



Case No. 840

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

November 3, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Mission Resources Corporation

c/o **Holland & Hart LLP**

Attention: Ms. Ocean Munds-Dry (omundsdry@hollandhart.com)

P. O. Box 2208

Santa Fe, New Mexico 87504-2208

Administrative Order SD-05-06

Dear Ms. Munds-Dry:

Reference is made to the following: (i) your application on behalf of the operator, Mission Resources Corporation ("Mission"), submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on October 12, 2005 (*administrative application reference No. pSEM0-528552481*) to fully develop its standard 640-acre gas spacing unit in the Jalmat Gas Pool (79240) comprising all of Section 11, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, with one well in each quarter-quarter section by the inclusion of four new infill gas wells to be drilled at standard locations in Units A, G, H, and I of Section 11; (ii) the Division's files in Santa Fe on Division Administrative Orders NSL-3089 (SD) and NSL-3089-A (SD); and (iii) the records in Division Cases No. 840, resulting in the issuance of Division Order No. R-609; No. 4245, resulting in the issuance of Division Order No. R-3892; No. 4501, resulting in the issuance of Division Order No. R-4116; No. 5979, resulting in the issuance of Division Order No. R-5493; No. 7022, resulting in the issuance of Division Order No. R-6483; No. 9275, resulting in the issuance of Division Order No. R-8575; No. 9774, resulting in the issuance of Division Orders No. R-6483-A/R-8575-A; No. 12625, resulting in the issuance of Division Orders No. R-6483-B/R-8575-B; and No. 13252, resulting in the issuance of Division Orders No. R-6483-C/R-8575-C, as amended by Division Orders No. R-6483-C (1)/R-8575-C (1).

Your application for Mission has been duly filed under the provisions of the "*Special Pool Rules for the Jalmat Gas Pool*," as promulgated by Division Order No. R-8170-P, issued in Case No. 12563 on December 14, 2001.

By the authority granted me under the provisions of Rules 4 (B) and (D) of the special rules now governing the Jalmat Gas Pool, Mission is hereby authorized to simultaneously dedicate gas production from the Jalmat Gas Pool to the above-described standard 640-acre gas spacing unit from the following 16 wells:

(Unit A) Mission's proposed State "A" A/C-2 Well No. 85 to be drilled 710 feet from the North line and 785 feet from the East line of Section 11;

(Unit B) its existing State "A" A/C-2 Well No. 14 (API No. 30-025-08873), located 660 feet from the North line and 1980 feet from the East line of Section 11;

(Unit C) the existing State "A" A/C-2 Well No. 15 (API No. 30-025-08874), located 660 feet from the North line and 1980 feet from the West line of Section 11;

(Unit D) the existing State "A" A/C-2 Well No. 79 (API No. 30-025-35651), located 660 feet from the North and West lines of Section 11;

(Unit E) the existing State "A" A/C-2 Well No. 42 (API No. 30-025-08879), located 1980 feet from the North line and 660 feet from the West line of Section 11;

(Unit F) the existing State "A" A/C-2 Well No. 80 (API No. 30-025-35567), located 1980 feet from the North and West lines of Section 11;

(Unit G) Mission's proposed State "A" A/C-2 Well No. 86 to be drilled 1980 feet from the North and East lines of Section 11;

(Unit H) Mission's proposed State "A" A/C-2 Well No. 87 to be drilled 1980 feet from the North line and 860 feet from the East line of Section 11;

(Unit I) Mission's proposed State "A" A/C-2 Well No. 88 to be drilled 1980 feet from the South line and 860 feet from the East line of Section 11;

(Unit J) its existing State "A" A/C-2 Well No. 82 (API No. 30-025-36936), located 1980 feet from the South and East lines of Section 11;

(Unit K) the existing State "A" A/C-2 Well No. 62 (API No. 30-025-25542), located 1980 feet from the South line and 2310 feet from the West line of Section 11;

(Unit L) the existing State "A" A/C-2 Well No. 75 (API No. 30-025-34791), located 2040 feet from the South line and 660 feet from the West line of Section 11;

(Unit M) the existing State "A" A/C-2 Well No. 36 (API No. 30-025-08878), located 660 feet from the South and West lines of Section 11;

(Unit N) the existing the State "A" A/C-2 Well No. 83 (API No. 30-025-36910), located 660 feet from the South line and 1980 feet from the West line of Section 11;

(Unit O) the existing State "A" A/C-2 Well. No. 84 (API No. 30-025-36935), located 660 feet from the South line and 1886 feet from the East line of Section 11; and

(Unit P) the existing State "A" A/C-2 Well No. 73 (API No. 30-025-30035), located 990 feet from the South line and 660 feet from the East line of Section 11.

The locations of the 16 above-described Jalmat gas wells are all considered to be standard pursuant to Rule 3 (A) (2) of the special rules now governing the Jalmat Gas Pool.

Further, all provisions applicable to the subject 640-acre unit in Division Orders No. R-6483, R-8575, R/6483-A/R-8575-A, R-6483-B/R-8575-B, and R-6483-C/R-8575-C, as amended by R-6483-C (1)/R-8575-C (1) and Division Administrative Orders NSL-3089 (SD) and NSL-3089-A (SD), not in conflict with this order, shall remain in full force and effect until further notice.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office – Santa Fe
File: Division Administrative Order NSL-3089 (SD)
Division Administrative Order NSL-3089-A (SD)
Division Case No. 840
Division Case No. 4245
Division Case No. 4501
Division Case No. 5979
Division Case No. 7022
Division Case No. 9275
Division Case No. 9774
Division Case No. 12625
Division Case No. 13252