

August 7, 2000

Ricks Exploration, Inc.
c/o Pecos Petroleum Engineering, Inc.
P. O. Box 1794
Roswell, New Mexico 88202-1794

Attention: Bruce A. Stubbs

Administrative Order NSL-3660-A (NSBHL)

Dear Mr. Stubbs:

By New Mexico Oil Conservation Division ("Division") Administrative Order NSL-3660, dated April 19, 1996, authorization was given ARCO Permian ("ARCO") to drill its Dinah "23" Federal Com. Well No. 1 (**API No. 30-015-28946**) at an unorthodox gas well location to test the Morrow formation within a standard 320-acre gas spacing and proration unit comprising the W/2 of Section 23, Township 17 South, Range 28 East, NMPM, Undesignated South Empire-Morrow Gas Pool or Undesignated Aid-Morrow Gas Pool, Eddy County, New Mexico, 1077 feet from the South line and 660 feet from the East line (Unit M) of Section 23.

By amendment to Administrative Order NSL-3660 (DD) dated January 6, 1997 the Division recognized that this was sidetracked and directionally drilled, whereby the original order was amended to show that the provisions of Administrative Order NSL-3660 were extended to include the actual subsurface path of the Dinah "23" Federal Com. Well No. 1. At that time data was submitted showing the maximum deviation of this wellbore within the above-described 320-acre stand-up unit: (i) to the south occurred at a measured depth of approximately 9,664 feet, at which point the subsurface location is approximately 1002 feet from the South line of Section 23; and (ii) to the west occurred at a measured depth of approximately 4,200 feet, at which point the subsurface location is approximately 637 feet from the West line of Section 23.

Reference is now made to the following: (i) your original letter of application dated June 14, 2000 on behalf of the operator, Ricks Exploration, Inc. ("Ricks"); (ii) the Division's initial response by letter dated July 5, 2000 from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe requesting additional data to accurately reflect this application; (iii) your re-submittal of this application to the Division on July 12, 2000; and (iv) the Division's records in Santa Fe, including the file on Administrative Order NSL-3660: all concerning Ricks' request for an exception to Division Rule 104.B (1) for this well to be recompleted up-hole into the Undesignated Anderson-Wolfcamp Pool whereby the SW/4 SW/4 (Unit M) of Section 23 is to be dedicated to this production in order to form a standard 40-acre oil spacing and proration unit.

The Division Director Finds That:

- (1) Division Administrative Order NSL-3660 and Amended Order NSL-3660 (DD) were originally approved under the provisions of: (i) Division Rules 104.F (2), revised by Division Order No. R-10533, issued by the New Mexico Oil Conservation Commission in Case No. 11351 on January 18, 1996; and (ii) Division Rule 111, revised by Division Order No. R-10388, issued by the New Mexico Oil Conservation Commission in Case No. 11274 on June 13, 1995;
- (2) This request by Ricks for amendment has been duly filed under the provisions of Division Rules 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, and Division Rule 111.C (2);
- (3) The "producing interval" within this wellbore, as defined by Division Rule 111.A (8), is from approximately 7,058 (MD) to 8,210 feet (MD);
- (4) The directional survey of this wellbore with respect to the 40-acre oil spacing and proration unit indicate that:
 - (a) the maximum deviation to the northern boundary occurred between 4,867 feet (MD) and 5,023 feet (MD), at which time the subsurface location is approximately 1088 feet from the South line of Section 23, or 232 feet to the north line of Unit "M" in Section 23;
 - (b) this wellbore does not extend beyond the minimum 330 feet set-back requirements to the eastern, southern, or western boundary line of this 40-acre unit; and
 - (c) at a measured depth of 10,259 feet, being the deepest survey point, the subsurface location is approximately 1067 feet from the South line and 654 feet from the West line of Section 23;
- (5) It appears that the applicant has satisfied all of the appropriate requirements prescribed in Division Rules 111.C (2) and 104.F (2), as revised.

It Is Therefore Ordered That:

- (1) Division Administrative Order NSL-3660, dated April 19, 1996, as amended by the

Division on January 6, 1997, is further amended at this time to properly reflect the actual subsurface path of the Dinah "23" Federal Com. Well No. 1 (**API No. 30-025-28946**), as indicated in the findings above.

(2) All other provisions of Order NSL-3660 and Amended Administrative Order NSL-3660 (DD) not in conflict with this change shall remain in full force and effect until further notice.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

LORI WROTENBERY
Director

S E A L

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
File: NSL-3660