



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



May 20, 2008

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

Administrative Order NSL-5823

Re: J. Cleo Thompson
Gainer 22 Well No. 1
API No. 30-025-
Unit K, Section 22-10S-36E
Lea County

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-09256236**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of J. Cleo Thompson & James Cleo Thompson, Jr., L.P. (Thompson) on March 31, 2008, and

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

Thompson has requested to drill the above-referenced well at an unorthodox Devonian oil well location, 1678 feet from the South line and 1698 feet from the West line (Unit K) of Section 22, Township 10 South, Range 36 East, N.M.P.M., in Lea County, New Mexico. The N/2 SW/4 of Section 22 will be dedicated to this well in order to form a standard 80-acre spacing unit in the undesignated South Crossroads-Devonian Pool (13560). Spacing in this pool is governed by the Special Rules and Regulations for the South Crossroads-Devonian Pool, as promulgated by Order R-2284, issued on July 17, 1962, which provide for 80-acre units, with wells located within 150 feet of the center of a quarter section. This location is more than 150 feet southwest of the center of the NW/4 SW/4 of Section 22.

Your application on behalf of Thompson has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that you are seeking this location for geologic reasons.

Oil Conservation Division * 1220 South St. Francis Drive
* Santa Fe, New Mexico 87505

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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 1210.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 104.F(2), 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 40.

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