



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

December 14, 1998

Koch Exploration Company
20 East Greenway Plaza - 6th Floor
Houston, Texas 77046-2002
Attention: Lance F. Harmon

Administrative Order NSL-4179

Dear Mr. Harmon:

Reference is made to your application dated November 20, 1998 and to the records of the Division in Santa Fe concerning Koch Exploration Company's request for an initial non-standard Blanco-Mesaverde gas well location within a proposed standard lay-down 315.05-acre gas spacing and proration unit comprising Lots 1, 2, 3, 4, and 5, the W/2 NW/4, and the SE/4 NW/4 (N/2 equivalent) of Section 20, Township 30 North, Range 11 West, NMPM, Blanco-Mesaverde Pool, San Juan County, New Mexico for the existing Carle Well No. 2 (API No. 30-045-09400).

This well was initially drilled in 1953 by Wood River Oil & Refining Company, Inc. to a total depth of 2161 feet and completed in the Aztec Pictured Cliffs Pool. Lots 1, 2, 4, and 5 (NE/4 equivalent) of Section 20, being a standard 155.46-acre gas spacing and proration unit was dedicated to this well. The original "Application for Permit to Drill" showed this well location to be 790 feet from the North line and 1650 feet from the East line of Section 20. On subsequent forms the location was reported to be 810 feet from the North line and 1585 feet from the East line.

It is our understanding this location should be changed again to reflect a resurvey of Section 20 by the U. S. Lands Survey in 1974 to be 777 feet from the North line and 1635 feet from the East line (Lot 2/Unit B) of Section 20. Also, Koch now intends to re-enter this well, plug off the Pictured Cliffs interval, and deepen to the Mesaverde formation. Pursuant to the "Special Rules and Regulations for the Blanco-Mesaverde Pool," as promulgated by Division Order No. R-10987 the 777' FNL & 1635' FEL location is considered to be unorthodox.

This application has been duly filed under the provisions of Division Rules 104.F and 605.B of the Rules and Regulations of the New Mexico Oil Conservation Division.

By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox Blanco-Mesaverde gas well location for the Carle Well No. 2 is hereby approved.

Further, the aforementioned well and spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,

Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington