



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

BETTY RIVERA

Cabinet Secretary

August 19, 2002

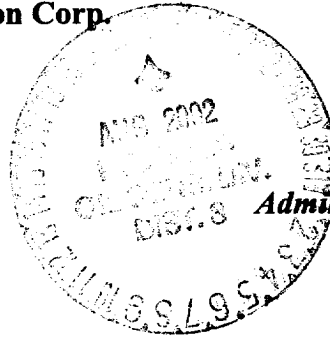
Lori Wrotenbery

Director

Oil Conservation Division

Cordillera Energy, Inc.
c/o Walsh Engineering & Production Corp.
7415 East Main
Farmington, New Mexico 87402
Attention: Paul C. Thompson

Telefax No. (505) 327-9834



Administrative Order NSL-4768 (NSP)

Dear Mr. Corcoran:

Reference is made to the following: (i) your application (*application reference No. pKRV0-220047797*) on behalf of the operator, Cordillera Energy, Inc. ("Cordillera"), that was submitted to the New Mexico Oil Conservation Division ("Division") on July 18, 2002; (ii) the Division's initial response by letter from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe dated July 22, 2002 informing you that the notification in this matter was inadequate; (iii) your telefaxed response of July 30, 2002 with the required information to complete the application; (iv) your voice mail messages for Mr. Stogner on July 25 and August 16, 2002; and (v) the Division's records in Santa Fe and Aztec: all concerning Cordillera's request for an exception to the well location requirements provided within the "*Special Rules for the Blanco-Mesaverde Pool*," as promulgated by New Mexico Oil Conservation Division ("Division") Order No. R-10987-A, issued in Case No. 12069 and dated February 1, 1999, for a non-standard Blanco-Mesaverde replacement gas well location within a former non-standard 156.82-acre gas spacing and proration unit for the Blanco-Mesaverde Pool (72319) comprising Lots 1 and 2 and the E/2 NW/4 (NW/4 equivalent) of Section 18, Township 31 North, Range 12 West, NMPM, San Juan County, New Mexico.

By Division Order No. R-6760, issued in Case No. 7319 on August 26, 1981, the Division authorized this non-standard unit that had dedicated thereon the Snyder Energy Corporation Arnstein Well No. 1-E (API No. 30-045-23616), located 1065 feet from the North line and 1791 feet from the West line (Unit C) of Section 18. In March, 1994 this well was plugged and abandoned.

The application has been duly filed under the provisions of Division Rules 104.F and 605.B.

By the authority granted me under the provisions of Division Rule 104.F (2), the following described well to be drilled as a replacement Blanco-Mesaverde gas well within this former 156.82-acre unit at an unorthodox gas well location is hereby approved:

**Arnstein Well No. 1-B
2460' FNL & 660' FWL (Lot 1/Unit D)
(API No. 30-045-31029).**

Administrative Order NSL-4768(NSP)
Cordillera Energy, Inc.
August 19, 2002
Page 2

All provisions applicable to the subject 156.82-acre non-standard gas spacing and proration unit in Division Order No. R-6760 not in conflict with this order shall remain in full force and affect until further notice.

Further, the aforementioned well and spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,

A handwritten signature in cursive script that reads "Lori Wrotenberg". The signature is written in black ink and is positioned below the word "Sincerely,".

Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec /
U. S. Bureau of Land Management - Farmington