



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

March 5, 2007

Manana Gas, Inc.
c/o Mr. Paul C. Thompson, P.E.
Walsh Engineering & Production Corp.
7415 East Main
Farmington, NM 87402

Administrative Order NSL-5575

Re: Crooked Seams Well No. 2
API No. 30-045-33818
A-14-30N-12W
San Juan County

Dear Mr. Walsh:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS06-25131588**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on February 1, 2007, on behalf of Manana Gas, Inc. (Manana), and

(b) the Division's records pertinent to this request.

Manana has requested to drill its Crooked Seams Well No. 2 (API No. 30-045-33818) at an unorthodox well location, 420 feet from the North line and 1090 feet from the East line (Unit A) of Section 14, Township 30 North, Range 12 West, N.M.P.M., in San Juan County, New Mexico.

The E/2 of Section 14 will be dedicated to this well in order to form a standard 320-acre spacing unit in the Basin-Fruitland Coal Gas Pool (71629). This pool is governed by Rules 4 and 7(a)(1) of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, as most recently amended by Order No. R-8768-F, effective July 17, 2003, which provide for 320-acre units, with wells located at least 660 feet from a unit outer boundary.

The NE/4 of Sections 14 will be dedicated to this well in order to form a standard 160-acre spacing unit in the undesignated Aztec-Pictured Cliffs Gas Pool (71280). This pool is governed by statewide Rule 104.C(3), which provides for 160-acres units, with wells located at lease 660 feet from a unit outer boundary.

This location is less than 660 feet from the northern unit boundary, and is therefore unorthodox in both formations.

Your application on behalf of Manana has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

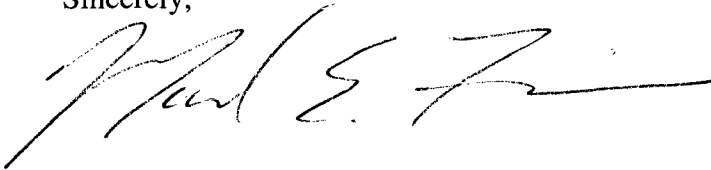
It is our understanding that Manana is seeking this location due to topography and to accommodate existing surface development.

It is also understood that affected persons in the spacing units to the north in both formations have been duly notified of this application.

Pursuant to the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a stylized, sweeping flourish at the end.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Aztec