



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

May 24, 2004

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

Bass Enterprises Production Company
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

Administrative Order NSL-5058 (BHL)

Dear Mr. Bruce:

Reference is made to the following: (i) your initial application (*administrative application reference No. pMES0-330037227*) filed with the New Mexico Oil Conservation Division ("Division") on October 17, 2003 on behalf of Bass Enterprises Production Company ("Bass"); (ii) my letter dated January 13, 2004 dismissing this application; (iii) your resubmittal of this application on February 5, 2004; (iv) our various e-mail correspondences on February 5 and 6, 2004; (iv) my telephone conversations with Ms. Cindi Goodman with Bass in Midland on May 19 and 20, 2004 amending Bass's request; (v) my telephone conversation with you on Wednesday morning, May 19, 2004; (vi) Ms. Goodman's telefax of May 20, 2004 with supplemental data to support this application; and (vii) the records of the Division in Artesia and Santa Fe, including the file in Division Case No. 6889: all concerning Bass's request for an unorthodox subsurface Bone Spring oil well location for its existing James Ranch Unit Well No. 11 (API No. 30-015-23377), located on the surface 1980 feet from the North line and 920 feet from the West line (Unit E) of Section 36, Township 22 South, Range 30 East, NMPM, Eddy County, New Mexico.

This application has been duly filed under the provisions of Division Rules 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, and 111.C (2).

By Division Orders No. R-6369, issued in Case No. R-6369 on June 9, 1980, and R-6369-A, issued in De Novo Case No. 6889 on October 6, 1980, Belco Petroleum Corporation ("Belco") received authorization to directionally drill the James Ranch Unit Well No. 11 to the Morrow formation in such a manner as to bottom the wellbore at an unorthodox subsurface location within 100 feet of a point 1320 feet from the North line and 2640 feet from the West line of Section 36, being the center of a standard 320-acre deep gas spacing unit comprising the N/2 of Section 36.

The Division's records indicate this well was drilled to a total depth of 14,600 feet (MD) by Belco in late 1980. The deepest most directional survey point of this wellbore indicates the subsurface location of this well at a depth of 12,767 feet (MD) to be 1393 feet from the North line and 2143 feet from the West line (Unit F) of Section 36.

It is the Division's understanding that Bass recently recompletes this well up-hole into the Undesignated Los Medanos-Bone Spring Pool (40925) through the perforated interval from 10,467 feet to 10,534 feet. From the directional survey, the actual subsurface location of this wellbore at these depths are approximately 1512 feet from the North line and 1681 feet from the West line of Section 36, and 1507 feet from the North line and 1704 feet from the West line of Section 36, respectively. Pursuant to Division Rules 104.B (1) and 111.A (13), this perforated interval is considered to be "unorthodox" within a standard 40-acre oil spacing and proration unit for the Undesignated Los Medanos-Bone Spring Pool comprising the SE/4 NW/4 (Unit F) of Section 36.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox subsurface Bone Spring oil well location within the SE/4 NW/4 (Unit F) of Section 36 for Bass's James Ranch Unit Well No. 11, is hereby approved.

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 long horizontal line extending to the right.

Michael E. Stogner
Engineer/Hearing Officer

MS/ms

cc: New Mexico Oil Conservation Division - Artesia
New Mexico Oil Conservation Division - Santa Fe
Ms. Cindi Goodman, Bass Enterprises Production Company - Midland, TX (Telefax No. 432-687-0329)
File: Case No. 6889