



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

May 2, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Southwestern Energy Production Company
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

Telefax No. (505) 982-2151

Administrative Order NSL-4581

Dear Mr. Bruce:

Reference is made to the following: (i) your application on behalf of the operator, Southwestern Energy Production Company ("Southwestern"), dated April 12, 2001; (ii) your unsolicited letter dated April 23, 2001 with supplemental data; and (iii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Southwestern's request for an exception to the provisions of Division Rule 104.C (2) (a) for its proposed Empire Deep "29" Federal Well No. 1 to be drilled at an initial unorthodox Morrow gas well location 540 feet from the North line and 370 feet from the West line (Unit D) of Section 29, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico.

The N/2 of Section 29 is to be dedicated to this well in order to form a standard 320-acre lay-down gas spacing and proration unit for either the Undesignated South Empire-Morrow Gas Pool or the Undesignated Grayburg-Morrow Gas Pool.

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.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the middle Morrow interval than a well drilled at a location considered to be standard within the proposed unit. Topographic conditions further restrict placement of a drilling pad in the northeastern portion of this unit.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Morrow gas well location is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

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