



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joa nia Prukop
Cabin e Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

April 24, 2007

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

Administrative Order NSP-1909-A

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), locate 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 (72480), consisting of the SW/4 NW/4 of Section 12.

This location is governed by statewide Rule 104.B(1), which provides that a well shall be located at least 330 feet from any unit boundary, and allows up to four wells per spacing unit. The proposed location is only 140 feet and 10 feet, respectively, from the northern and eastern boundaries of the proposed unit.

Chevron's application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that this location is being requested because Chevron's geologic interpretation indicates that the well can tap into stranded reserves located on the margins of existing spacing units that cannot be effectively drained by wells located at standard locations.

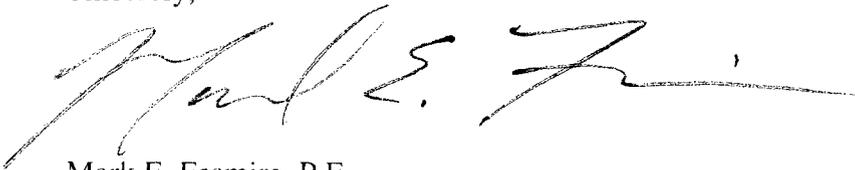
We also understand that, although different leases are involved, the working interest ownership of the proposed unit is identical with the unit toward which this location encroaches. Accordingly, no notice of this application is required.

Pursuant to the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox well location is hereby approved.

This is a correction order only, to correct the Pool Code for the Blinebry Oil & Gas Pool, which was erroneously entered in Order NSP-1909 issued on December 19, 2006.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs