



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 14, 2010

Benson-Montin-Greer Drilling Corp.
Attn: Loren Diede
4900 College Blvd
Farmington, NM 87402

Administrative Order NSL-6233

Re: Canada Ojitos Well No. 47
API No. 30-039-30980
574 feet FSL & 1809 feet FWL
Unit N, Section 4-25N-1W
Rio Arriba County, New Mexico

Dear Mr. Diede:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-18355766**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on July 2, 2010, and

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

Benson-Montin-Greer Drilling Corp. [OGRID 2096] (BMG) has requested to drill the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. Section 4 will be dedicated to this well in order to form a standard, 640-acre oil spacing and proration unit in the West Puerto Chiquito-Mancos Pool (50440). Spacing in this pool is governed by the Special Rules for the West Puerto Chiquito-Mancos Oil Pool, adopted by Order No. R-6469-B, issued in Case No. 8715 on March 7, 1986, which provide for 640-acre units with one well per unit, to be located not less than 1650 feet from a unit outer boundary, or 330 feet from a quarter section line. This location is less than 1650 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 for topographic reasons.



December 13, 2010

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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,

Mark E. Fesmire, P.E.
Director

MEF/db

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

NM Oil Conservation Division

June 30, 2010

David Brooks

1220 South St. Francis Drive

Santa Fe, NM 87505

Dear Mr. Brooks:

Benson-Montin-Greer Drilling Corp. (BMG) requests the State of New Mexico Oil Conservation Division's approval to drill the Canada Ojitos Unit (COU) # 47 in the following unorthodox location: 574' FSL and 1809' FWL, Unit N, Sec 4, T25N, R1W Rio Arriba County New Mexico. This well is intended to be drilled and completed in the Mancos formation.

The well will be drilled in the Canada Ojitos Unit; all adjacent sections to section 4 are within the Canada Ojitos Unit. The Mancos interest owners have the same interest throughout the unit.

The location of this well was selected to maximize the benefit of naturally fractured reservoir characteristics as derived from seismic data. The location selection is further affected by topography and by the need to minimize surface disturbance within the Santa Fe National Forest.

The nearest producing well (BMG's COU # 10, a Mancos producer) is approximately 4600 ft north/northeast of the proposed COU # 47 site.

We are submitting the following:

1. A copy of the NM OCD form C-102
2. Nine-section map of the surrounding area with location of the other producing Mancos wells.

This application is filed in accordance with NMAC 19.15.15. This application also references the NMOCD "Special Rules for the West Puerto Chiquito-Mancos Oil Pool" Order No. R-6469-B. Of special consideration is Rule 5 as it applies to the application for unorthodox location as necessitated by topographical conditions.

We respectfully request your approval on this application.

Sincerely,

Loren Diede

Benson-Montin-Greer Drilling Corporation

Drilling / Completions

(505) 324-5068