

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 14057
ORDER NO. R-12868-B**

**APPLICATION OF BLACK HILLS GAS
RESOURCES, INC. FOR A NON-STANDARD
PRORATION UNIT, RIO ARriba COUNTY,
NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on January 24, 2008, at Santa Fe, New Mexico, before Examiner David K. Brooks.

NOW, on this 24th day of January, 2008, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

- (1) Due notice has been given, and the Division has jurisdiction of the subject matter of this case.
- (2) Black Hills Gas Resources, Inc. (Applicant) has applied for approval of a non-standard gas spacing unit in the East Blanco-Pictured Cliffs Gas Pool (72400) for its Jicarilla 458-8 Well No. 113 (API No. 30-039-29894) [the subject well], located in Unit B of Section 8, Township 30 North, Range 3 West, in Rio Arriba County.
- (3) Black Hills has already drilled the subject well.
- (4) By letter dated November 27, 2007, counsel for Black Hills requested authorization to produce the subject well.
- (5) On January 3, 2008, the Division issued emergency Order No. R-12868, without hearing, granting Black Hills authority to continue producing the subject well

until the expiration ten days from the issuance of said order, or until the conclusion of the hearing of this case, whichever first occurred. Order No. R-12868 expired by its own terms on January 13, 2008.

(6) On January 17, 2008, the Division issued emergency Order No. R-12868-A, without hearing, granting Black Hills authority to continue producing the subject well until the expiration ten days from the issuance of said order, or until the conclusion of the hearing of this case, whichever first occurred. The hearing of this case concluded, and Order No. R-12868-A expired by its own terms on January 24, 2008.

(7) No other party appeared at the hearing of this case or otherwise advised the Division of any opposition to approval of the non-standard unit sought by Applicant.

(8) Applicant requested that its authority to produce this well be extended until issuance of a final order.

(9) The Division concludes that Applicant's authority to produce this well should be extended until issuance of a final order, in order to prevent waste that could occur if the well were shut in.

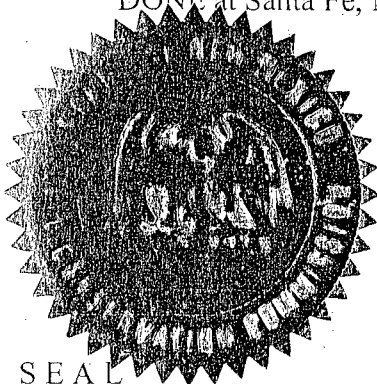
IT IS THEREFORE ORDERED THAT:

(1) This order shall remain in force until a final order is issued pursuant to the hearing conducted on January 24, 2008.

(2) Applicant is hereby authorized to produce the subject well from the East Blanco- Pictured Cliffs Pool during the effective term of this Order, notwithstanding that the proposed spacing unit has not been approved, provided that Applicant is otherwise in compliance with all applicable Division rules, including, but not limited to, Rule 40.

(3) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

MARK E. FESMIRE, P.E.
Director