



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



July 1, 2010

John H. Hendrix Corporation
Attn: Ms. Carolyn Doran Haynes
P.O. Box 3040
Midland, TX 79702-3040

Administrative Order NSL-711-A

Re: Cassatot Well No. 1
API No. 30-025-25024
470 feet FSL & 2350 feet FWL
Unit N, Section 11-22S-37E
Lea County, New Mexico

Dear Ms Haynes:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-16156866**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on June 10, 2010, and

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

John H. Hendrix Corporation [OGRID 12024] (Hendrix) has requested to re-complete the above-referenced well in the Abo formation at an unorthodox oil well location, described above in the caption of this letter. The SE/4 SW/4 of Section 11 will be dedicated to this well in order to form a standard 40-acre spacing and proration unit in the Wantz-Abo Pool (62700). This pool is governed by statewide Rule 15.9.A, 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 eastern 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 utilize an existing wellbore.



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

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

PLEASE NOTE that you will need to file a separate Down-Hole Commingling application on Form C-107A in order to obtain approval to down-hole commingle production from the Abo and Granite Wash, as described in your application herein referenced.

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 - Hobbs