



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

February 14, 2000

**Trend Exploration Company
c/o Permits West, Inc.
37 Verano Loop
Santa Fe, New Mexico 87505
Attention: Brian Wood**

Administrative Order NSL-4408

Dear Mr. Wood:

Reference is made to your application on behalf of the operator, Trend Exploration Company, dated January 19, 2000 for an exception to Rule 4 of the "*Special Rules and Regulations for the Northeast Lovington-Pennsylvanian Pool*," as promulgated by Division Order No. R-3816, as amended, in order to drill its proposed Penju Well No. 1 at an unorthodox oil well location 4135 feet from the South line and 2318 feet from the East line (Lot 10/Unit J) of irregular Section 2, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico.

Lots 10 and 15 of Section 2, being a standard 80-acre oil spacing and proration unit for the Northeast Lovington-Pennsylvanian Pool, is to be dedicated to this well.

It is our understanding that Trend Exploration Company is seeking this location exception based on a 3-D seismic survey of the immediate area, whereby it contends that a well drilled at this location, will be at a more favorable geologic position within the Strawn formation underlying the subject 80-acre unit.

The subject 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, and the applicable provisions of the rules governing the Northeast Lovington-Pennsylvanian Pool.

By the authority granted me under the provisions of: (i) Rule 5 of these special pool rules; and (ii) Division Rule 104.F(2), the unorthodox oil well location of the proposed Penju Well No. 1 is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs