

CASE NO. 9830
Order No. R-9097
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Commence drilling at an unorthodox surface location 460 feet from the South line and 1780 feet from the East line (Unit O) of said Section 18, drilling to a true vertical depth of approximately 4900 feet in the Bone Spring formation whereby the formation will be evaluated to determine the proper direction for the horizontal extension (either north, east, or north-east), plug back to a depth of approximately 4375 feet, and commence a medium radius curve in the predetermined direction to encounter the Bone Spring formation at approximately 4680 feet at which point the well will be drilled horizontally within the Bone Spring formation a distance of approximately 1200-1500 feet.

PROVIDED HOWEVER THAT, the SE/4 of said Section 18 shall be dedicated to the subject well forming a standard 160-acre gas spacing and proration unit for said Bone Spring formation, and;

PROVIDED FURTHER THAT, the horizontal portion of the subject well shall be located no closer than 660 feet from the north, east, and west lines of the subject proration unit, nor closer than 460 feet from the south line of the subject proration unit.

(3) The applicant shall be required to conduct a directional survey on the vertical portion of the wellbore prior to commencing directional drilling operations, and on the horizontal portion of the wellbore subsequent to directional drilling operations in order that the direction, extent, and terminus of said wellbore may be determined to be in compliance with the proposed bottomhole location.

(4) The applicant shall further be required to submit copies of said directional surveys to the Santa Fe and Artesia district offices of the Division.