



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

December 27, 2000

Lori Wrotenbery
Director
Oil Conservation Division

Read & Stevens, Inc.
c/o William F. Carr
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Telefax No. (505) 983-6043

Administrative Order NSL-4536

Dear Mr. Carr:

Reference is made to the following: (i) your application on behalf of the operator, Read & Stevens, Inc. dated December 6, 2000; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Read & Stevens, Inc.'s request for an unorthodox wildcat gas well location in both the Devonian and deeper Ellenburger formations for its proposed Liberty "4" Federal Com Well No. 1 to be drilled 1800 feet from the South line and 330 feet from the West line (Unit L) of Section 4, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico.

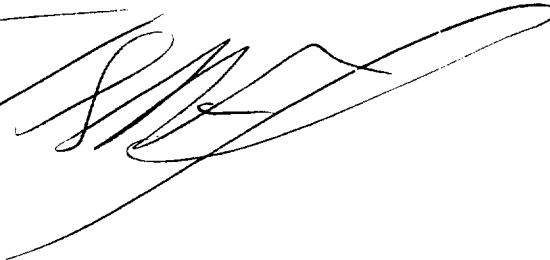
Lots 3 and 4, the S/2 NW/4, and the SW/4 (W/2 equivalent) of Section 4, being a standard 320.29-acre stand-up gas spacing and proration unit for both formations is to be dedicated to this well.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It is our understanding that Read & Stevens, Inc. is seeking this location exception based on a 3-D seismic survey of the immediate area, which indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the shallower Devonian formation than a well drilled at a location considered to be standard within the W/2 equivalent of Section 4.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox wildcat gas well location to both the Devonian and Ellenburger formations within this 320.29-acre unit comprising the W/2 equivalent of Section 4 is hereby approved.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad