



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

April 14, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Bass Enterprises Production Company

c/o **James Bruce**

P. O. Box 1056

Santa Fe, New Mexico 87504

Administrative Order NSL-5362

Dear Mr. Bruce:

Reference is made to the following: (i) your application (*administrative application reference No. pTDS0-607657637*) filed on behalf of the operator Bass Enterprises Production Company ("Bass") and submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on March 17, 2006; and (ii) the Division's records in Artesia and Santa Fe: all concerning Bass' request to drill its proposed Horned Toad "36" State Well No. 3 at an unorthodox oil well location 1300 feet from the South line and 410 feet from the East line (Unit P) of Section 36, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico. The SE/4 SE/4 of Section 36 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit within the Undesignated Nash Draw-Delaware/Bone Spring (Avalon Sand) Pool (47545).

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

It is the Division's understanding that the E/2 of Section 36 comprises a single state lease issued by the New Mexico State Land Office (*State Lease No. V-7100*) in which Bass is the leasehold operator and all mineral interest is common; therefore, there are no adversely effected offsets to the subject 40-acre tract.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox oil well location within the Nash Draw-Delaware/Bone Spring (Avalon Sand) Pool for Bass' proposed Horned Toad "36" State Well No. 3 is hereby approved.

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

Sincerely,

Mark E. Fesmire, P. E.

Director

MEF/ms

cc: New Mexico Oil Conservation Division – Artesia
New Mexico State Land Office – Santa Fe