



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



November 19, 2008

Mr. James Bruce
P.O. Box 1056
Santa Fe, NM 87504

Administrative Order NSL-5966

Re: BEPCO, L.P.
Big Eddy Unit Well No. 193
API No. 30-015-36593
2280 FNL and 1980 FWL
Lot 11 (Unit K), Section 3-21S-28E
Eddy County

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-27756659**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on October 3, 2008, and

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

BEPCO, L.P. (BEPCO) has requested to drill the above-referenced well at an unorthodox gas well location described above in the caption of this letter. The W/2 of irregular Section 3 will be dedicated to this well in order to form a 293.44-acre, more or less, spacing unit in the undesignated Sand Point-Morrow Gas Pool (84820). This pool is governed by statewide Rule 104.C(2), which provides for 320-acre units, with wells located at least 660 feet from a unit outer boundary or quarter section line. This location is less than 660 feet from the quarter section line internal to the unit.

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

It is our understanding that you are seeking this location for topographic reasons.



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It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

Jurisdiction of this case 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", with a long horizontal stroke extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
United States Bureau of Land Management - Carlsbad