



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

December 14, 2004

Mark E. Fesmire, P.E.
Director

Joanna Prukop
Cabinet Secretary

Oil Conservation Division

Rhombus Operating Co., Inc.
P. O. Box 8316
Midland, Texas 79708-8316

Attention: Gregory D. Cielinski
greg@adelphia.net

Administrative Order NSL-5141

Dear Mr. Cielinski:

Reference is made to the following: (i) your application dated December 6, 2004; and your telephone conversation with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer with the New Mexico Oil Conservation Division ("Division") in Santa Fe on December 14, 2004; and (iii) the Division's records: all concerning Rhombus Operating Co., Inc.'s ("Rhombus") request for an exception to Rule 4 of the "*Special Rules and Regulations for the EK-Bone Springs Pool*," as promulgated by Division Order No. R-4981, as amended, for the existing Pennzoil Federal Well No. 1 (**API No. 30-025-27013**), located at an unorthodox oil well location 1980 feet from the South line and 1780 feet from the East line (Unit J) of Section 29, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico.

The N/2 SE/4 of Section 29 is to be dedicated to this well in order to form a standard 80-acre lay-down oil spacing and proration unit for the Undesignated EK-Bone Spring Pool (**21650**).

This application has been duly filed under the provisions of: (i) Rule 5 of the special rules for the EK-Bone Springs Pool; and (ii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case 12119 on August 12, 1999.

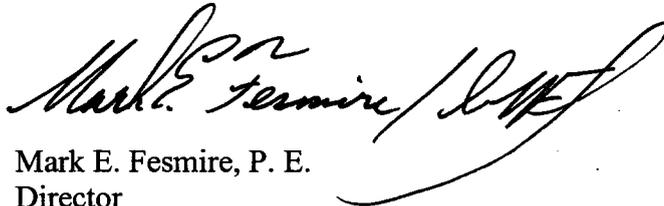
From the Division's records, it is our understanding this well was initially drilled by Sun Oil Company of Dallas, Texas in 1980 to a depth of 13,694 feet and was completed in the West La Rica-Morrow Gas Pool (**79830**) at a standard gas well location in the E/2 of Section 29, being a standard 320-acre stand-up gas spacing unit.

It is further understood that Rhombus now intends to abandon the Morrow interval, plug back, and recomplete the well in the Bone Spring formation.

It is further understood that the N/2 SE/4 of Section 29 is within a single federal lease in which Rhombus is the leasehold operator and all mineral interest is common; therefore, there are no adversely effected offsets to the subject 80-acre tract.

By the authority granted me under the provision Rule 5 of these special pool rules and Division Rule 104.F (2), the above-described unorthodox EK-Bone Springs oil well location is hereby approved.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

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