

March 19, 2004

Pure Resources, L.P.
500 West Illinois
Midland, Texas 79701

Attention: Alan W. Bohling
Regulatory Agent
abohling@pureresources.com

Administrative Order NSL-5017 (SD)

Dear Mr. Bohling: 30-015-33320

Reference is made to the following: (i) your application (*administrative application reference No. pMES0-405040192*) filed with the New Mexico Oil Conservation Division ("Division") in Santa Fe on February 13, 2004; (ii) your e-mail on Wednesday morning, March 17, 2004 to check on the status of this application; and (iii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe and Artesia.

The Division Finds That:

(1) Pure Resources, L. P. ("Pure"), as operator, proposes to drill its Catclaw Draw Unit Well No. 18 as an infill Morrow gas well at a location 1310 feet from the North and West lines (Unit D) of Section 23, Township 21 South, Range 25 East, NMPM, Catclaw Draw-Morrow (Prorated) Gas Pool (74320), Eddy County, New Mexico.

(2) The Catclaw Draw-Morrow Gas Pool currently comprises the following described area in Eddy County, New Mexico:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM

Irregular Section 1:	All
Irregular Section 2:	Lots 9 through 16 and S/2
Sections 11 through 14:	All
Sections 23 through 28:	All
Sections 34 through 36:	All

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 19:	All.
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(3) The Catclaw Draw-Morrow Gas Pool is currently governed by: (i) the "*Special Rules and Regulations for the Catclaw Draw-Morrow Gas Pool*," as promulgated by Division Order No. R-8170, as amended; (ii) Division Rule 605.B; (iii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999; and (iv) Division Rule 1207.A (2), which requires standard 640-acre gas spacing and proration units with wells to be located no closer than 1650 feet from the outer boundary of a proration unit nor closer than 330 feet from any governmental quarter-quarter section or subdivision inner boundary.

(4) Although technically classified as a "Prorated Gas Pool," gas prorationing was suspended in the Catclaw Draw-Morrow Gas Pool by Division Order No. R-10328, issued by the New Mexico Oil Conservation Commission in Case No. 11211 on March 27, 1995, due to the fact that there were no "prorated wells" in the pool.

(5) The New Mexico Oil Conservation Commission found in December, 1997 by Order No. R-10872-B [see Finding Paragraph No. (4)] that in suspending prorationing in the Catclaw Draw-Morrow Gas Pool only the assignment of allowables to spacing and proration units was discontinued and that all other rules, regulations, and policies governing this pool, including the authorization for a second well in each 640-acre spacing unit remained in effect.

(6) The applicant in this matter, Pure, is the operator an existing standard 640-acre gas spacing and proration unit that comprises all of Section 23 that is currently dedicated to its Catclaw Draw Unit Well No. 14 (API No. 30-015-23370), located at an unorthodox gas well location (grandfathered in as approved by Division Order No. R-4157-D, issued in Case No. 7326 on August 26, 1981) 990 feet from the South line and 2310 feet from the East line (Unit O) of Section 23.

(7) The subject application has been duly filed under the provisions of Division Rules 104.F (2), 605.B (2) (b), and 1207.A (2), and the applicable rules governing the Catclaw Draw-Morrow Gas Pool.

(8) The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox infill gas well location will be at a more favorable geologic position within the Morrow gas reservoir than a well drilled at a location considered to be standard within the NW/4 of Section 23.

(9) The subject application, which serves to prevent waste and protects correlative rights and being in the best interest of conservation, should be approved.

It Is Therefore Ordered That:

(1) Pure Resources, L.P. ("Pure") is hereby authorized to drill its proposed Catclaw Draw Unit Well No. 18 as an infill Morrow gas well at an unorthodox location 1310 feet from the North and West lines (Unit D) of Section 23, Township 21 South, Range 25 East, NMPM, Catclaw Draw-Morrow (Prorated) Gas Pool (74320), Eddy County, New Mexico.

(2) The existing standard 640-acre gas spacing and proration unit within the Catclaw Draw-Morrow Gas Pool comprising all of Section 23 is to be simultaneously dedicate to the above-described Catclaw Draw Unit Well No. 18 and Pure's existing Catclaw Draw Unit Well No. 14 (API No. 30-015-23370), located 990 feet from the South line and 2310 feet from the East line (Unit O) of Section 23.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

Michael E. Stogner
Engineer/Hearing Officer

MS/mes

cc: New Mexico Oil Conservation Division – Artesia
New Mexico State Land Office – Santa Fe
U. S. Bureau of Land Management - Carlsbad