



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

April 5, 2004

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

Pure Resources, L.P.
500 West Illinois
Midland, Texas 79701

Attention: Alan W. Bohling
Regulatory Agent
abohling@pureresources.com

Administrative Order NSL-5040

Dear Mr. Bohling:

Reference is made to the following: (i) your application (***administrative application reference No. pMES0-409352186***) filed with the New Mexico Oil Conservation Division ("Division") in Santa Fe on April 2, 2004; and (ii) the Division's records in Santa Fe and Artesia: all concerning Pure Resources, L. P.'s ("Pure") request for an unorthodox Wolfcamp oil well location for its existing Mead Well No. 5 (**API No. 30-015-33149**), recently drilled (spud date – February 4, 2004) to test the Morrow formation underlying a standard 320.41-acre stand-up deep gas spacing unit comprising Lots 1 and 2, the S/2 NE/4, and the SE/4 (E/2 equivalent) of Section 5, Township 22 South, Range 27 East, NMPM, South Carlsbad-Morrow Gas Pool (**73960**), Eddy County, New Mexico. Pursuant to Division Rule 104.C (2) (a), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, the well's location, being 660 feet from the South line and 1060 feet from the East line (Unit P) of Section 5, is considered to be "standard" for this deep Morrow spacing unit.

This application has been duly filed under the provisions of Division Rule 104.F, as revised.

It is the Division's understanding after reviewing your application and our records that this well was permitted and drilled by Tom Brown, Inc. as a deep gas test within the aforementioned 320.41-acre Morrow unit.

It is further understood that Pure, as the new operator, now intends to perforate the Wolfcamp interval in the Mead Well No. 5 in an attempt to establish oil production and recomplete the well such that production from both the existing Morrow gas and proposed Wolfcamp oil intervals will be downhole commingled. The SE/4 SE/4 (Unit P) of Section 5 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit for Wolfcamp oil production. The location of this well however is considered to be unorthodox pursuant Division Rule 104.B (1), as revised.

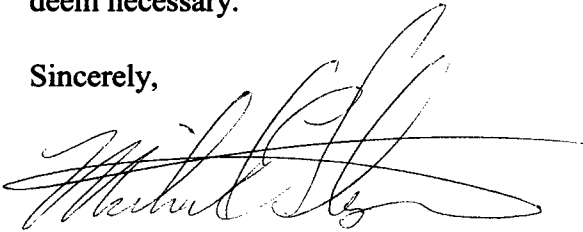
Furthermore, the E/2 equivalent of Section 5 comprises a single fee lease with common mineral interests throughout; therefore, there are no adversely effected offsets to the subject 40-acre tract.

By the authority granted me under the provision of Division Rule 104.F (2), as revised, the above-described unorthodox Wolfcamp oil well location for Pure's above-described Mead Well No. 5 is hereby approved.

AS AN OBSERVATION, the Division suggests that all operators take additional steps to stake wells at, or avoid moving well locations from, spots considered to be standard for all possible zones to be encountered and should be aware of well location requirements for different producing horizons within their immediate area of operations.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a large, sweeping horizontal stroke across the middle.

Michael E. Stogner
Engineer/Hearing Officer

MES/ms

cc: New Mexico Oil Conservation Division – Artesia