



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

April 5, 2002

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

Telefax No. (915) 620-8842

Administrative Order NSL-4630-A

Dear Mr. Davis:

Reference is made to the following: (i) your initial application submitted to the New Mexico Oil Conservation Division ("Division") on March 4, 2002 (*application reference No. pKRV0-206429949*); (ii) the Division's initial response by letter from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe dated March 7, 2002; (iii) your e-mail message to Mr. Stogner on March 11, 2002; (iv) your telephone conversation with Mr. Stogner on Thursday, March 14, 2002; (v) your letter with supplemental data dated March 14, 2002; and (vi) the Division's records in Santa Fe and Hobbs, including the file on Division Administrative Order NSL-4630: all concerning Capataz Operating, Inc.'s ("Capataz") request to amend a previously approved order by the Division of an unorthodox well location by expanding the vertical limits of the provisions to include the Blinebry interval.

Division Administrative Order NSL-4630, dated August 14, 2001, authorized Capataz to drill its Redtag Well No. 2 (API No. 30-025-35630) at an unorthodox oil well location in both the Undesignated House-Drinkard (33250) and Undesignated House-Abo (33210) Pools 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, within a standard 40-acre oil spacing and proration unit for both intervals comprising the NE/4 SW/4 (Unit K) of Section 2.

It is the Division's understanding that the Blinebry interval tested successfully for gas. Pursuant to Division Rule 104.C (3), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, this location is considered to ^{b2}unorthodox for a shallow gas producing interval in southeast New Mexico. The SW/4 of Section 2, being a standard 160-acre gas spacing and proration unit for a Blinebry gas well is to be dedicated to this well.

The subject request has been duly filed under the provisions of Division Rule 104.F, as revised.

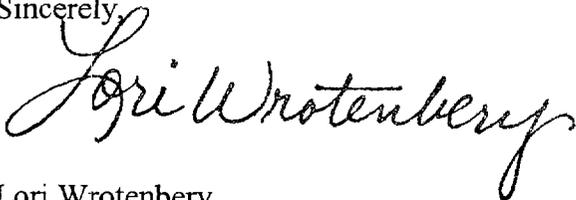
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By the authority granted me under the provisions of Division Rule 104.F (2), as revised, the above-described unorthodox Blinebry gas well location for the Redtag Well No. 2 is hereby approved.

Further, Division Administrative Order NSL-4630 dated August 14, 2001 shall remain in full force and effect until further notice.

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

Sincerely,

A handwritten signature in cursive script that reads "Lori Wrotenbery". The signature is written in black ink and is positioned to the right of the word "Sincerely,".

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: NSL-4630