



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

February 15, 2008

Mr. James Bruce
P.O. Box 1056
Santa Fe, NM 87504

Administrative Order NSL-5756-A

**Re: BEPCO, L.P.
Poker Lake Unit Well No. 296
Unit P, Section 32-24S-30E
Eddy County**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-01852382**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of BEPCO, L.P. (BEPCO), on January 18, 2008, and

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

BEPCO has requested to drill the above-referenced well at an unorthodox Morrow gas well location, 300 feet from the South line and 1200 feet from the East line (Unit P) of Section 32, Township 24 South, Range 30 East, N.M.P.M., in Eddy County, New Mexico. The S/2 of Section 32 will be dedicated to this well in order to form a standard 320-acre wildcat Morrow gas spacing unit. Wildcat Morrow locations are governed by statewide Rule 104.C(2), which provides for 320-acre units, with wells located at least 660 feet from a unit outer boundary. This location is less than 660 feet from the southern unit boundary.

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

This location was approved as an unorthodox oil well location in the Nash Draw-Delaware/Bone Spring (Avalon Sand) Pool (47545) by Administrative Order NSL-5756, issued on January 9, 2008. It is our understanding that you are now seeking approval of this location for the Morrow in order to test the Morrow without the necessity of drilling an additional well.

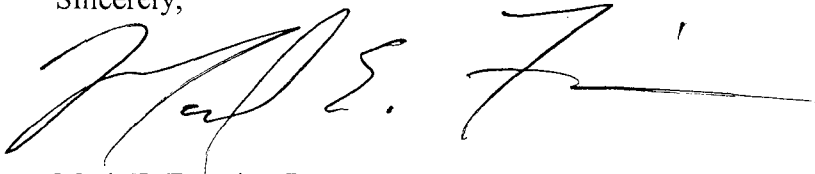
It is also understood that notice of this application to offsetting operators or owners is unnecessary because working interest ownership is identical between the subject unit and the offsetting Morrow spacing unit towards which this location encroaches.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

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 long horizontal stroke extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe