



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

November 17, 2003

Lori Wrotenbery

Director

Oil Conservation Division

Fossil Operating, Inc.
9870 Plano Road
Dallas, Texas 75238

Attention: Richard M. Sepulvado
Exploration Manager
exploration@taurenexploration.com

Administrative Order NSL-4961

Dear Mr. Sepulvado:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on October 14, 2003 (*administrative application reference No. pMES0-328844182*); (ii) your two telephone conversations with Mr. Michael E. Stogner, Engineer/Hearing Officer with the Division in Santa Fe on Monday, November 3 and on Monday, November 17, 2003; and (iii) the Division's records in Santa Fe: all concerning Fossil Operating, Inc.'s ("Fossil") request for an unorthodox wildcat Wolfcamp gas well location within a proposed 320-acre standard lay-down gas spacing unit comprising the N/2 of Section 27, Township 14 South, Range 29 East, NMPM, Chaves County, New Mexico.

This unit is to be dedicated to the plugged and abandoned B. T. A. Oil Producer's Honolulu Federal Well No. 1 (API No. 30-055-00441), to be redesignated the Fossil Operating Federal Com. Well No. 2, located 2310 feet from the South and East lines (Unit G) of Section 27.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

From the Division's records, B. T. A. Oil Producers of Midland, Texas originally drilled this well in mid-1961 to a total depth of 10,242 feet to test the King Camp-Devonian Pool (35940) within the SW/4 NE/4 (Unit G) of Section 27, being a standard 400-acre oil spacing and proration unit for this pool, at a standard oil well. According to the Division's records, the Devonian interval tested dry and the well was plugged and abandoned in on July 25, 1961.

It is our understanding that Fossil now intends to reenter this well and attempt a completion for gas within the Wolfcamp formation. Pursuant to Rule 104.C (2) (a), as revised, this location is now considered to be unorthodox for the proposed lay-down 320-acre spacing unit.

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Division Administrative Order NSL-4691

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, if this well is completed as a Wolfcamp gas well, then the above-described unorthodox gas well location is hereby approved.

Sincerely,



Lori Wrotenberg
Director

LW/mes

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Roswell