



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

December 28, 2000

Lori Wrotenbery
Director
Oil Conservation Division

R. C. Bennett Company
c/o KCS Medallion Resources, Inc.
7130 South Lewis Avenue - Suite 700
Tulsa, Oklahoma 74136-5489
Attention: Tom Williams

Telefax No. (918) 499-1331

Administrative Order NSL-4537

Dear Mr. Williams:

Reference is made to your letter dated December 21, 2000 concerning the circumstances that resulted in the location of R. C. Bennett Company's La Huerta "32" Well No. 1-Y (API No. 30-015-31521) which is currently being drilled at an unorthodox gas well location 811 feet from the North line and 1982 feet from the West line (Unit C) of Section 32, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico. It is my understanding on December 13, 2000 a drilling problem occurred and the bottom hole assembly was lost within the wellbore of the La Huerta "32" Well No. 1 (API No. 30-015-31470), located at a standard gas well location 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 32. Fearing the possibility of a cavern forming near the surface the rig was skidded to the south a safe distance of 151 feet. This replacement wellbore (being the above-described La Huerta "32" Well No. 1-Y) was inadvertently spud two feet closer to the East line of Section 32 than permitted by Division Rules 104.C (2) and (3).

By the authority granted me under the provisions of Division Rule 1303, the above-described unorthodox gas well location within a: (i) standard 320-acre stand-up gas spacing and proration unit comprising the W/2 of Section 32; and/or (ii) standard 160-acre gas spacing and proration unit comprising the NW/4 of Section 32, is hereby approved.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Artesia