



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

October 6, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

J. Cleo Thompson and James Cleo Thompson, Jr., L. P.

c/o **James Bruce**

P. O. Box 1056

Santa Fe, New Mexico 87504

Administrative Order NSL-5117

Dear Mr. Bruce:

Reference is made to the following: (i) your initial application that was submitted to the New Mexico Oil Conservation Division ("Division") on September 23, 2004 (**administrative application reference No. pSEM0-426749412**) on behalf of the operator, J. Cleo Thompson and James Cleo Thompson, Jr., L. P. ("Thompson"); (ii) your telefax duplicate of this application of September 29, 2004 to Mr. David R. Catanach, Engineer/Hearing Officer with the Division in Santa Fe; (iii) your meeting with Mr. Michael E. Stogner, Division Engineer/Chief Hearing Officer in Santa Fe; and (iv) the Division's records in Santa Fe: all concerning J. Cleo Thompson's request for an exception to the well location requirements (**Rule 4**) provided within the "*Special Rules and Regulations for the North Knowles-Devonian Pool*," as promulgated by Division Order No. R-8497, as amended, for Thompson's proposed Lawrence Well No. 1 (**API No. 30-025-36898**) to be drilled 2531 feet from the North line and 630 feet from the East line (Unit H) of Section 14, Township 16 South, Range 38 East, NMPM, Undesignated North Knowles-Devonian Pool (36330), Lea County, New Mexico. The E/2 NE/4 of Section 14 is to be dedicated to this well in order to form a standard 80-acre stand-up oil spacing and proration unit for this pool (as provided for by **Rule 2** of the special pool rules).

This application has been duly filed under the provisions of: (i) **Rule 5** of the special pool rules governing the North Knowles-Devonian Pool; (ii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission ("Commission") in Case No. 12119 on August 12, 1999; and (iii) Rule 1207.A (2), revised by Division Order No. R-11205, issued by the Commission in Case No. 12177 on June 17, 1999.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the Devonian formation underlying this unit, thereby increasing the likelihood of obtaining commercial production.

J. Cleo Thompson and James Cleo Thompson, Jr., L. P.
Division Administrative Order NSL-5117

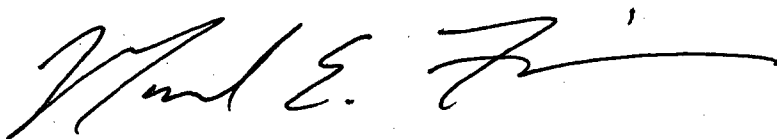
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By the authority granted me under the provision of the applicable rules governing the North Knowles-Devonian Pool and Division Rule 104.F (2), the above-described unorthodox Devonian oil well location is hereby approved.

Further, the aforementioned well and spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to this pool.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire", with a long horizontal flourish extending to the right.

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division - Hobbs