



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

July 5, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Koch Exploration Company
20 East Greenway Plaza
Houston, Texas 77046-2002
Attention: Lance F. Harmon

Telefax No. (713) 544-6161

Administrative Order NSL-4179-A

Dear Mr. Harmon:

Reference is made to the following: (i) your application dated April 20, 2001; (ii) the New Mexico Oil Conservation Division's ("Division") initial response by letter dated June 4, 2001 from Mr. Michael E. Stogner, Engineer in Santa Fe; and (iii) a response by letter dated June 11, 2001 from United Field Services of Farmington, New Mexico with the required information to complete this application; and (iv) the records of the Division in Aztec and Santa Fe: all concerning Koch Exploration Company's ("Koch") request for an exception to the well location requirements provided within the "*Special Rules for the Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-10987-A, for the existing Carle Well No. 2-B (**API No. 30-045-30369**).

This well is to be included within an existing standard 315.05-acre lay-down gas spacing and proration unit ("GPU") for the Blanco-Mesaverde Pool comprising Lots 1, 2, 3, 4, and 5, the W/2 NW/4, and the SE/4 NW/4 (N/2 equivalent) of Section 20, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico. This GPU is currently dedicated to the following Koch operated wells:

- (i) Carle Well No. 2 (**API No. 30-045-09400**), located 777 feet from the North line and 1635 feet from the East line (Lot 2/Unit B) of Section 20, which location was considered to be unorthodox at the time this well was recompleted into the Mesaverde interval (see Division Administrative Order NSL-4179, dated December 14, 1998);
- (ii) Carle Well No. 1 (**API No. 30-045-09395**), located at a standard gas well location 966 feet from the North line and 1575 feet from the West line (Lot 3/Unit C) of Section 20; and
- (iii) Carle Well No. 1-B (**API No. 30-045-30382**), located at a standard infill gas well location 1955 feet from the North line and 930 feet from the West line (Unit E) of Section 20.

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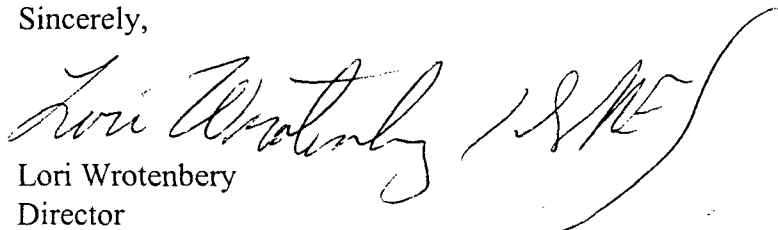
It is our understanding that the Carle Well No. 2-B was initially drilled in November, 2000 as this GPU's initial infill Mesaverde gas well at a standard location 1885 feet from the North line and 965 feet from the East line (Lot 5/Unit H) of Section 20; however, due to a recently discovered surveying error the actual location of this well is 1894 feet from the North line and 632 feet from the East line (Lot 5/Unit H) of Section 20. Pursuant to the "*Special Rules for the Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-10987-A, this 1894' FNL & 632' FEL location is considered to be unorthodox.

This application has been duly filed under the provisions of Division Rules 104.F and 605.B.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Blanco-Mesaverde infill gas well location for the Carle Well No. 2-B is hereby approved.

Further, all four of the aforementioned Carle Wells No. 1, 1-B, 2, and 2-B and existing GPU will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico and to the Blanco-Mesaverde Pool.

Sincerely,



Lori Wrotenbery
Director
LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
File: NSL-4179