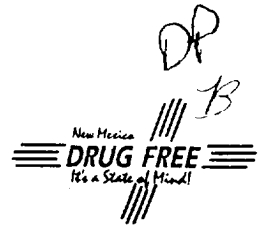




OIL CONSERVATION DIVISION

January 12, 1995



McDonnald Operating, Inc.
505 North Big Spring, Suite 204
Midland, Texas 79701-4347

Attention: Craig M. McDonnald

Administrative Order NSL-3461

Dear Mr. McDonnald:

Reference is made to your application dated August 18, 1994, for an unorthodox oil well location for the purpose of completing an efficient production/injection pattern within the Continental Langlie Mattix Jack A-29 Waterflood Project Area, established by Division Order No. R-3862, dated October 28, 1969.

It is our understanding that the proposed Jack "A-29" Well No. 9 is to be drilled 2364 feet from the North line and 1126 feet from the East line (Unit H) of Section 29, Township 24 South, Range 37 East, NMPM, Langlie Mattix Pool, Lea County, New Mexico.

Said well to be dedicated to the existing standard 40-acre oil spacing and proration unit comprising the SE/4 NE/4 of said Section 29 which is currently dedicated to the Jack "A-29" Well No. 3 (API No. 30-025-11278), located at a standard oil well location 1970 feet from the North line and 330 feet from the East line of said section 29.

By the authority granted me under the provisions of General Rule 104.F(1), the above-described unorthodox well location is hereby approved.

Sincerely,

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs
US Bureau of Land Management - Carlsbad