

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



April 4, 2008

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

Administrative Order NSL-5807

Re: Blanco Wash 26 Well No. 1
API No. 30-045-34119
Unit K-Section 26-24N-8W
San Juan County

RCVD APR 18 '08
OIL CONS. DIV.
DIST. 3

Dear Mr. Parks:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-06752398**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on March 7, 2008, and

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

DJ Simmons, Inc. (Simmons) has requested to drill the above-referenced well at an unorthodox oil well location, 1773 feet from the South line and 1593 feet from the West line (Unit K) of Section 26, Township 24 North, Range 8 West, N.M.P.M., in San Juan County, New Mexico. The NW/4 SW/4 of Section 26 will be dedicated to this well in order to form a standard 40-acre spacing unit in the Lybrook Gallup Pool (42289). 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.

It is also understood that Simmons is owner of 100% of the working interest in the offsetting quarter-quarter section to the west towards which this location encroaches.



April 4, 2008

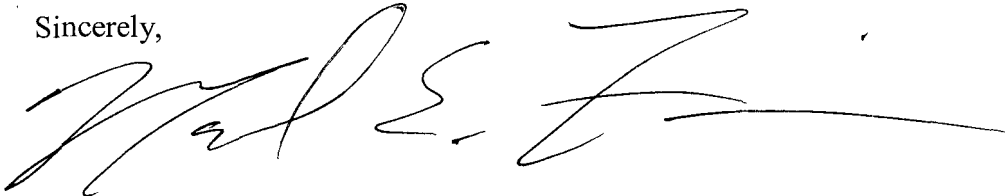
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Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

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

Mark E. Fesmire, P.E.
Director

MEF/db

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