



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

October 7, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Forest Oil Corporation
1600 Broadway – Suite 2200
Denver, Colorado 80202

Attention: Anna Walls
Land Tech
avwalls@forestoil.com

Administrative Order NSL-5119

Dear Ms. Walls:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on September 20, 2004 (*administrative application reference No. pMES0-426540009*); (ii) the Division's initial response from Mr. Michael E. Stogner, Engineer/Hearing Officer with the Division in Santa Fe, by e-mail on Tuesday morning, September 21, 2004; (iii) your reply dated September 22, 2004 with the necessary technical data necessary to complete your application; and (iv) the Division's records in Santa Fe: all concerning Forest Oil Corporation's ("Forest") request to drill its Barclay State Well No. 5 within a standard 40-acre oil spacing and proration unit in the South Livingston Ridge-Delaware Pool (96149) comprising the SW/4 NE/4 (Unit G) of Section 2, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico, at an unorthodox oil well location 1500 feet from the North line and 1400 feet from the East line of Section 2.

This application has been duly filed under the provisions of Division Rule 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.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox location will be at a more favorable geologic position within the productive Brushy Canyon "E" sandstone than a well drilled at a location considered to be standard for the South Livingston Ridge-Delaware Pool within this unit.

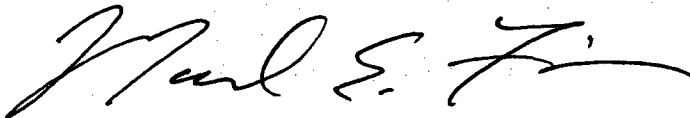
Further, it is the Division's understanding that all of Section 2 is a single State mineral lease issued by the New Mexico State Land Office (State Lease No. V-00302-0005) in which Forest owns 100 % leasehold interest.

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By the authority granted me under the provision of Division Rule 104.F (2), as revised, the above-described unorthodox oil well location for Forest's proposed Barclay State Well No. 5 within the South Livingston Ridge-Delaware Pool is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire". The signature is fluid and cursive, with a large initial "M" and a stylized "F".

Mark E. Fesmire, P. E.
Director

MEF/mes

cc: New Mexico Oil Conservation Division – Artesia
New Mexico State Land Office – Santa Fe