



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

May 13, 2003

Cordillera Energy, Inc.
c/o Walsh Engineering & Production Corp.
7415 East Main
Farmington, New Mexico 87402
Attention: **Paul C. Thompson**
walsh@cyberport.com

Telefax No. (505) 327-9834

Administrative Order NSL-4883

Dear Mr. Thompson:

Reference is made to the following: (i) your application (*administrative application reference No. pKRV0-310654642*) on behalf of the operator, Cordillera Energy, Inc. ("Cordillera"), that was submitted to the New Mexico Oil Conservation Division ("Division") on April 14, 2003; and (ii) the Division's records in Santa Fe and Aztec: all concerning Cordillera's request for an exceptions to the well location requirements provided within the:

(a) the "*Special Rules for the Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-10987-A, issued in Case No. 12069 and dated February 1, 1999, as amended by Division Order No. R-10987-A (1), dated December 2, 2002; and

(b) the "*Special Rules for the Basin-Dakota Pool*," as promulgated by Division Order No. R-10987-B, issued in Case No. 12290 and dated June 30, 2000, as amended by Division Orders No. R-10987-B (1), dated August 10, 2000, and R-10987-B (2), dated January 29, 2002.

Cordillera proposes to drill its Huron Well No. 4-R at an unorthodox infill gas well location in both the Blanco-Mesaverde (72319) and Basin-Dakota (71599) Pools 1390 feet from the South line and 2190 feet from the East line (Unit J) of Section 2, Township 26 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

Gas production from the Blanco-Mesaverde Pool is to be included within an existing standard 320.58-acre stand-up gas spacing and proration unit ("GPU") comprising Lots 1 and 2, the S/2 NE/4, and the SE/4 (E/2 equivalent) of Section 2, which is currently dedicated to Cordillera's: (i) Huron Well No. 3 (API No. 30-039-06750), located at a standard gas well location 975 feet from the

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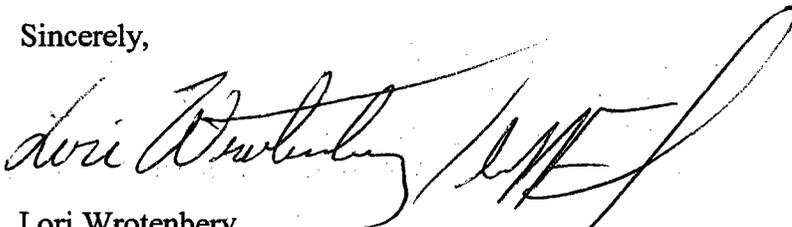
North line and 810 feet from the East line (Lot 1/Unit A) of Section 2; and (ii) Huron Well No. 3-A (API No. 30-039-21500), located at a standard infill gas well location 1800 feet from the South line and 790 feet from the East line (Unit I) of Section 2.

Gas production from the Basin-Dakota Pool is to be included within an existing standard 320.58-acre stand-up GPU that also comprises the E/2 equivalent of Section 2 and is currently dedicated to Cordillera's Huron Well No. 4-E (API No. 30-039-23533), located at a standard gas well location 800 feet from the North line and 790 feet from the East line (Lot 1/Unit A) of Section 2.

This application has been duly filed under the provisions of Division Rules 104.F and 605.B and the applicable rules governing both pools.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Basin-Dakota/Blanco-Mesaverde infill gas well location for Cordillera's proposed Huron Well No. 4-R is hereby approved. The aforementioned producing wells and both spacing units will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Albuquerque