



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

November 18, 2002

Lori Wrotenbery
Director
Oil Conservation Division

Elk Oil Company
Box 310
Roswell, New Mexico 88202
Attention: Joseph J. Kelly

Fax No. (505) 623-5001

Administrative Order NSL-4811

Dear Mr. Kelly:

The New Mexico Oil Conservation Division (NMOCD) received your application on November 15, 2002, (*application reference No. pKRV0231829435*) requesting an unorthodox gas well location in the Fusselman and Wolfcamp formations for the proposed Bluegill State Well No. 1. This well is to be drilled at a location 2310 feet from the North line and 1980 feet from the West line (Unit F) of Section 32, Township 9 South, Range 27 East, NMPM, Chaves County, New Mexico.

The W/2 (320 acres) of Section 32, Township 9 South, Range 27 East, NMPM, Chaves County, New Mexico is to be dedicated to this well for all pools based on 320 acre gas spacing and proration units. The primary target of this well is the Foor Ranch-PrePermian (Gas 76730) Pool. The secondary target is the Wolfcamp Gas - which is undiscovered in this area.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No.R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It is our understanding that Elk Oil Company is seeking this unorthodox location because of geological considerations. It is unorthodox because it is closer than 660 feet from the southern quarter section boundary. The entire West half of section 32 has identical ownership.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox gas well location in the Fusselman or the Wolfcamp formations within this 320-acre spacing unit comprising the W/2 of Section 32 is hereby **approved**.

Sincerely,

Lori Wrotenbery (wvjj)
Lori Wrotenbery
Director

LW/wvjj

cc: New Mexico Oil Conservation Division – Artesia
State Land Office – Santa Fe