



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Jim Noel

Cabinet Secretary

Karen W. Garcia

Deputy Cabinet Secretary

Mark Fesmire

Division Director

Oil Conservation Division



October 29, 2010

D.J. Simmons, Inc.
Attn: Walter Parks
1009 Ridgeway Place; Suite 200
Farmington, NM 87401

Administrative Order NSL-6288

**Re: Jicarilla H Well No. 108
API No. 30-039-22104
2150 feet FSL & 1600 feet FWL
Unit K, Section 7-24N-4W
Rio Arriba County, New Mexico**

Dear Mr. Parks:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-29948979**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on October 26, 2010, and

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

D.J. Simmons, Inc. [OGRID 5587] (Simmons) has requested to drill the above-referenced well at an unorthodox gas well location described above in the caption of this letter. The SW/4 equivalent of irregular Section 7 will be dedicated to this well in order to form a non-standard, 124-acre, more or less, gas spacing unit in the Otero-Chacra Gas Pool (82329). This pool is governed by statewide Rule 15.10.C, which provides for 160-acre units, with wells located at least 660 feet from a unit outer boundary. This location is less than 660 feet from the northern and eastern unit boundaries.

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.

Oil Conservation Division
1220 South St. Francis Drive • Santa Fe, New Mexico 87505
Phone (505) 476-3440 • Fax (505) 476-3462 • www.emnrd.state.nm.us/OCD



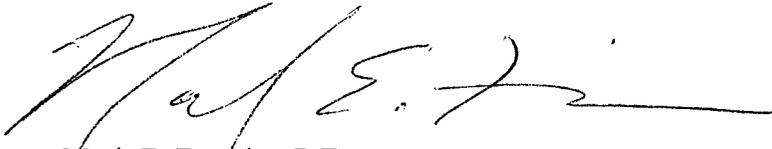
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches, and the only such person has executed a waiver of objection which you have filed with the Division.

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', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Acting Director

MEF/db

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