



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

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

January 9, 2008

Mr. James Bruce
P.O. Box 1056
Santa Fe, NM 87504

Administrative Order NSL-5756

**Re: Poker Lake Unit Well No. 296
Unit P, Section 32-24S-30E
Eddy County**

Dear Mr Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR07-33728014**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of BEPCO, L.P. (BEPCO), on November 30, 2007, and

(b) the Division's records pertinent to this request.

BEPCO has requested to drill the above-referenced well at an unorthodox well location, 300 feet from the South line and 1200 feet from the East line (Unit P) of Section 32, Township 24 South, Range 30 East, N.M.P.M., in Eddy County, New Mexico. The SE/4 SE/4 of Section 32 will be dedicated to this well in order to form a standard 40-acre spacing unit in the undesignated Nash Draw-Delaware/Bone Spring (Avalon Sand) Pool (47545). This pool is governed by statewide Rule 104.B(1), which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the southern and western unit boundaries.

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

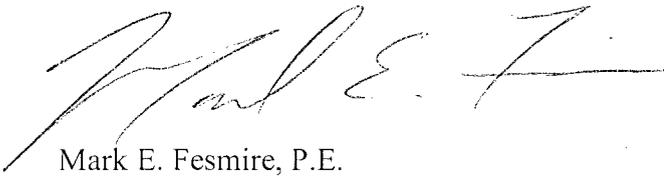
It is our understanding that you are seeking this location in order to minimize surface interference.

It is also understood that notice of this application to offsetting operators or owners is unnecessary because ownership of the offsetting units towards which this location encroaches is identical with ownership of the subject unit.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mark E. Fesmire, P.E.
Director

MEF/db

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