



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

February 22, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Lone Wolf Operating Company/Lone Wolf New Mexico, LLC
1125 17th Street – Suite 2290
Denver, Colorado 80202

Telefax No. (720) 904-6951

Attention: **Mike Benetatos**
Operations Manager

Administrative Order NSL-5338

Dear Mr. Benetatos:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on January 19, 2006 (*administrative application reference No. pMES0-605334210*); and (ii) the Division's records in Aztec and Santa Fe, including the file on Division Administrative Application NSL-5222: all concerning Lone Wolf Operating Company/Lone Wolf New Mexico, LLC's request for an exception to Division Rule 104.B (1) for its proposed Celso Gomez Well No. 2 to be drilled at an unorthodox Entrada oil well location 1500 feet from the South line and 2400 feet from the East line (Unit J) of Section 19, Township 32 North, Range 2 East, NMPM, as projected into the unsurveyed Tierra Amarilla Land Grant, Rio Arriba County, New Mexico. The NW/4 SW/4 of Section 19 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit for the Entrada formation (*WC 32N2E19: Entrada – pool code 97454*).

Your application for Chesapeake has been duly filed under the provisions of Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

By the authority granted me under the provisions of Division Rule 104.F (2) the above-described unorthodox Entrada oil well location is hereby approved.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Aztec
File: Administrative Order NSL-5222