



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

September 18, 2006

Black Hills Gas Resources, Inc.  
c/o William F. Carr  
Holland & Hart LLP  
P.O.Box 2208  
Santa Fe, NM 87504

## **Administrative Order NSL-5452**

Dear Mr. Carr:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS0-624835200**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on September 1, 2006, on behalf of Black Hills Gas Resources, Inc. (Black Hills), and

(b) the Division's records pertinent to this request.

Black Hills has requested to re-complete its Jicarilla Apache 458-5 Well No. 22 (API No. 30-039-29314) at an unorthodox Mancos gas well location, 2230 feet from the North line and 2175 feet from the West line (Unit F) of Section 5, Township 30 North, Range 3 West, N.M.P.M., in Rio Arriba County, New Mexico. Lots 3, 4, 5 and 6 (NW/4 equivalent) of Section 5 will be dedicated to this well in order to form a non-standard 149.18-acre gas spacing unit in the WC Basin-Mancos Gas Pool (**97232**). This pool is governed by statewide Rule 104.C(3), which provides for 160-acres units, with wells located at least 660 feet from a unit outer boundary.

Your application on behalf of Black Hills has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

The proposed location is approximately 410 feet from the southern and eastern boundaries of the spacing unit. It is our understanding that Black Hills is seeking this location for a re-completion of an existing well that was originally drilled to the Pictured Cliffs formation at a standard Pictured Cliffs location.

It is also understood that all of Section 5, including both the NW/4 equivalent on which the proposed well is located, and the NE/4, SE/4 and SW/4 equivalents towards which the proposed unorthodox location encroaches, is covered by federal oil and gas leases 100% owned by Black Hills, and that all ownership interests in these leases, both working interest and royalty, are common.

By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox Mancos gas well location for Black Hills' Jicarilla Apache 458-5 Well No. 22 is hereby approved.

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

Sincerely,



Mark E. Fesmire, P.E.  
Director

MEF/db

cc: New Mexico Oil Conservation Division - Aztec