



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joa nna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

February 13, 2007

Southwestern Energy Company  
Attn: J. Alan Grimsley  
2350 N. Sam Houston Pkwy East  
Suite 300  
Houston, TX 77032

**Administrative Order NSL-5567**

**Re: Pickett Draw State 16 Well No. 1H  
H-16-25S-29E  
Eddy County**

Dear Mr. Grimsley:

Reference is made to the following:

- (a) your application (**administrative application reference No. pTDS07-01647645**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on January 16, 2007, and
- (b) the Division's records pertinent to this request.

Southwestern Energy Company (Southwestern) has requested to drill its Pickett Draw State 16 Well No. 1H as a horizontal well, at an unorthodox surface location, 2600 feet from the North line and 530 feet from the East line (Unit H) of Section 16, Township 25 South, Range 29 East, N.M.P.M., in County, New Mexico, to an unorthodox bottom hole location, or terminus, 200 feet from the North line and 530 feet from the East line (Unit A) of Section 16. The NE/4 NE/4 and the SE/4 NE/4 of Section 16 will be dedicated to this well in order to form an 80-acre project area, pursuant to Division Rule 111, consisting of two adjacent standard 40-acre spacing units in the undesignated West Corral Canyon Delaware Pool (13365). This pool is governed by statewide Rule 104.B, which provides for 40-acre units with wells located at least 330 feet from a unit outer boundary. This location is unorthodox under Rule 111 because the "producing interval," as defined in that rule, will not be entirely located 330 feet or more from the outer boundaries of the project area.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding Southwestern is seeking this well configuration in order to penetrate as much of the formation within the project area as feasible, but that all perforations will be located within the producing area.

It is also understood that notice of this application has been given to offsetting operators as required by Rule 1210.A(2).

Pursuant to the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

This approval is **CONDITIONED HOWEVER** upon this well being completed as a cased hole with all perforations in the lateral shaft of this horizontal well being within the producing area.

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

Sincerely,



Mark E. Fesmire, P.E.  
Director

MEF/db

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