behalf of Cobra Oil & Gas Corporation for the proposed Gainer Unit area, Lea County, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands, who has this date granted you preliminary approval as to form and content.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short term leases, until final approval and an effective date have been given.

When submitting your agreement for final approval, please submit the following:

1. Application for final approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. Pursuant to Rule 1.045, applications for approval shall contain a statement of facts showing:
 - a. That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy.
 - b. That under the proposed unit operation, the State of New Mexico will receive its fair share of the recoverable oil and gas in place under its lands in the proposed unit area.

Campbell, Carr, Berge & Sheridan, P.A.

June 19, 1997

Page 2

- c. That each beneficiary institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the unit area.
- d. That such unit agreement is in other respects for the best interest of the trust.
- 3. All ratifications from the Lessees of Record and Working Interest Owners. All signatures should be acknowledged by a notary and one set must contain original signatures.
- 4. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.
- 5. Please submit two copies of the Unit Agreement.
- 6. A copy of the Unit Operating Agreement (if applicable).
- 7. The filing fee for a Unit Agreement is thirty (\$30.00) dollars for every section or partial section thereof. Please submit a filing fee in the amount of \$60.00 dollars.
- 8. On Page 5 of the agreement, Article 17, Effective Date & Term, please fill in the term (5 years and so long as).
- 9. Copies of all the well records for the initial unit well.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY:



JAMI BAILEY, Director
Oil/Gas and Minerals Division
(505) 827-5744

RP/JB/cpm

cc: Reader File

OCD—Attention: Mr. Roy Johnson
Mr. William F. Carr



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

July 3, 1997

CAMPBELL, CARR & BERGE, P.A.
Attorneys At Law
Post Office Box 2208
Santa Fe, New Mexico 87504

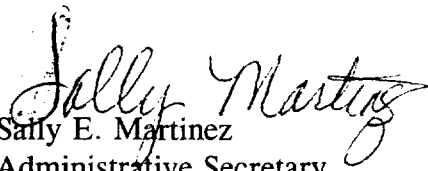
Attn: Bill Carr

RE: CASE NO. 11780
ORDER NO. R-10829

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,


Sally E. Martinez
Administrative Secretary

cc: BLM - Carlsbad
Pete Martinez - SLO
T. Kellahin



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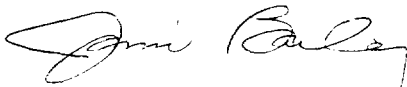
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