



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor
Betty Rivera
Cabinet Secretary

December 6, 2002

Lori Wrotenbery
Director
Oil Conservation Division

Ricks Exploration, Inc.
C/o James Bruce Attorney at Law
369 Montezuma, No. 213
P. O. Box 1056
Santa Fe, New Mexico 87501

Fax No. (505) 982-2151

Administrative Order NSL-4819

Dear Mr. Bruce:

The New Mexico Oil Conservation Division (Division) received your application on November 15, 2002, (*application reference No. pKRV0232229379*) on behalf of Ricks Exploration, Inc. ("Ricks") requesting a non-standard gas well location in the Morrow formation, Happy Valley-Morrow Gas Pool (78060), for the proposed State "IE" Com. Well No. 3. This well is to be vertically drilled at a location 829 feet from the North line and 363 feet from the West line (Unit D) of Section 16, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico.

This well is to be the only well dedicated to a standard 320-acre W/2 of Section 16, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico, spacing and proration unit for the Happy Valley-Morrow Gas Pool. Said pool is governed by statewide rules.

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.

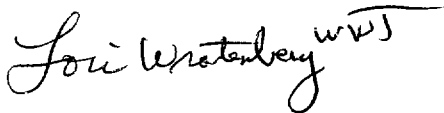
It is our understanding that Ricks is seeking this location to prevent waste based on geological and topographic considerations. This well is proposed as a vertical well 363 feet from the western boundary of this W/2 spacing unit. As such its location is non-standard by being closer than 660 feet – violation of Division rule 104.C.2.a.

There are no affected working interest owners. However, the proposed well is on a State lease while the offsetting E/2 of Section 17 to the west is Federal minerals. Section 17 already contains an offsetting Morrow well in Unit H: Federal "BN" Well No. 1 API 30-015-23498 located 1592 feet from the North line and 444 feet from the East line of Section 17, Township 22 South, Range 26 East, NMPM. The Bureau of Land Management (BLM) has been notified of this application and has not objected within the 20-day suspense period.

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By the authority granted me under the provisions of Division Rule 104.F(2), the above-described non-standard Morrow gas well location within this 320-acre spacing unit comprising the W/2 of Section 16 is hereby **approved**.

Sincerely,



Lori Wrotenbery
Director

LW/wvj

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