



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

December 19, 2006

John H. Hendrix Corporation
Attn: Mr. Ronnie H. Westbrook
P.O. Box 3040
Midland, TX 79702

Administrative Order NSP-1909

Re: **Elliott-Hinton Well No. 1**
API No. 30-025-10233
E-12-22S-37E, Lea County

Dear Mr. Westbrook:

Reference is made to the following:

- (a) your application (**administrative application reference No. pTDS06-27646007**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on October 2, 2006,
- (b) your supplemental letter dated December 5, 2006, and
- (c) the Division's records pertinent to your request.

John H. Hendrix Corporation (Hendrix) has requested to dedicate its Elliott-Hinton Well No. 1 (API No. 30-025-10233), located 1650 feet from the North line and 990 feet from the West line (Unit E) of Section 12, Township 22 South, Range 37 East, N.M.P.M., in Lea County, New Mexico, to a non-standard 40-acre gas spacing and proration unit in the Blinebry Oil & Gas Pool (6660), consisting of the SW/4 NW/4 of Section 12.

This request is governed Rules 2(a).1 and 4(b).1 of the Special Rules and Regulations for the Blinebry Oil and Gas Pool, as established by Order R-8170, adopted March 28, 1986, which provide for standard gas proration units consisting of 160 acres but authorize the Director to grant exceptions if reclassification of a Blinebry well results in dedication of acreage to an oil well on a previously approved gas proration unit.

Hendrix's application has been duly filed under the provisions of the Special Rules and Regulations for the Blinbry Oil and Gas Pool and statewide 1210.A(3).

It is our understanding that the Elliott-Hinton Well No. 1 was previously dedicated to a 160-acre standard gas proration unit consisting of the NW/4 of Section 12. The Elliott-Hinton B-12 Well No. 2 (API No. 30-025-25137), located in NW/4 NW/4 (Unit D) of that section, was simultaneously dedicated to the same unit as a gas well. The Elliott-Hinton B-12 Well No. 2 has now been reclassified as an oil well, thus necessitating a reduction in the size of this gas proration unit due to the provision of Rule 2(a).3 of the the Special Rules and Regulations for the Blinbry Oil and Gas Pool, which prohibits simultaneous dedication of any acreage to an oil and to a gas well in that pool.

We also understand that the entire NW/4 of Section 12 is communitized so that all interests, including royalty interests as well as working interests, are common as between the original unit dedicated to this well (the NW/4 of Section 12) and the non-standard unit requested in this application (SW/4 NW/4). Accordingly, no notice of this application is required pursuant to Division Rule 1210.A(3).

Pursuant to the authority granted me under the provisions of Division Rule 104.D(2)(b) and Rule §(b).1 of the Special Rules and Regulations for the Blinbry Oil and Gas Pool, the above-described non-standard gas spacing and proration unit is hereby approved.

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

Sincerely,



Mark E. Fesmire, P.E.
Director

MEF/db

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