



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



September 5, 2008

Nadel and Gussman Heyco, L.L.C.
Attn: Ms. Emerald Johnson
500 North Main St, Suite 1
Roswell, NM 88201

Administrative Order NSL-5915

Re: Pearsall 6 Federal Well No. 9
API No. 30-025-
1750 feet FSL and 1060 feet FEL
Unit I, Section 6, Township 18-S, Range 32-E
Lea County, New Mexico

Dear Ms Johnson:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-22438842**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on August 11, 2008, and

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

Nadel and Gussman Heyco, L.L.C. (NGH) has requested to drill the above-referenced well at an unorthodox oil well location described above in the caption of this letter. The NE/4 SE/4 of Section 6 will be dedicated to this well in order to form a standard 40-acre spacing unit in the North Young-Bone Spring Pool (65350). This pool is governed by statewide Rule 104.B(1), which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the western unit boundary.

Your application 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 topographic reasons, because of sand dunes.



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It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

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,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire". The signature is fluid and cursive, with a long horizontal line extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

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