



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

January 14, 2004

Lori Wrotenberg

Director

Oil Conservation Division

Fasken Oil and Ranch, Ltd.
c/o **W. Thomas Kellahin**
P. O. Box 2265
Santa Fe, New Mexico 87504-2265

Administrative Order NSL-604-A

Dear Mr. Kellahin:

Reference is made to the following: (i) your application on behalf of the operator, Fasken Oil and Ranch, Ltd. ("Fasken"), dated December 12, 2003 (*administrative application reference No. pMESO-400638551*); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe, including the file on Division Administrative Order NSL-604: all concerning Fasken's request for an unorthodox Wolfcamp oil well location for its existing El Paso "3" Federal Well No. 1 (API No. 30-015-20906), located 2724 feet from the North line and 2870 feet from the East line (Lot 27/Unit K) of Irregular Section 3, Township 21 South, Range 26 East, NMPM, Eddy County, New Mexico. Lot 27 of Irregular Section 3, being a standard 39.44-acre oil spacing and proration unit for Wolfcamp oil production, is to be dedicated to this well.

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.

By Division Administrative Order NSL-604, dated June 4, 1973, David Fasken was authorized to drill the above-described El Paso "3" Federal Well No. 1 at an unorthodox "wildcat" gas well location "489.1 feet from the North line and 195.1 feet from the East line of Lot 11 of [Irregular] Section 3," which location corresponds to the above-described current description of this well. In August/September, 1973 David Fasken drilled the El Paso "3" Federal Well No. 1 to a total depth of 11,240 feet. This well was subsequently completed in the Avalon-Morrow Gas Pool (70920), the Calabaza Draw-Atoka Gas Pool (73695), and the Avalon-Strawn Gas Pool (71080), all within a standard 320-acre, more or less, lay-down gas spacing unit comprising the middle one-third (Units I through P) of Irregular Section 3.

It is further understood that: (i) the Morrow interval was abandoned in late 1992; (ii) the Atoka and Strawn intervals were abandoned in September, 2003; and (iii) on December 3, 2003 Fasken recompleted this well as an oil well in the Wolfcamp formation. However, pursuant to Division Rule 104.B (1), as revised, this Wolfcamp oil location is considered to be "unorthodox" for the aforementioned standard 39.44-acre oil spacing and proration unit comprising Lot 27 (Unit K) of Irregular Section 3.

According to your application and the Division's records, Lot 27 (Unit K) and offsetting Lot 26 (Unit J), both in Irregular Section 3, are included within a single Federal lease (U.S. Government lease No. NM-911) in which Fasken is the leasehold operator and all mineral interest is common; therefore, there are no adversely effected offsets to the subject 39.44-acre tract.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, the above-described unorthodox Wolfcamp oil well location for the Fasken's El Paso "3" Federal Well No. 1 is hereby approved.

Further, Division Administrative Order NSL-604 is hereby placed in abeyance until further notice.

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

Sincerely,



Lori Wrotenbery
Director

LW/mes

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
File: NSL-604