



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

June 25, 1999

L. E. Jones Operating, Inc.
c/o David A. Metts Oil & Gas
203 West Wall - Suite 301
Midland, Texas 79701
Attention: David A. Metts

Telefax No. (915) 688-5152

Administrative Order NSL-4321

Dear Mr. Metts:

Reference is made to your application on behalf of the operator, L. E. Jones Operating, Inc., dated June 25, 1999 for an exception to Rule 4 of the "*Special Rules and Regulations for the Vada-Pennsylvanian Pool*," as promulgated by Division Order No. R-3179, as amended, in order to drill the proposed State "16" Well No. 1 at an unorthodox oil well location 845 feet from the South line and 1170 feet from the West line (Unit M) of Section 16, Township 10 South, Range 34 East, NMPM, Lea County, New Mexico.

The SW/4 of Section 16, being a standard 160-acre oil spacing and proration unit within the Vada-Pennsylvanian Pool, is to be dedicated to this well.

It is our understanding that L. E. Jones Operating, Inc. is seeking this location exception based on a 3-D seismic survey of the immediate area, whereby it contends that a well drilled at this location, will be at a more favorable geologic position within the Vada-Pennsylvanian Pool underlying the subject 160-acre unit.

The subject application has been duly filed under the provisions of Division Rule 104.F and the applicable provisions of the rules governing the Vada-Pennsylvanian Pool.

By the authority granted me under the provisions of: (i) Rule 5 of these special pool rules; and (ii) Division Rule 104.F(2), the unorthodox oil well location of the proposed State "16" Well No. 1 is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

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