



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Cabinet Secretary

September 4, 2002

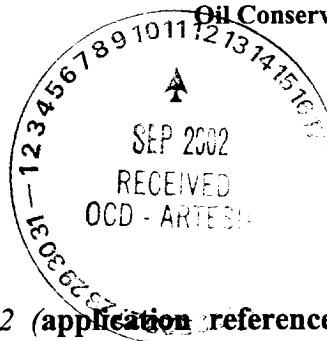
Lori Wrotenbery

Director

Oil Conservation Division

Pecos River Operating, Inc.  
400 West Illinois – Suite 1070  
Midland, Texas 79701

Attention: William R. Huck



Re: Administrative application submitted on August 23, 2002 (application reference No. **pKRV0-223832336**) for an unorthodox Pecos Slope-Abo infill gas well location for Pecos River Operating, Inc.'s proposed Helen Collins Federal Well No. 7 (API No. **30-005-63180**) to be drilled 2192 feet from the South line and 1651 feet from the East line (Unit J) of Section 4, Township 7 South, Range 26 East, NMPM, Chaves County, New Mexico.

Dear Mr. Huck:

The applicable rules governing the Pecos Slope-Abo Gas Pool do not allow for well location exception requests to the setback requirements to be processed administratively [see Rule 5 of the "Special Rules and Regulations for the Pecos Slope-Abo Gas Pool", as promulgated by Division Order No. 9976-C, dated March 19, 1996]. However, as we discussed on the telephone prior to your submitting the subject application, in this particular instance I have caused this application to be placed on the next available examiner's hearing docket scheduled for October 10, 2002 and have it advertised in the following manner:

***"Application of Pecos River Operating, Inc. for an unorthodox infill gas well location, Chaves County, New Mexico. Applicant seeks an exception to the well location requirements provided within the "Special Rules and Regulations for the Pecos Slope-Abo Gas Pool" set forth in Division Order No. R-9976-C for an unorthodox Abo infill gas well location within an existing standard 160-acre gas spacing unit for the Pecos Slope-Abo Gas Pool comprising the SE/4 of Section 4, Township 7 South, Range 26 East, which is located approximately 12 miles north-northeast of the Pecos River bridge on U. S. Highway 70. The applicant's proposed Helen Collins Federal Well No. 7 (API No. 30-005-63180) is to be drilled 2192 feet from the South line and 1651 feet from the East line (Unit J) of Section 4. This unit is currently dedicated to Pecos River Operating, Inc.'s Helen Collins Federal Well No. 6 (API No. 30-005-62139), located at a standard gas well location 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 4. IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT."***

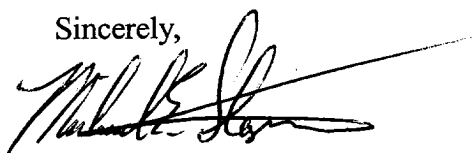
**Pecos River Operating, Inc.**  
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I anticipate that an order can be issued at that time without any further information or direct involvement by Pecos River Operating, Inc.

Should you have any questions or comments concerning this matter, please contact me in Santa Fe at (505) 476-3465. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal flourish extending to the right.

Michael E. Stogner  
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Artesia  
U. S. Bureau of Land Management - Roswell  
Florene Davidson, NMOCD – Santa Fe  
Kathy Valdes, NMOCD – Santa Fe