



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
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Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



April 1, 2008

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

Administrative Order NSL-5804

**Re: Forest Oil Corporation
FOC State B Well No. 10
1100 feet FSL and 150 feet FEL
Unit P, Section 16-17S-31E
Eddy County**

**Forest Oil Corporation
FOC State B Well No. 11
150 feet FSL and 1450 feet FEL
Unit O, Section 16-17S-31E
Eddy County**

**Forest Oil Corporation
FOC State B Well No. 12
150 feet FSL and 150 feet FEL
Unit P, Section 16-17S-31E
Eddy County**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-06040317**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Forest Oil Corporation (Forest) on February 29, 2008, and

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



Forest has requested to drill the above-referenced wells at unorthodox well locations, as described above, in Section 16, Township 17 South, Range 31 East, N.M.P.M., in Eddy County, New Mexico. The SE/4 SE/4 of Section 16 will be dedicated to the FOC State B Well No. 10 and the FOC State B Well No. 12, and the SW/4 SE/4 of Section 16 will be dedicated to the FOC State B Well No. 11, in order to form standard 40-acre spacing units in the Grayburg-Jackson-Seven Rivers/Queen/Grayburg/San Andres Pool (28509). 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. Each of these locations is less than 330 feet from a unit boundary.

Your application on behalf of Forest 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 because Forest's geologic interpretation indicates that the wells can tap into stranded reserves located on the margins of existing spacing units that cannot be effectively drained by wells located at standard locations.

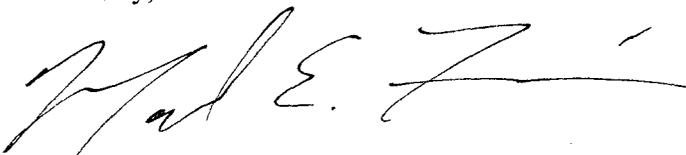
It is also understood that notice of this application to offsetting operators or owners is unnecessary because Forest owns 100% of the working interest in all of the offsetting spacing units towards which these locations encroach.

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

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

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
United States Bureau of Land Management - Carlsbad