

April 5, 2002  
~~October 20, 2003~~

Capataz Operating, Inc.  
P. O. Drawer 10549  
Midland, Texas 79702

Telefax No. (915) 620-8842

Attention: H. Scott Davis

*Administrative Order NSL-4630-A*

Dear Mr. Davis:

Reference is made to the following: (i) your initial application submitted to the New Mexico Oil Conservation Division ("Division") on March 4, 2002 (*application reference No. pKRV0-206429949*); (ii) the Division's initial response by letter from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe dated March 7, 2002; (iii) your e-mail message to Mr. Stogner on March 11, 2002; (iv) your telephone conversation with Mr. Stogner on Thursday, March 14, 2002; (v) your letter with supplemental data dated March 14, 2002; and (vi) the Division's records in Santa Fe and Hobbs, including the file on Division Administrative Order NSL-4630: all concerning Capataz Operating, Inc.'s ("Capataz") request to amend a previously approved order by the Division of an unorthodox well location by expanding the vertical limits of the provisions to include the Blinebry interval.

Division Administrative Order NSL-4630, dated August 14, 2001, authorized Capataz to drill its Redtag Well No. 2 (**API No. 30-025-35630**) at an unorthodox oil well location in both the Undesignated House-Drinkard (**33250**) and Undesignated House-Abo (**33210**) Pools 2410 feet from the South line and 2210 feet from the West line (Unit K) of Section 2, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico, within a standard 40-acre oil spacing and proration unit for both intervals comprising the NE/4 SW/4 (Unit K) of Section 2.

It is the Division's understanding that the Blinebry interval tested successfully for gas. Pursuant to Division Rule 104.C (3), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, this location is considered to unorthodox for a shallow gas producing interval in southeast New Mexico. The SW/4 of Section 2, being a standard 160-acre gas spacing and proration unit for a Blinebry gas well is to be dedicated to this well.

The subject request has been duly filed under the provisions of Division Rule 104.F, as revised.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, the above-described unorthodox Blinebry gas well location for the Redtag Well No. 2 is hereby approved.

Further, Division Administrative Order NSL-4630 dated August 14, 2001 shall remain in full force and effect until further notice.

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

Sincerely,

*Aug. 14, 2001*  
October 20, 2003

Capataz Operating, Inc.  
P. O. Drawer 10549  
Midland, Texas 79702

Telefax No. (915) 620-8842

Attention: H. Scott Davis

*Administrative Order NSL- 4630*

Dear Mr. Davis:

Reference is made to the following: (i) your initial application (*application reference No. pKRV0-122048487*) dated July 12, 2001 that was apparently submitted to the New Mexico Oil Conservation Division's ("Division") district office in Hobbs on the same day but was not forwarded to the Division's Santa Fe office, being the proper place to submit such filings, until August 7, 2001; and (ii) the Division's records in Santa Fe: all concerning Capataz Operating, Inc.'s request for an unorthodox oil well location in both the Undesignated House-Drinkard (33250) and Undesignated House-Abo (33210) Pools for the proposed Redtag Well No. 2 (API No. 30-025-35630) to be drilled 2410 feet from the South line and 2210 feet from the West line (Unit K) of Section 2, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico.

The NE/4 SW/4 of Section 2 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit for both intervals.

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.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox oil well location for both the Undesignated House-Drinkard and Undesignated House-Abo Pools within the NE/4 SW/4 of Section 2 is hereby approved.

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

Sincerely,

Lori Wrotenbery  
Director

LW/MES/kv

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