



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

June 8, 2005

**Manana Gas, Inc.
c/o Walsh Engineering & Production Corp.
7415 East Main
Farmington, New Mexico 87402**

Attention: Paul C. Thompson
paul@walsheng.net

Administrative Order NSL-5214 (SD-Coal)

Dear Mr. Thompson:

Reference is made to the following: (i) your application on behalf of the operator, Manana Gas, Inc. ("Manana") that submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on May 18, 2005 (***administrative application reference No. pSEM0-513851760***); and (ii) the Division's records in Aztec and Santa Fe: all concerning Manana's request for an unorthodox gas well location in the Basin-Fruitland Coal (Gas) Pool (**71629**) and in the Pictured Cliffs formation for the existing Hidden Assets Well No. 2 (**API No. 30-045-33160**) recently drilled 938 feet from the South line and 635 feet from the West line (Unit M) of Section 23, Township 30 North, Range 12 West, NMPM, San Juan County, New Mexico.

This application has been duly filed in accordance with and under the provisions of: (i) Rule 7 (b) of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended; and (ii) Division Rules 104.F and 1207.A (2).

Gas production from the Basin-Fruitland Coal (Gas) Pool is to be included within an existing standard 320-acre stand-up gas spacing unit comprising the W/2 of Section 23, which is currently dedicated to Manana's Hidden Assets Well No. 1 (**API No. 30-045-32011**), which was drilled last year at a standard coal gas well location 1008 feet from the North line and 817 feet from the West line (Unit D) of Section 23.

The aforementioned Hidden Assets Well No. 2 is to be the dedicated well for Pictured Cliffs gas production within the SW/4 of Section 23, being a standard 160-acre gas spacing unit for either the within either the Undesignated Aztec-Pictured Cliffs Pool (**71280**) or the Undesignated Fulcher Kutz-Pictured Cliffs Pool (**77200**)

Manana Gas, Inc.
June 8, 2004
Page 2

Division Administrative Order NSL-5214 (SD-Coal)

By the authority granted me under the provisions of Division Rule 104.F (2) and in accordance with Rule 8 of the special Basin-Fruitland Coal (Gas) Pool rules, the above-described unorthodox Fruitland coal infill and Pictured Cliffs gas well location for Manana's Hidden Assets Well No. 2 is hereby approved.

Jurisdiction of this cause is retained for the entry of such further orders as the Division deems necessary.

Sincerely,

A handwritten signature in cursive script that reads "Mark E. Fesmire" followed by a stylized set of initials "MEF".

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division - Aztec