



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

November 12, 2007

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OCD-ARTESIA

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

**Re: BEPCO, L.P.
Horned Toad 36 State Well No. 2H
API No. 30-015-35837
Unit B, Section 36-24S-29E
Eddy County**

Dear Jim:

I have before me the application for Non-Standard Location (NSL) for the referenced well.

As I interpret the application, the "entry point" shown on the C-102 furnished with the application is the point at which the well will penetrate the top of the formation in which the well will be completed. Thus it is equivalent to the "point of penetration" as defined in Rule 11.

Based on that interpretation, the completion location is orthodox. NSL approval is not required where only the well's surface location is unorthodox.

Should you have questions, please feel free to call the undersigned at (505)-476-3450.

Very truly yours,

David K. Brooks,
Legal Examiner

cc: OCD Artesia