



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-4882

Dear Mr. Thompson:

Reference is made to the following: (i) your application (*administrative application reference No. pKRV0-310654765*) 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 Jicarilla "C" Well No. 1-C at an unorthodox infill gas well location in both the Blanco-Mesaverde (72319) and Basin-Dakota (71599) Pools 2380 feet from the North line and 2070 feet from the East line (Unit G) of Section 11, 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-acre stand-up gas spacing and proration unit ("GPU") comprising the E/2 of Section 11, which is currently dedicated to Cordillera's: (i) Jicarilla "C" Well No. 1 (API No. 30-039-06546), which is at a location now considered to be standard but unorthodox at the time it was drilled (spud-date, October 11, 1963) 890 feet from the South line and 990 feet from the East line

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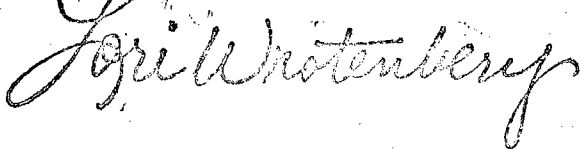
(Unit P) of Section 11 (see Division Order No. R-2597, issued in Case No. 2922 on November 13, 1963); and (ii) Jicarilla "C" Well No. 1-A (API No. 30-039-21345), located at a standard infill gas well location 790 feet from the North and East lines (Unit A) of Section 11.

Gas production from the Basin-Dakota Pool is to be included within an existing standard 320-acre stand-up GPU that also comprises the E/2 of Section 11 and is currently dedicated to Cordillera's: (i) above-described Jicarilla "C" Well No. 1, which also is at a location now considered to be standard but unorthodox at the time it was drilled (see also Division Order No. R-2597); and (ii) Jicarilla "C" Well No. 1-E (API No. 30-039-22121), located at a standard infill gas well location 960 feet from the North line and 850 feet from the East line (Unit A) of Section 11.

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 Jicarilla "C" Well No. 1-C 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