



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

October 7, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Forest Oil Corporation
1600 Broadway – Suite 2200
Denver, Colorado 80202

Attention: Anna Walls
Land Tech
avwalls@forestoil.com

Administrative Order NSL-5120

Dear Ms. Walls:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on September 20, 2004 (***administrative application reference No. pMES0-426552947***); and (ii) the Division's records in Santa Fe, including the file on Division Administrative Order NSL-5119, dated October 7, 2004: all concerning Forest Oil Corporation's ("Forest") request to drill its Barclay Federal Well No. 32 as a replacement well within a former standard 40-acre oil spacing and proration unit in the South Livingston Ridge-Delaware Pool (**96149**) comprising the SE/4 SW/4 (Unit N) of Section 1, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico, at an unorthodox location 700 feet from the South line and 2500 feet from the West line of Section 1.

This application has been duly filed under the provisions of Division Rule 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.

It is the Division's understanding that initial development of Delaware oil production within this 40-acre unit commenced in March, 1999 when ARCO Permian recompleted its Barclay Federal Well No. 1 (**API No. 30-015-24954**), located at a standard oil well location 660 feet from the South line and 1980 feet from the West line of Section 1, from the North Sand Dunes-Morrow Gas Pool (**84700**) to the South Livingston Ridge-Delaware Pool. Delaware oil production ceased in December, 2002 and in March, 2003 BP America Production Company temporarily abandoned the Barclay Federal Well No. 1.

From your application and the Division's records, both the SE/4 SW/4 (Unit N) and the SW/4 SE/4 (Unit O) of Section 1 are within a single federal lease (***U. S. Government lease No. NM-022080***) in which Forest owns 100 % leasehold interest; therefore, there are no adversely affected interests to the proposed 40-acre oil spacing and proration unit within the Delaware interval.

It is further understood that such unorthodox location is necessitated for geologic and engineering reasons. This replacement well at the proposed unorthodox oil well location is situated between the above-describe Barclay Federal Well No. 1 and the Barclay Federal Well No. 9 (API No. 30-015-29787), which is currently producing from the South Livingston Ridge-Delaware Pool at a standard oil well location 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 1, and will enable Forest to further develop and deplete the Delaware reserves within this portion of its federal lease that might not otherwise be recovered.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described Barclay Federal Well No. 32 to be drilled at an unorthodox oil well location within this former 40-acre South Livingston Ridge-Delaware oil spacing and proration unit is hereby approved.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/mes

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management – Carlsbad