



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

March 26, 2007

Southwestern Energy Company
Attn: J. Alan Grimsley
2350 N. Sam Houston Pkwy East
Suite 300
Houston, TX 77032

Administrative Order NSL-5592

**Re: Karlsbad Corral 11 Well No. 5H
L-11-25S-29E
Eddy County**

Dear Mr. Grimsley:

Reference is made to the following:

(a) your application (**administrative application reference No. pDKB07-06535703**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on March 6, 2007, and

(b) the Division's records pertinent to this request.

Southwestern Energy Company (Southwestern) has requested to drill its Karlsbad Corral 11 Well No. 5H as a horizontal well, at an unorthodox surface location, 2652 feet from the South line and 660 from the West line (Unit L) of irregular Section 11, Township 25 South, Range 29 East, N.M.P.M., in Eddy County, New Mexico, to an unorthodox bottom hole location, or terminus, 200 feet from the South line and 660 feet from the West line (Unit M) of Section 11. The NW/4 SW/4 and the SW/4 SW/4 of Section 11 will be dedicated to this well in order to form an 80-acre project area, pursuant to Division Rule 111, consisting of two adjacent standard, approximately 40-acre spacing units in the Northwest Corral Canyon Delaware Pool (96464). This pool is governed by statewide Rule 104.B, which provides for 40-acre units with wells located at least 330 feet from a unit outer boundary. This surface location is unorthodox since it is less than 330 feet from the northern unit boundary, and the bottomhole location is unorthodox under Rule 111 because the "producing interval," as defined in that rule, will not be entirely located 330 feet or more from the outer boundaries of the project area.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding Southwestern is seeking this well configuration in order to penetrate as much of the formation within the project area as feasible, but that all perforations will be located within the producing area.

Since this well will be completed as a cased hole with all perforations within the orthodox producing area, notice to affected persons in the offsetting spacing units is not required.

Pursuant to the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

This approval is **CONDITIONED HOWEVER** upon this well being completed as a cased hole with all perforations in the lateral shaft of this horizontal well being within the producing area. Any completion of this well not conforming to this condition will require amendment of this order.

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

Sincerely,



Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
United States Bureau of Land Management - Carlsbad