



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

February 4, 2004

Lori Wrotenbery

Director

Oil Conservation Division

John R. Stearns d/b/a Stearns
c/o **James Bruce**
P. O. Box 1056
Santa Fe, New Mexico 87504

Administrative Order NSL-4993

Dear Mr. Bruce:

Reference is made to the following: (i) Mr. John R. Stearns original application (*administrative application reference No. pMES0-325255283*) filed with the New Mexico Oil Conservation Division ("Division") in Santa Fe on September 8, 2003; (ii) the Division's initial response by letter dated September 24, 2003 from Mr. Michael E. Stogner, Engineer/Hearing Officer in Santa Fe **denying** this application; (iii) your re-submittal of this application on behalf of John R. Stearns dated November 26, 2003 (*administrative application reference No. pLR0-333627423*); (iv) a letter of objection dated December 11, 2003 from Mr. Richard Donald Jones, Jr. of Cedar Creek, Texas filed with the Division on December 15, 2003; (v) Mr. Stogner's letter dated December 15, 2003 notifying you, and copied Mr. Richard Donald Jones, Jr. that this application would be docketed for hearing on January 8, 2004; (vi) the Division's records in Santa Fe and Hobbs, including the file in Case No. 13203; (vii) your letter dated January 10, 2004 requesting the Division consider processing this application administratively; and (viii) your telephone conversation with Mr. Stogner, Wednesday morning, February 4, 2004: all concerning John R. Stearns' request for a non-standard Morrow gas well location for the existing State "16" Well No. 1-Y (**API No. 30-025-34070**), located 330 feet from the South line and 940 feet from the East line (Unit P) of Section 16, Township 9 South, Range 37 East, NMPM, Lea County, New Mexico. The E/2 of Section 16 is to be dedicated to this well to form a standard 320-acre stand-up gas spacing unit in the Undesignated West Sawyer-Morrow Gas Pool (**97103**).

This well was initially drilled in mid-1997 by Cobra Oil & Gas Corporation of Wichita Falls, Texas to a total depth of 12,585 feet and completed as an oil well within the West Sawyer-Devonian Pool (**96744**) at a standard oil well location within a standard 40-acre oil spacing and proration unit comprising the SE/4 SE/4 of Section 16. The Division's production records show this well produced 54,203 barrels of oil out of the West Sawyer-Devonian Pool from November, 1997 to October, 2003. Evidently, in October, 2001 John R. Stearns d/b/a Stearns became the operator of this well.

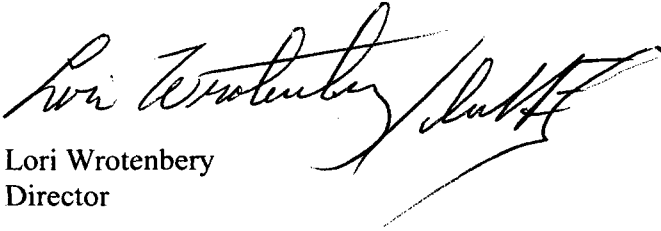
It is the Division's understanding that John R. Stearns now intends to abandon the lower Devonian interval, plug-back, and recomplete this well up-hole into the gas bearing Morrow formation; however, pursuant to Division Rule 104.C (2) (a), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission ("Commission") in Case No. 12119 on August 12, 1999, this location is considered to be unorthodox.

This application has been duly filed under the provisions of Division Rule 104.F, as revised.

By the authority granted me under the provisions Division Rule 104.F (2), the above-described unorthodox Morrow gas well location for Stearns' State "16" Well No. 1-Y within the E/2 of Section 16 is hereby approved.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery", is written over a horizontal line.

Lori Wrotenbery
Director

LW/mes

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: Case No. 13203