



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
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Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



May 23, 2011

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

Administrative Order NSL-6373

Re: BOPCO, L.P.
James Ranch Unit Well No. 110H
API No. 30-015-38115
Unit I, Section 1-23S-30E
Eddy County, New Mexico

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW11-11152081**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of BOPCO, L.P. (BOPCO) [OGRID 260737], on April 21, 2011, and

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

BOPCO has requested to drill the above-referenced well as a horizontal well in the Delaware formation, at a location that will be unorthodox under Division Rule 16.14.B(2) [19.15.16.14.B.(2) NMAC]. The proposed surface location, point of penetration and terminus of the well are as follows:

Surface Location: 2235 feet from the South line and 530 feet from the East line
(Unit I) of Section 1, Township 23 South, Range 30 East, NMPM,
Eddy County, New Mexico

Point of Penetration: 2010 feet from the South line and 449 feet from the East line
(Unit I) of said section

Oil Conservation Division
1220 South St. Francis Drive • Santa Fe, New Mexico 87505
Phone (505) 476-3440 • Fax (505) 476-3462 • www.emnrd.state.nm.us/OCD



Terminus 660 feet from the North line and 2310 feet from the West line
 (Unit C) of Section 8, Township 23 South, Range 31 East, NMPM,
 Eddy County, New Mexico

The E/2 SE/4 of Section 1-23S-30E, and the W/2 SW/4 of Section 6, N/2 N/2 of Section 7 and N/2 NW/4 of Section 8, all in 23S-31E, will be dedicated to the proposed well to form a 400-acre, more or less, project area comprising 10 standard 40-acre, more or less, oil spacing and proration units in the Southeast Quahada Delaware Pool (50470). This pool is governed by statewide Rule 15.9 [19.15.15.9 NMAC], which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is unorthodox because a portion of the producing interval will be outside the producing area.

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this location due to potash area drilling restrictions.

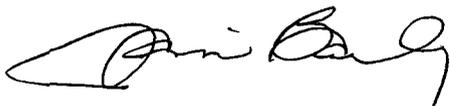
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2) [19.15.4.12.A2], in all adjoining units towards which the proposed location encroaches. The owner of the affected offset acreage has consented in writing to this location, and a copy of such consent was filed with the Division.

Pursuant to the authority conferred by Division Rule 15.13.B [19.15.15.13.B NMAC], 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 5.9 [19.15.5.9 NMAC].

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

Sincerely,



Jami Bailey
Director

JB/db

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