



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

September 5, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

**Roca Operating, Inc.
c/o Holland & Hart, LLP
P. O. Box 2208
Santa Fe, New Mexico 87504-2208**

Attention: Ocean Munds-Dry
omundsdry@hollandhart.com

RE: NMOCD Correspondence Reference No. SD-06-22: EK-Bone Spring Pool (21650) development within Roca Operating, Inc.'s ("Roca") existing 80-acre standard lay-down oil spacing and proration unit comprising the N/2 NE/4 (Units A and B) of Section 36, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico.

Dear Ms. Munds-Dry:

Reference is made to the following: (i) your letter on behalf of Roca dated and submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on August 14, 2006 (*Division administrative application reference No. pTDS0-622738199*); and (ii) the Division's records in Hobbs and Santa Fe.

The rules currently governing spacing, well locations, gas/oil ratio limitation, and allowables for the EK-Bone Spring Pool include, but not necessarily limited to:

- (a) Division Order No. R-4981, issued in Case No. 5422 on March 11, 1975;
- (b) Division Order No. R-4981-A, issued in Reopened Case No. 5422 on March 30, 1976; and
- (c) Division Rules 505.A and 506.

It is the Division's understanding that oil and casinghead gas production attributed to the EK-Bone Spring Pool within this 80-acre unit is to be simultaneously dedicated to the following two described Roca operated wells:

- (1) New Mexico "36" State Well No. 1 (*API No. 30-025-28786*), located at a standard oil well location 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 36; and

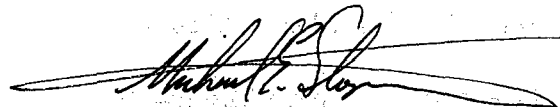
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- (2) New Mexico "36" State Well No. 2 (*API No. 30-025-29108*), located at a standard oil well location 660 feet from the North and East lines (Unit A) of Section 36.

Sincerely,



Michael E. Stogner
Staff Engineer

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