



NEW MEXICO ENERGY, MINERALS and  
NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON  
Governor  
Jennifer A. Salisbury  
Cabinet Secretary

August 14, 2001

Lori Wrotenbery  
Director  
Oil Conservation Division

Capataz Operating, Inc.  
P. O. Drawer 10549  
Midland, Texas 79702  
Attention: H. Scott Davis

Telefax No. (915) 620-8842

*Administrative Order NSL-4630*

Dear Mr. Davis:

Reference is made to the following: (i) your initial application (*application reference No. pKRV0-122048487*) dated July 12, 2001 that was apparently submitted to the New Mexico Oil Conservation Division's ("Division") district office in Hobbs on the same day but was not forwarded to the Division's Santa Fe office, being the proper place to submit such filings, until August 7, 2001; and (ii) the Division's records in Santa Fe: all concerning Capataz Operating, Inc.'s request for an unorthodox oil well location in both the Undesignated House-Drinkard (33250) and Undesignated House-Abo (33210) Pools for the proposed Redtag Well No. 2 (API No. 30-025-35630) to be drilled 2410 feet from the South line and 2210 feet from the West line (Unit K) of Section 2, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico.

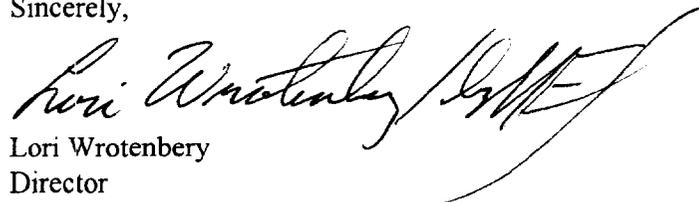
The NE/4 SW/4 of Section 2 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit for both intervals.

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 the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox oil well location for both the Undesignated House-Drinkard and Undesignated House-Abo Pools within the NE/4 SW/4 of Section 2 is hereby approved.

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

Sincerely,



Lori Wrotenbery  
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division – Hobbs  
New Mexico State Land Office - Santa Fe