



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

October 11, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Joe L. Tarver
2807 74th Street – Suite #1
Lubbock, Texas 79423

Telefax No. (806) 748-0676

Administrative Order NSL-5283

Dear Mr. Tarver:

Reference is made to the following: (i) your initial voice mail message for Mr. Michael E. Stogner, Engineer with the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico, on Friday morning (10:22 am MDST) October 7, 2005; (ii) your telephone conversation with Mr. Stogner on Tuesday morning, October 11, 2005; (iii) your letters with attachments telefaxed to the Division's Chief Engineer, Richard Ezeanyim, and myself on October 7, 2005; (iv) your subsequent application (*administrative application reference No. pMES0-528450069*) filed by telefax on October 11, 2005; and (v) the records of the Division in Artesia and Santa Fe: all concerning your request for exceptions to Division Rule 104.B (1) for three plugged and abandoned wells located in Section 35, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico, that are to be reentered and recompleted in the Empire (Yates/Seven Rivers) Pool (22230).

From the Division's records the three following described wells were drilled in the early 1940's by Paton Bros. of Artesia, New Mexico, completed in and produced from the Empire (Yates/Seven Rivers Pool), and subsequently plugged and abandoned by Cities Service Oil Company in 1977:

- (a) Russell "C" Well No. 5 (API No. 30-015-00642)
Permitted Location: 990' FSL & 1650' FEL (Unit O)
Spud Date: October 10, 1941
Cumulative Production: 17,248 BO
Last Reported Production: June, 1976
- (b) Russell "C" Well No. 6 (API No. 30-015-00638)
Permitted Location: 990' FSL & 2310' FWL (Unit N)
Spud Date: November 29, 1941
Cumulative Production: 7,635 BO
Last Reported Production: January, 1977
- (c) Russell "C" Well No. 7 (API No. 30-015-00641)
Permitted Location: 330' FSL (4950' FNL) & N1650' FEL (Unit O)
Spud Date: December 14, 1942
Cumulative Production: 1,280 BO
Last Reported Production: December, 1976

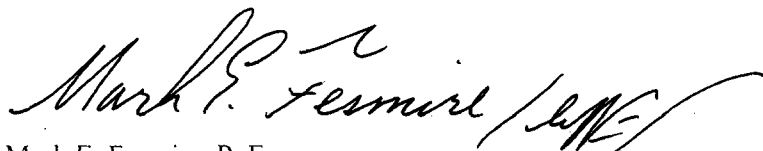
It is the Division's understanding that: (i) the 80-acre area comprising both the SE/4 SW/4 (Unit N) and SW/4 SE/4 (Unit O) of Section 35 is a single federal lease (Russell "C") issued by the U. S. Bureau of Land Management (*United States Government lease No. LC-028755-A*) with common mineral interest ownership from the surface to a depth of 1,430 feet in which you own 100% of the cost bearing (working) interests; and (ii) offsetting the 200 acres in Section 35 comprising the NE/4 SW/4 (Unit K), SW/4 SW/4 (Unit M), N/2 SE/4 (Units I and J), and SE/4 SE/4 (Unit P) is also a single federal lease (*United States Government lease No. LC-057798*) with common mineral interest ownership from the surface to a depth of 3,000 feet in the SW/4 SW/4 (Unit M) of Section 35 and from the surface to a depth of 1,430 feet as to all other acreage described in which you own 100% of the cost bearing (working) interests.

Your re-survey of these three abandoned wells indicate the actual locations are: (i) 1002 feet from the South line and 1633 feet from the East line (Unit O) of Section 35 for the Russell "C" Well No. 5; (ii) 1009 feet from the South line and 2297 feet from the West line (Unit N) of Section 35 for the Russell "C" Well No. 6; and (iii) 395 feet from the South line and 1622 feet from the East line (Unit O) of Section 35 for the Russell "C" Well No. 7. Pursuant to Division Rule 104.B (1) these locations are considered to be unorthodox for the two proposed standard 40-acre oil spacing and proration units comprising: (i) the SE/4 SW/4 (Unit N) of Section 35, which unit is to be dedicated to the Russell "C" Well No. 6; and (ii) the SW/4 SE/4 (Unit O) of Section 35, which units is to be simultaneously dedicated to the your Russell "C" Wells No. 5 and 7.

Your application has been duly filed under the provisions of Division Rules 104.F and 1207.A (2).

By the authority granted me under the provisions of Division Rule 104.F (2), the three above-described unorthodox Empire Yates/Seven Rivers oil well locations are hereby approved.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

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