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STATE OF NEW MEX CO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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November 21, 1989

Shell Western E & P, Inc.
P.O. Box 576
Houston, TX 77001

Attention: J.H. Smitherman
Regulatory Supervisor

Administrative Order SD-89-4(L)

Dear Mr. Smitherman:

Reference is made to your application dated June 14, 1989 for the simultaneous dedication of an existing 160-acre standard gas spacing and proration unit in the Hare-San Andres Gas Pool comprising the NW/4 of Section 22, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

It is our understanding that Shell intends to re-complete the Argo "A" Well No. 5 and/or 9 to the San Andres formation for the purpose of supplementing source water production to your Northeast Drinkard Unit Waterflood Project.

The Argo "A" Well No. 10, located 660 feet from the North line and 1660 feet from the West line (Unit C) of said Section 22, is presently completed on the subject unit in the San Andres formation as a water source well and as such is also experiencing a small amount of associated gas production.

Since it is expected that both the No. 5 and 9 wells will also have associated gas production along with this source water production, Shell Western E & P, Inc. is hereby authorized to simultaneously dedicate Hare-San Andres Gas Pool production to the aforementioned proration unit from the following three wells in said Section 22:

<u>WELL</u>	<u>FOOTAGE LOCATION</u>
Argo "A" Well No. 5	1980' FNL - 2130' FWL
Argo "A" Well No. 9	980' FNL - 500' FWL
Argo "A" Well No. 10	660' FNL - 1660' FWL