



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

January 11, 2007

Pride Energy Company
c/o Mr. James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504

Attention: Mr. James Bruce, Attorney

Re: **Inbe "24" Well No. 1**
API No. 30-025-38084
660' FNL & 2310' FEL, Unit B,
Section 24, T-11 South, R-33 East, NMPM,
Lea County, New Mexico

Administrative Order NSL-5546

Dear Mr. Bruce:

Reference is made to the following:

- (a) your application on behalf of Pride Energy Company ("applicant") for a non-standard well location (*administrative application reference No. pTDS0635648537*) for the Inbe "24" Well No. 1 that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on December 21, 2006; and
- (b) the Division's records pertinent to your request.

The applicant requests approval of an unorthodox oil and gas well location for its proposed Inbe "24" Well No. 1 in the Wildcat-Mississippian (Gas), Wildcat-Atoka (Gas), Wildcat-Morrow (Gas), and the Inbe Permo-Upper Pennsylvanian Pool (Oil – 33660) which is to be drilled 660 feet from the North line and 2310 feet from the East line (Unit B) of Section 24, Township 11 South, Range 33 East, NMPM, Lea County, New Mexico. The N/2 of Section 24 is to be dedicated to the well for any completion within the Mississippian, Atoka or Morrow intervals forming a standard 320-acre gas spacing and proration unit. The W/2 NE/4 of Section 24 is to be dedicated to the well in the Inbe Permo-Upper Pennsylvanian Pool forming a standard 80-acre spacing and proration unit for that pool.

The Mississippian, Atoka and Morrow formations are all currently governed by Division Rule 19.15.3.104(C). The Inbe Permo-Upper Pennsylvanian Pool is currently governed by special pool rules established by Division Order No. R-2325, which require:

- a) 80-acre oil spacing and proration units; and
- b) wells to be located within 150 feet of the center of either quarter-quarter section or lot within the proration unit.

The applicant presented geologic evidence to demonstrate that the proposed unorthodox oil and gas well location is necessary in order to access a thicker pay interval within the Bough "C" member of the Upper Pennsylvanian formation.

The only affected offset acreage is the NW/4 of Section 24.

The applicant's evidence also shows that the N/2 of Section 24 is a single fee lease, with common ownership throughout the half section, consequently, there are no adversely affected offset operators and/or interest owners. Therefore, the applicant was not required, and did not provide notice of this application to any party.

Division records show that the Inbe "24" Well No. 1 will be the only well producing at this time within the N/2 of Section 24.

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2), the above-described unorthodox oil and gas well location in the Wildcat-Mississippian, Wildcat-Atoka, Wildcat-Morrow and Inbe Permo-Upper Pennsylvanian Pools is hereby approved.

Sincerely,



Mark E. Fesmire, P.E.
Division Director

MEF/drc

cc: New Mexico Oil Conservation Division – Hobbs