



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

May 2, 2007

Southwestern Energy Company
2350 N. Sam Houston Parkway East
Suite 300
Houston, Texas 77032

Attention: Mr. J. Alan Grimsley

Re: **Corral Fly Federal Well No. 1-H**
API No. N/A
Surface Location: 2520' FNL & 1650' FEL, Unit G
Bottomhole Location: 200' FNL & 1860' FEL, Unit B
Section 10, T-25 South, R-29 East, NMPM,
Eddy County, New Mexico

Administrative Order NSL-5611

Dear Mr. Grimsley:

Reference is made to the following:

- (a) Southwestern Energy Company's ("Southwestern") application for a non-standard well location (*administrative application reference No. pCLP0709428443*) for the Corral Fly Federal Well No. 1-H that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on April 2, 2007; and
- (b) the Division's records pertinent to your request.

Southwestern requests approval of an unorthodox well location for its proposed Corral Fly Federal Well No. 1-H in the **Undesignated West Corral Canyon-Delaware Pool** (Oil – 13365), which is to be drilled as a horizontal producing well from an unorthodox surface location 2520 feet from the North line and 1650 feet from the East line (Unit G) to an unorthodox bottomhole location 200 feet from the North line and 1860 feet from the East line (Unit B) of Section 10, Township 25 South, Range 29 East, NMPM, Eddy County, New Mexico. The well is to be dedicated to an 80-acre "Project Area" comprising the W/2 NE/4 of Section 10.

It is our understanding that the Corral Fly Federal Well No. 1-H will penetrate the pay zone within the Delaware formation at a location approximately 2045 feet from the North line and 1694 feet from the East line of Section 10, and that the well will then be drilled horizontally a distance of approximately 1494 feet to an unorthodox bottomhole location.

The West Corral Canyon-Delaware Pool is currently governed by Division Rule 19.15.3.104(B).

Division records show that the Corral Fly Federal Well No. 1-H will be the first well producing from the West Corral Canyon-Delaware Pool within the proposed project area.

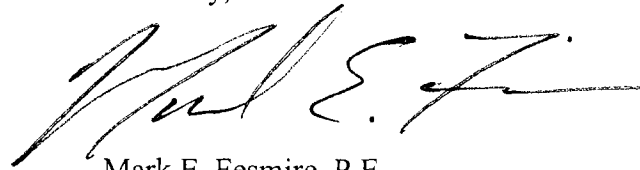
The proposed unorthodox surface and bottomhole locations are necessary in order to maximize the horizontal extent of the wellbore.

Southwestern stated in its application that no perforations within the well will be placed closer than 330 feet to the outer boundary of the project area.

Pursuant to Division Rule 19.15.3.104(F), the applicant has provided notice of this application to all affected offset operators and/or interest owners. No objection has been received by the Division within the 20-day waiting period prescribed by Division Rule 19.15.3.104(F)(4).

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2), the above-described unorthodox surface and bottomhole well location in the Undesignated West Corral Canyon-Delaware Pool is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a stylized flourish at the end.

Mark E. Fesmire, P.E.
Division Director

MEF/drc

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