



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

June 5, 1992

ANITA LOCKWOOD
CABINET SECRETARY

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OGS Operating Company, Inc.
550 W. Texas, Suite 1140
Midland, Texas 79701

Attention: Thom O'Brien

Administrative Order NSL-3116
Administrative Order NSP-1648

Dear Mr. O'Brien:

Reference is made to your application dated April 30, 1992 for an exception to the Special Rules and Regulations for the Bluit-San Andres Associated Pool, as promulgated by Division Order No. R-5353, as amended. It is our understanding that OGS Operating Company, Inc. purposes to drill its Bilberry Well No. 3 990 feet from the South line and 1650 feet from the West line (Unit N) of Section 11, Township 8 South, Range 37 East, NMPM, Roosevelt County, New Mexico and, depending upon the type of completion in the San Andres interval, rather gas or oil, OGS seeks authorization for either an unorthodox oil well location or a non-standard gas spacing and proration unit.

Pursuant to the provisions of Rule 2(c) of said Order R-5353, as amended, should said completion be designated an "oil well", as defined by Rule 5, the above-described unorthodox oil well location is hereby approved, further, the E/2 SW/4 of said Section 11 shall be dedicated to said oil well thereby forming a standard 80-acre oil spacing and proration unit. Said well and unit would then be governed by all appropriate provisions applicable to an "oil well" in said pool.

Should said well be designated a gas well (again referring to Rule 5), said well shall have dedicate thereon a 160-acre non-standard gas spacing and proration unit comprising the SW/4 of said Section 11, hereby approved pursuant Rule 4 of said Order No. R-5353, as amended. Further, you would be authorized to operate the above-described acreage as a non-standard gas spacing and proration unit, with allowable to be assigned thereto in accordance with Subpart "D" of said special pool rules based upon the unit size of 160-acres.

Sincerely,

WILLIAM J. LEMAY
Director

WJL/MES/jc

cc: Oil Conservation Division - Hobbs