



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

July 11, 2007

Koch Exploration Company, LLC
9777 Pyramid Court
Suite 210
Englewood, Colorado 80112

Attention: Mr. J. Scott Hall

Re: **Nordhaus Well No. 716S**
API No. 30-045-32655
445' FSL & 2350' FEL, (Unit O, Lot 15),
Section 13, Township 31 North, Range 9 West, NMPM,
San Juan County, New Mexico

Administrative Order NSL-5652

Dear Mr. Hall:

Reference is made to the following:

- (a) your application on behalf of Koch Exploration Company, LLC ("Koch") for a non-standard well location (*administrative application reference No. pCLP0716942283*) for the Nordhaus Well No. 716S that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on June 14, 2007; and
- (b) the Division's records pertinent to Koch's request.

Koch requests approval of an unorthodox well location in the **Basin-Fruitland Coal Gas Pool** (Gas - 71629) for its existing Nordhaus Well No. 716S which has been drilled 445 feet from the South line and 2350 feet from the East line (Unit O, Lot 15) of Section 13, Township 31 North, Range 9 West, NMPM, San Juan County, New Mexico. The E/2 of Section 13 is to be dedicated to the well forming a non-standard 316.87-acre gas spacing and proration unit ("GPU") in the Basin-Fruitland Coal Gas Pool.

The Basin-Fruitland Coal Gas Pool is currently governed by special pool rules established by Division Order No. R-8768, as amended. Pursuant to these rules, wells are to be located no closer than 660 feet to the outer boundary of the spacing unit nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

The evidence presented by Koch demonstrates that the subject well was drilled at the unorthodox location for topographic reasons.

The affected offset acreage is the W/2 of Section 13, and all of Section 24, Township 31 North, Range 9 West, NMPM. Koch stated in its application that it operates all of the affected offset acreage, and that it has provided notice of this application to all interest owners within the affected offset acreage. All affected interest owners have executed a waiver of objection to the proposed unorthodox location.

Division records show that the Nordhaus Well No. 716S will be the second well producing from the Basin-Fruitland Coal Gas Pool within the E/2 of Section 13. This unit is currently dedicated to Koch's Nordhaus Well No. 716 (API No. 30-045-28252) located in Unit H, Lot 8.

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2), the above-described unorthodox gas well location in the Basin-Fruitland Coal Gas Pool is hereby approved.

Sincerely,



Mark E. Fesmire, P.E.
Division Director

MEF/drc

cc: New Mexico Oil Conservation Division - Aztec
Bureau of Land Management-Farmington
Mr. J. Scott Hall
P.O. Box 1986
Santa Fe, New Mexico 87504-1986