



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

September 28, 2001

Lori Wrotenbery

Director

Oil Conservation Division

Bois d'Arc Offshore, Inc.
c/c Discovery Exploration, Inc.
621 17th Street - Suite 1535
Denver, Colorado 80293
Attention: William Price Berryman
Agent, Synergy Operating, LLC

Telefax No. (303) 296-3298

Administrative Order NSL-4648

Dear Mr. Berryman:

Reference is made to the following: (i) your application on behalf of the operator, Bois d'Arc Offshore, Inc., submitted to the New Mexico Oil Conservation Division ("Division") on September 6, 2001 (application reference No. *pKRL-01-2532-8*); (ii) the Division's initial response by letter dated September 14, 2001 from Mr. Michael E. Stogner, Chief Hearing Officer, Engineer in Santa Fe; (iii) your telefaxed response on September 23, 2001 with supplemental data; and (iv) the Division's records in Artec and Santa Fe all concerning Bois d'Arc Offshore, Inc.'s request for a non-standard gas well location within both the Dakota and Mesaverde (Menerree) formations for its proposed Encino "15" Well No. 1 to be drilled 250 feet from the North line and 920 feet from the East line Unit A of Section 15, Township 20 North, Range 5 West, NMPM, McKinley County, New Mexico. The NE 1/4 of Section 15 is to be dedicated to the well in order to form a standard 160-acre gas spacing and production unit for said well.

This application has been accepted under the provisions of Division Rule NSL-48, revised by Division Order No. R-1231, issued by the New Mexico Oil Conservation Commission in Case No. 1231 on August 2, 1999.

It is our understanding that Bois d'Arc Offshore, Inc. is seeking this exception based on a 3-D seismic survey of the immediate area, which indicates that a well drilled at the proposed nonorthodox gas well location will be at a more favorable geologic position within the deeper Dakota formation than a well drilled at a location considered to be standard within the NE 1/4 of Section 15.

As the authority granted me under the provisions of Division Rule NSL-48, the above-described nonorthodox, nonstandard gas well location to both the Dakota and Mesaverde (Menerree) formations within this 160-acre unit comprising the NE 1/4 of Section 15 is hereby approved.

Sincerely,

Lori Wrotenbery

Director

LW:MBS:LL

cc: New Mexico Oil Conservation Division - Artec
New Mexico Bureau of Land Management - Farmington