



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

November 13, 2006

James Bruce
Attorney at Law
P.O. Box 1056
Santa Fe, NM 87501

RE: **Almagre Arroyo "30" Well No. 1**
2605 feet FSL & 2400 feet FWL (Surface Location)
990 feet FNL & 990 feet FWL (Bottom hole Location)
Section 30, T-24 -N, R-1-E, Rio Arriba County, NMPM, New Mexico

Administrative Order NSL-5483

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS0-629841180**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on October 20, 2006 on behalf of U. S. Enercorp, Ltd; and

(b) the Division's records pertinent to U.S. Enercorp's request.

U. S. Enercorps, Ltd. requests to drill its Almagre Arroyo "30" Well No. 1 to be drilled as a directional well from a surface location 2605 feet from the South line and 2400 feet from the West line (Unit K) of Section 30, to an unorthodox subsurface Mancos (West Puerto Chiquito-Mancos Pool) location, 990 feet from the North line and 990 feet from the West line (Lot 1/Unit D) of Section 30, Township 24 North, Range 1 East, N.M.P.M., in Rio Arriba County, New Mexico.

All of Section 30 will be dedicated to this well to form a standard 636.40-acre oil spacing and proration unit for the West Puerto Chiquito-Mancos Oil Pool (50440). This pool is governed by special pool rules and regulations for the West Puerto Chiquito-Mancos Oil Pool as promulgated by Division Order No. R-6469-B, as amended, which provide that:

a well completed or re-completed in the West Puerto Chiquito-Mancos Oil Pool shall be located on a standard spacing or proration unit consisting of approximately 640 acres more or less; and

the well shall be located no closer than 1650 feet to the outer boundary of the proration unit nor closer than 330 feet to any quarter section line.

Your application on behalf of U.S. Enercorp, Ltd. has been duly filed under the provisions of Division Rules 104. F, 111.A (13), 111.C (2), 1210.A(2) and Order No. R-6469-B.


It is our understanding that the directional drilling of the well to the unorthodox subsurface location is necessary in order to maximize recovery from the West Puerto Chiquito-Mancos Oil Pool.

Pursuant to the authority granted under the provisions of Division Rules 104. F(2) and Order No. R-6469-B, the above-described unorthodox Mancos location is hereby approved.

U.S. Enercorps, Ltd. shall comply with all provisions of Division Rule 111 applicable to this application.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P.E.
Director

MEF/re

cc: New Mexico Oil Conservation Division - Aztec
Bureau of Land Management (BLM)- Farmington