



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

April 9, 2003

Lori Wrotenbery

Director

Oil Conservation Division

Pecos Production Company
400 West Illinois – Suite 1070
Midland, Texas 79701

Pecos. 02

Attention: William R. Huck

Re: *Administrative application (application reference No. pKRV0-309734445) for an unorthodox location in the Wolfcamp and Strawn formations for Pecos Production Company's proposed Overland Well No. 1 to be drilled 1276 feet from the South line and 1724 feet from the West line (Unit V) of Irregular Section 2, Township 16 South, range 37 East, NMPM, Lea County, New Mexico.*

Dear Mr. Huck:

I have reviewed your application that was submitted to the New Mexico Oil Conservation Division ("Division") on April 4, 2003 and have determined it to be erroneous and incomplete at this time.

You stated that the proposed well is a wildcat test and that both zones were to be dedicated to a 160-acre proration unit comprising the SW/4 of Irregular Section 2. This location however is within one-mile of both the Southeast Dean-Wolfcamp Pool (97005) and the Northeast Lovington-Upper Pennsylvanian Pool (40760) and in accordance with Division Rule 104.A, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999 (see copy attached), this well is subject to the rules currently governing both pools. The Northeast Lovington-Upper Pennsylvanian Pool is subject to the "Special Rules and Regulations for the Northeast Lovington-(Upper) Pennsylvanian Pool", as promulgated by Division Order No. R-3816, as amended (copy attached), which requires 80-acre spacing and proration units (see Rule 2) and for wells to be located within 150 feet of the center of a governmental quarter-quarter section or lot (see Rule 4). The Southeast Dean-Wolfcamp Pool is subject to Division statewide Rule 104.B (1), as revised (also attached), which requires 40-acre spacing and proration units and for wells to be no closer than 330 feet to the unit boundary line.

This application, as filed, is **denied** and is being returned to you at this time.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Hobbs
Kathy Valdes, NMOCD – Santa Fe

(915-664-9077)

April 14, 2003 (3:00 PM)

- Talked w/ Bill Huck concerning inadequate notice to the Interest in the SW/4 of Sec. 21 for the Fort "21" #1 appl. He will file the 1/2 of Sec. 21 in common; he will research and address this issue by an fax.
- Will also re-apply for the Overland #1 appl. filed earlier and dismissed. (

April 16, 2003

- Talked w/ Bill Huck again about notice deficiency for the Fort "21" #1 appl.

April 17, 2003

- voice mail from Bill Huck to say that a fax had been sent for the Fort 21 #1 appl. and asking if I had reviewed the re-submitted Overland #1 appl.
- Bill Huck made a follow up call to this earlier ~~the~~ voice mail message.