



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



January 8, 2010

DJ Simmons, Inc.
Attn: Mr. Walter Parks
1009 Ridgway Place
Suite 200
Farmington, NM 87401

Administrative Order NSL-6133

**Re: Blanco Wash 27 Well No. 3
API No. 30-045-
1301 feet FNL and 1698 feet FEL
Unit B, Section 27-24N-8W
San Juan County, New Mexico**

Dear Mr. Parks:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW09-36434358**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on December 18, 2009, and

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

DJ Simmons, Inc. [OGRID 5578] (Simmons) has requested to drill the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. The NW/4 NE/4 of Section 27 will be dedicated to this well in order to form a standard 40-acre spacing unit in the Lybrook-Gallup Oil Pool (42289). This pool is governed by statewide Rule 15.9.A, which provides for 40-acre oil units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the southern unit boundary.

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 in order to comply with siting requirements of the Federal Indian Minerals Management Office.



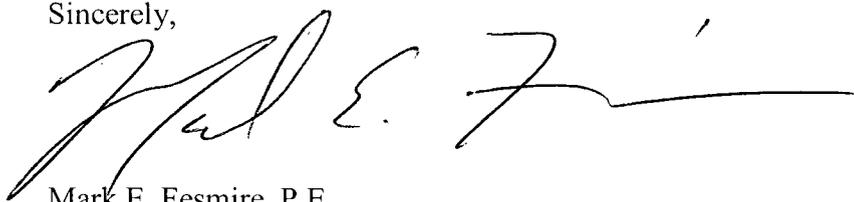
It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 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