



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

November 20, 2007

Mr. James Bruce
P.O. Box 1056
Santa Fe, NM 87504

Administrative Order NSL-5717

**Re: BEPCO, L.P.
Big Eddy Unit Well No. 166
Unit L, Section 11-21S-28E
Eddy County**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS07-27545848**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of BEPCO, L.P. (BEPCO), on October 1, 2007, and

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

BEPCO has requested to drill the above-referenced well at an unorthodox well location, 2380 feet from the South line and 660 feet from the West line (Unit L) of Section 11, Township 21 South, Range 38 East, N.M.P.M., in Eddy County, New Mexico. The NW/4 SW/4 of Section 11 will be dedicated to this well in order to form a standard 40-acre spacing unit in the undesignated Scanlon-Delaware Pool (55500). This pool is governed by statewide Rule 104.B(1), which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the northern unit boundary.

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

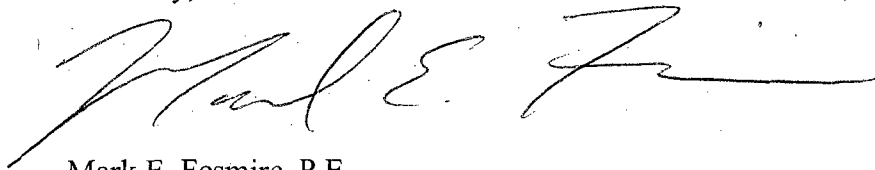
It is our understanding that you are seeking this location to comply with United States Bureau of Land Management surface location requirements.

It is also understood that notice of this application to offsetting operators or owners is unnecessary because ownership of the offsetting spacing unit to the north is identical with ownership of the subject unit.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

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

Sincerely,

A handwritten signature in dark ink, appearing to read "Mark E. Fesmire". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mark E. Fesmire, P.E.
Director

MEF/db

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