

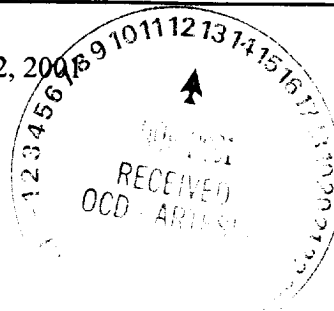


NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

November 2, 2001

Lori Wrotenberg
Director
Oil Conservation Division



Fasken Oil & Ranch, Ltd.
c/o W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504-2265

RE: Administrative application (reference No. **pKRV0-130447098**) of Fasken Oil & Ranch, Ltd. For an exception to Division Rule 104.C (2) (a) for its proposed Cameron "31" Federal Well No. 2 to be drilled at an unorthodox Morrow gas well location 2449 feet from the North line and 408 feet from the East line (Unit H) of Section 31, Township 20 South, Range 25 East, NMPM, Eddy County, New Mexico, in which Lots 1 and 2, the NE/4, and the E/2 NW/4 (N/2 equivalent) of Section 31 is to be dedicated in order to form a standard 319.40-acre gas spacing and proration unit within the Cemetery-Morrow Gas Pool.

Dear Mr. Kellahin:

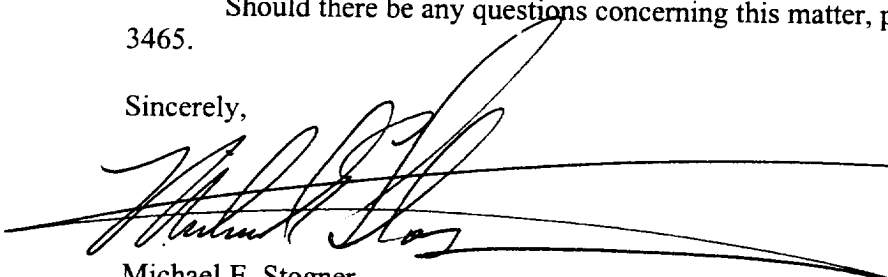
Reference is made to your telefaxed letter dated November 2, 2001 and a letter of objection to the subject application from the New Mexico State Land Office dated October 25, 2001

This application will be set for hearing before a Division Hearing Examiner on the next available docket scheduled for December 6, 2001. I have prepared the following advertisement in this matter:

"Application of Fasken Oil & Ranch, Ltd. for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its Cameron "31" Federal Well No. 2 at an unorthodox gas well location 2449 feet from the North line and 408 feet from the East line (Unit H) of Section 31, Township 20 South, Range 25 East, located approximately 7.5 miles southwest of Seven Rivers, New Mexico. Lots 1 and 2, the NE/4, and the E/2 NW/4 (N/2 equivalent) of Section 31 is to be dedicated to the well in order to form a standard 319.40-acre lay-down gas spacing and proration unit for the Cemetery-Morrow Gas Pool".

Should there be any questions concerning this matter, please contact me in Santa Fe at (505) 476-3465.

Sincerely,


Michael E. Stogner
Chief Hearing Officer/Engineer

MES/kv

cc: **New Mexico Oil Conservation Division - Artesia**
Ms. Jami Bailey, Director Oil, Gas, & Minerals Division - New Mexico State
Land Office, Santa Fe
Kathy Valdes - OCD, Santa Fe