

**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT****OIL CONSERVATION DIVISION
2840 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131**

February 16, 1998

**Burlington Resources Oil & Gas Company
P. O. Box 51810
Midland, Texas 79710-1810
Attention: Maria L. Perez**

Administrative Order NSL-3948(BHL)

Dear Ms. Perez:

Reference is made to your application dated February 4, 1998 for a non-standard subsurface gas producing area/bottomhole gas well location, pursuant to Division General Rule 104.F and 111.C(2) to be applicable to the Ross Draw-Wolfcamp Gas Pool for Burlington Resources Oil and Gas Company's ("Burlington") El Paso "23" Federal Well No. 2 (API No. 30-015-29307), which is currently drilling at a surface location 1120 feet from the North line and 2630 feet from the East line (Unit B) of Section 23, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico. The N/2 of said Section 23, being a standard 320-acre gas spacing and proration unit for said pool is to be dedicated to said well.

It is our understanding that Burlington intends to kick-off of the vertical portion of said wellbore in a northwesterly direction and drill a lateral horizontal drainhole to such an extent that said drainhole penetrates outside of the standard drilling window for this pool [see Division General Rules 104.C(2)(b) and 111.A(9)]. Based on "three-dimensional" seismic data integrated with well-log information from the vertical wellbore this extended lateral wellbore should allow Burlington to reach a thicker section of the Wolfcamp formation, thereby increasing the likelihood of intersecting a potentially commercial grade gas bearing zone within the Ross Draw-Wolfcamp Gas Pool.

The applicable drilling window or "producing area" within both the Ross Draw-Wolfcamp Gas Pool for said wellbore shall include that area within the subject 320-acre gas spacing and proration unit comprising the N/2 of said Section 23 that is:

- (a) no closer than 330 feet to the North line of said Section 23;
- (b) no closer than 1650 feet to the East line of said Section 23;
- (c) no closer than 1150 feet to the West line of said Section 23; and,