

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



September 15, 2009

High Plains Operating Company, LLC
Attn: Mr. Arthur W. (Butch) Butler III
32700 Aspen Drive
Buena Vista, CO 81211

Administrative Order NSL-6079

Re: Ojo Encino 21 Federal Well No. 1H
API No. 30-031-21107
Unit K, Section 21-20N-5W
McKinley County, New Mexico

Dear Mr. Butler:

Reference is made to the following:

- (a) your application (**administrative application reference No. pTGW09-24532782**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on September 2, 2009,
- (b) your amended application submitted on September 9, 2009, and
- (c) the Division's records pertinent to this request.

High Plains Operating Company, LLC [OGRID 246238] (High Plains) has requested to re-drill the above-referenced well as a horizontal well in the Entrada formation, at a location that will be unorthodox under Division Rule 16.14.B(2). The proposed surface location, point of penetration and terminus of the well are as follows:

Surface Location: 2537 feet from the South line and 2523 feet from the West line (Unit K) of Section 21, Township 20N, Range 5W, NMPM, McKinley County, New Mexico

Point of Penetration: 2019 feet from the South line and 2540 feet from the West line (Unit K) of said section



September 15, 2009

Page 2

Terminus 1155 feet from the North line and 2010 feet from the East line
(Unit B) of Section 28, Township 20N, Range 5W

The NE/4 SW/4 and W/2 SE/4 of Section 21 and the NW/4 NE/4 of Section 28 will be dedicated to the proposed well to form a 160-acre project area comprising four standard 40-acre spacing units in the Ojo Encino Entrada Pool (48030). This pool is governed by statewide Rule 15.9, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is unorthodox because portions of the producing interval will be less than 330 feet from the outer boundaries of the project area, and therefore outside the producing area.

Your application has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that you are seeking this location for engineering reasons, in order to maximize production from the project area.

It is also understood that the only owner who is an "affected person," as defined in Rule 4.12.A(2), in any of the adjoining units towards which the proposed location encroaches is Pintado Oil & Gas, L.L.C., whose signed waiver of any objection has been filed with your amended application.

Pursuant to the authority conferred by Division Rule 15.13.B, 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 5.9.

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 stroke at the end.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: - New Mexico Oil Conservation Division - Aztec
United States Bureau of Land Management - Farmington