



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

November 26, 2004

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

Algerita Energy, L.L.C.
c/o **Permits West, Inc.**
37 Verano Loop
Santa Fe, New Mexico 87505

Attention: Brian Wood
brian@permitswest.com

Administrative Order NSL-5138

Dear Mr. Wood:

Reference is made to the following: (i) your application on behalf of the operator, Algerita Energy, L.L.C. ("Algerita"), for an exception to the well location provisions of Rule 104.C (3) of the New Mexico Oil Conservation Division's ("Division") statewide rules that was submitted on November 4, 2004 (*administrative application reference No. pMES0-430955133*); (ii) the Division's records in Santa Fe; and (iii) my conversation with Mr. Roy Johnson, Supervisor District IV of the Division: all concerning Algerita's request to drill its proposed Barbara Page Well No. 2 (API No. 30-001-20015) to a depth of 8,000 feet at an unorthodox gas well location 2310 feet from the North line and 1100 feet from the West line (Unit E) of Section 28, Township 10 North, Range 1 East, NMPM, as projected into the unsurveyed Town of Atrisco Grant, Bernalillo County, New Mexico.

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

Pursuant to the spacing provisions of Division Rule 104.C (3) the NW/4 of Section 28, being a standard 160-acre gas spacing unit for wildcat Entrada gas production, is to be dedicated to this well.

From the explanation provided the requested unorthodox gas well location is being sought for both topographical and geological reasons.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox wildcat Entrada gas well location within for Algerita's proposed Barbara Page Well No. 2 is hereby approved.

Sincerely,

Michael E. Stogner
Engineer/Hearing Officer

MS/ms

cc: Roy Johnson, Supervisor District IV - New Mexico Oil Conservation Division, Santa Fe