



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

May 22, 2001

Lori Wrotenberg
Director
Oil Conservation Division

Read & Stevens, Inc.
c/o **Holland & Hart LLP and Campbell & Carr**
P. O. Box 2208
Santa Fe, New Mexico 87504-2208
Attention: William F. Carr

Telefax No. (505) 983-6043

Administrative Order NSL-4536-A

Dear Mr. Carr:

Reference is made to the following: (i) your initial application on behalf of the operator, Read & Stevens, Inc. dated February 20, 2001; (ii) the New Mexico Oil Conservation Division's ("Division") initial response by letter dated March 16, 2001 from Mr. Michael E. Stogner, Engineer in Santa Fe; (iii) your response by letter dated May 9, 2001 that addressed the Division's concerns and amended your original application; and (iv) the Division's records, including the file on Administrative Order NSL-4536: all concerning Read & Stevens, Inc.'s request to amend a previously approved order by the Division of an unorthodox gas well location by expanding the vertical limits of the provisions in this order to include any and all formations and/or pools from the top of the Wolfcamp to the top of the Morrow formation that are:

- (1) developed on 320-acre spacing; and
- (2) governed under the provisions of Division Rule 104.C (2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

Division Administrative Order NSL-4536, dated December 27, 2000, authorized Read & Stevens, Inc. to drill its Liberty "4" Com Well No. 1 (API No. 30-025-35371) at an unorthodox gas well location to be drilled to a depth of 14,000 feet in order to test both the Devonian and Ellenburger formations 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.

The subject request has been duly filed under the provisions of Division Rule 104.F, as revised.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox gas well location for the Liberty "4" Com Well No. 1 within this 320.29-