



DHC-3269

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

May 7, 2004

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

C. W. Trainer
c/o Oil Reports & Gas Services, Inc.
1008 W. Broadway
Hobbs, New Mexico 88240

Attention: Gaye Heard
gheard@oilreportsinc.com

Administrative Order NSL-5052

Dear Ms. Heard:

Reference is made to the following: (i) your application (*administrative application reference No. pMES0-412838198*) on behalf of the operator, C. W. Trainer, filed with the New Mexico Oil Conservation Division ("Division") in Santa Fe on April 29, 2004; (ii) my telephone conversations with Mr. Trent Grovey on Thursday, May 7, 2004; and (iii) the Division's records in Santa Fe and Artesia, including the file on Division Administrative Order DHC-3269: all concerning C. W. Trainer's request for an unorthodox gas well location in the Strawn and Atoka formations for the existing Lakey Com. Well No. 1 (API No. 30-015-23351), located 2280 feet from the South line and 660 feet from the West line (Unit L) of Section 20, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico.

The W/2 of Section 20, being a standard 320-acre stand-up deep gas spacing unit pursuant to Division Rule 104.C (2) for both the Undesignated North Loving-Strawn Gas Pool (80710) and the Undesignated North Loving-Atoka Gas Pool (80694), is to be dedicated to this well.

Your application has been duly filed under the provisions of Division Rule 104.F.

According to the Division's well records the above-described Lakey Com. Well No. 1 was initially drilled in 1980 by Belco Petroleum Corporation of Midland, Texas to a total depth of 12,622 feet and was subsequently completed in the North Loving-Morrow Gas Pool (80695) at a location considered to be standard at that time within a standard 320-acre stand-up gas spacing unit comprising the W/2 of Section 20. Last reported gas production from this well was in December, 1982.

It is the Division's understanding that C. W. Trainer now intends to recomplete this well up-hole into both the Strawn and Atoka intervals (as referenced by Division Administrative Order DHC-3269, dated May 4, 2004) and, pursuant to Rule 104.C (2) (a), the location is now considered to be unorthodox.

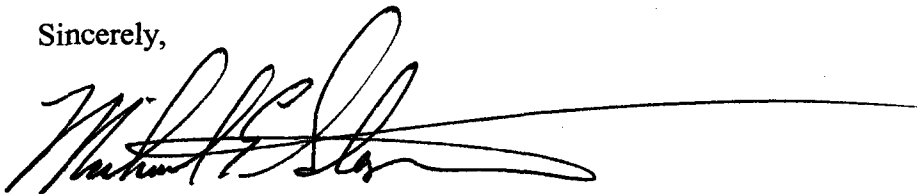
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By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox gas well location for C. W. Trainer's Lakey Com. Well No. 1 in both the Strawn and Atoka formations within the 320-acre deep gas spacing unit comprising the W/2 of Section 20 is hereby approved.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal line extending to the right.

Michael E. Stogner
Engineer/Hearing Officer

MES/ms

cc: New Mexico Oil Conservation Division – Artesia
Trent Grovey (trenedygrovey@yahoo.com)
File: DHC-3269