



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

July 20, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Stanolind Operating Corp.
c/o Holland & Hart, L.L.P.
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Attention: Ocean Munds-Dry
omundsdry@hollandhart.com

Administrative Order NSL-5236

Dear Ms. Munds-Dry:

Reference is made to the following: (i) your application on behalf of the operator, Stanolind Operating Corp. ("SOC"), dated June 29, 2005 (**administrative application reference No. pSEM0-518129362**); and (ii) the records of the New Mexico Oil Conservation Division ("Division"), including the files in Division Case No. 13175: all concerning SOC's request for an unorthodox oil well location in the Undesignated North Shoe Bar-Wolfcamp Pool (**56295**) for its existing Berry Hobbs Unit "17" Well No. 1 (**API No. 30-025-36657**), located 2490 feet from the South line and 1850 feet from the East line (Unit J) of Section 17, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico. The SE/4 of Section 17 is to be dedicated to this well in order to form a standard 160-acre oil spacing and proration unit for this pool.

Division Order R-12124, issued in Case No. 13175 on March 30, 2004, granted the operator to drill and complete the above-described well within the: (i) Morrow formation (**97423**) at an unorthodox deep gas well location within a standard 320-acre stand-up gas spacing unit comprising the E/2 of Section 17; and (ii) Northeast Shoe Bar-Strawn Pool (**96649**) at an unorthodox oil well location within a non-standard 80-acre stand-up oil spacing and proration unit comprising the SW/4 NE/4 (Unit G) and NW/4 SE/4 (Unit J) of Section 17.

It is the Division's understanding that SOC now indents to abandon both the deep Morrow gas and shallower Strawn intervals in an attempt to establish oil production from the Wolfcamp formation.

The location of this well is within the governing limits of the North Shoe Bar-Wolfcamp Pool and is also considered to be unorthodox pursuant to Rule 4 of the "*Special Rules and Regulations for the North Shoe Bar-Wolfcamp Pool*", as promulgated by Division Order No. R-4657, as amended.

This application has been duly filed under the provisions of Division Rules 104.F and 1207.A (2).

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By the authority granted me under the provisions of Rule 5 of these special pool rules and Division Rule 104.F (2), the above-described unorthodox oil well location within the Undesignated North Shoe Bar-Wolfcamp Pool is hereby approved.

Further, Division Order No. R-12124 shall be placed in abeyance until further notice.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire", followed by a stylized flourish or initials.

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs
File: Case No. 13175