



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

March 31, 2006

**Mark E. Fesmire, P.E.**

Director

Oil Conservation Division

**Bass Enterprises Production Company**

c/o **James Bruce**

**P. O. Box 1056**

**Santa Fe, New Mexico 87504**

*Administrative Order NSL-5358*

Dear Mr. Bruce:

Reference is made to the following: (i) your application (*administrative application reference No. pTDS0-607234155*) filed on behalf of the operator Bass Enterprises Production Company ("Bass") and initially submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico by telefax on March 12, 2006; (ii) your follow-up hard copy received by the Division on March 14, 2006; and (iii) the Division's records in Artesia and Santa Fe: all concerning Bass' request to drill its proposed Horned Toad "36" State Well No. 1 at an unorthodox Delaware oil well location 1625 feet from the North line and 660 feet from the East line (Unit H) of Section 36, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico. The SE/4 NE/4 of Section 36 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit within the Nash Draw-Delaware/Bone Spring (Avalon Sand) Pool (47545).

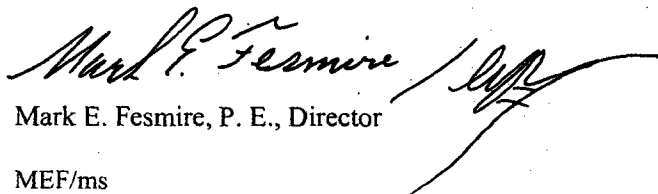
Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

It is the Division's understanding that the area comprising the E/2 of Section 36 comprises a single state lease issued by the New Mexico State Land Office (*State Lease No. V-7100*) in which Bass is the leasehold operator and all mineral interest is common; therefore, there are no adversely effected offsets to the subject 40-acre tract.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox oil well location within the Nash Draw-Delaware/Bone Spring (Avalon Sand) Pool for Bass' proposed Horned Toad "36" State Well No. 1 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 - Artesia  
New Mexico State Land Office - Santa Fe