



OCD - Artesia

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

September 25, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

**Pure Energy Operating, Inc.
153 Timberline – Suite 200
San Antonio, Texas 78209**

**Attention: C. Wendel Schoenberger
Land Supervisor**

SEP 25 2006
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Administrative Order NSL-5462

Dear Mr. Schoenberger:

Reference is made to the following: (i) your initial contact with Mr. Michael E. Stogner, Staff Engineer with the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico, by telephone on Wednesday morning, August 30, 2006; (ii) the Division's records in Artesia and Santa Fe, including the file on Cabal Energy Corporation's administrative application (*administrative application reference No. pSEM0-534035390*) that was filed with the Division in Santa Fe on December 5, 2005 and was subsequently withdrawn on December 13, 2005; (iii) your re-submittal of this application (*administrative application reference No. pMES0-626762649*); for Pure Energy Operating, Inc. ("Pure") on September 22, 2006: all concerning Pure's request for an exception to the well location requirements (Rule 4) provided within the "Special Rules and Regulations for the Pecos-Slope Abo Gas Pool," as promulgated by Division Order No. R-9976-C, dated March 19, 1996, as amended by Division Order No. R-9976-D, issued in Case No. 13057 on February 4, 2004, for its existing (spud date: February 1, 2006) Aztec "26" Federal Com. Well No. 1 (*API No. 30-005-63800*), located at an unorthodox gas well location 660 feet from the South line and 2280 feet from the West line (Unit N) of Section 26, Township 10 South, Range 25 East, NMPM, Chaves County, New Mexico.

The SW/4 of Section 26, being a standard 160-acre gas spacing unit in the Pecos Slope-Abo Gas Pool (82730), will be dedicated to this well.

Your application, though late, has been duly filed under the provisions of: (i) Rule 5 of the "Special Rules and Regulations for the Pecos Slope-Abo Gas Pool;" and (ii) Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

By the authority granted me under the applicable provisions of the special pool rules governing the Pecos Slope-Abo Gas Pool and Division Rule 104.F (2), the above-described unorthodox Abo gas well location for Pure's existing Aztec "26" Federal Com. Well No. 1 is hereby approved.

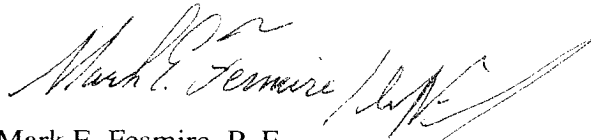
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Please note, even though your application requested other potentially productive shallow gas intervals spaced on the Division's statewide rules, the Division's appointed examiner (Mr. Stogner) felt it was unnecessary since there are no other shallow gas producing pools in the general area; therefore, this order is limited to the Pecos Slope-Abo Gas Pool at this time.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Mark E. Fesmire".

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management – Roswell