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2007 JAN 3 AM 7 59

January 2, 2007

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 13866

Dear Florene:

Enclosed for filing, on behalf of BEPCO, L.P., are an original and one copy of an application for an exception to Order No. R-111-P, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the February 1, 2007 Examiner hearing. Thank you.

Very truly yours,


James Bruce
Attorney for BEPCO, L.P.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF BEPCO, L.P. FOR AN
EXCEPTION TO DIVISION ORDER NO.
R-111-P, EDDY COUNTY, NEW MEXICO.**

2007 JAN 3 AM 7:59
Case No. 13866

APPLICATION

BEPCO, L.P. applies for an order excepting certain lands in the oil-potash area from certain requirements of Division Order No. R-111, as amended. In support thereof, applicant states:

1. Applicant is the operator of the following acreage:

Township 23 South, Range 29 East, N.M.P.M.

Section 24: All

Section 25: All

Section 36: All

Township 23 South, Range 30 East, N.M.P.M.

Section 19: Lots 1-4 and E $\frac{1}{2}$ W $\frac{1}{2}$

Section 30: Lots 1-4 and E $\frac{1}{2}$ W $\frac{1}{2}$

Section 31: Lots 1-4 and E $\frac{1}{2}$ NW $\frac{1}{4}$

These lands are comprised of state and fee minerals.

2. These lands are within the boundaries, or within one-half mile of the boundaries, of the oil-potash area of Southeast New Mexico, as defined in Division Order No. R-111, as amended.
3. Ordering paragraph D of Order No. R-111-P contains certain casing and cementing requirements for wells drilled in the oil-potash area.
4. Applicant desires to drill wells in these lands to a depth sufficient to test the Delaware and Bone Spring formations.

5. Applicant requests that, for Delaware/Bone Spring wells drilled in these lands, it not be required to cement the production strings to the surface.

6. Granting this application will prevent waste and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order granting the relief requested above.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James Bruce", written over a horizontal line.

James Bruce
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Attorney for BEPCO, L.P.

Proposed Advertisement

Case No. 13866 : **Application of BEPCO, L.P. for an exception to Division Order No. R-111-P, Eddy County, New Mexico.** Applicant seeks an order granting an exception to Division Order No. R-111-P so that it is not required to cement production strings to the surface on wells drilled to the Delaware and Bone Spring formations on state and fee lands covering all of Sections 24, 25, and 36, Township 23 South, Range 29 East, NMPM, and the W/2 of Section 19, W/2 of Section 30, and NW/4 and W/2SW/4 of Section 31, Township 23 South, Range 30 East, NMPM. This area is centered approximately 9-1/2 miles east of Loving, New Mexico.

2007 JUN 3 AM 7 59