



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

October 17, 2005

Mark Fesmire

Director

Oil Conservation Division

John H. Hendrix Corporation
P. O. Box 3040
Midland, Texas 79702-3040

Telefax No. (432) 684-7317

Attention: **Ronnie H. Westbrook**
Vice President

Administrative Order NSL-3988-A

Dear Mr. Westbrook:

Reference is made to the following: (i) your application (*administrative application reference No. pSEM0-524248218*) submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on August 29, 2005; and (ii) the Division's records in Hobbs and Santa Fe, including the files on Division Administrative Orders NSL-3988, NSL-97, and NSP-1306: all concerning John H. Hendrix Corporation's ("Hendrix") request for exceptions to the gas well location requirements to both the:

(a) "*Special Rules and Regulations for the Blinebry Oil and Gas Pool*," as promulgated by Division Order No. R-8170, as amended; and

(b) "*Special Rules and Regulations for the Tubb Oil and Gas Pool*," as promulgated by Division Order No. R-8170, as amended.

Your application has been duly filed under the provisions of: (i) Division Rules 104.F, 605.B, and 1210.A (2) [formerly Rule 1207.A (2)]; and (ii) the special pool rules governing both the Blinebry Oil and Gas Pool (72480) and the Tubb Oil and Gas Pool (86440).

By Division Administrative Order NSL-3988, dated April 6, 1998, Floyd Operating Company received authorization to drill and complete its FOC Kennann Well No. 1 (API No. 30-025-34355) in the McCormack-Silurian Pool (45410) within a standard 40-acre oil spacing and proration unit comprising the SE/4 NE/4 (Unit H) of Section 29, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, at an unorthodox oil well location 2180 feet from the North line and 1280 feet from the East line of Section 29.

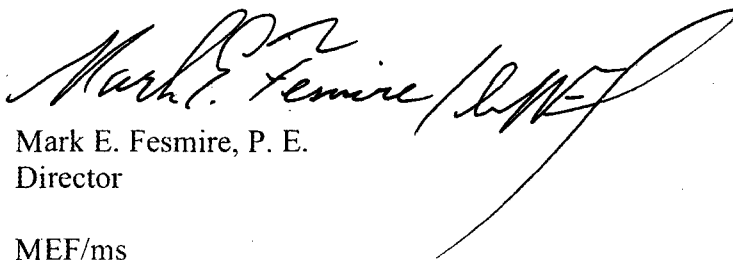
It is the Division's understanding that the deeper Silurian oil production within this well has been shut-in since May, 2004 due to an uneconomical rate of production and that Hendrix now intends to re-complete this well up-hole into the gas bearing Tubb and Blinebry intervals; however, pursuant to Rule 2 (b) 1 of the special pool rules for both pools, this location is also considered to be unorthodox.

Blinebry and Tubb gas production from the above-described FOC Kennann Well No. 1 is to be included within the existing standard 160-acre gas spacing and proration unit comprising the NE/4 of Section 29, which production is currently dedicated to Hendrix's Linam Hardy Gas Com. Well No. 1 (**API No. 30-025-06859**), located at an unorthodox gas well location in both the Blinebry Oil and Gas Pool (approved by Division Administrative Order NSL-97, dated April 25, 1957) and the Tubb Oil and Gas Pool (approved by letter dated February 8, 1954) 990 feet from the North line and 330 feet from the East line (Unit A) of Section 29.

By the authority granted me under the provisions of Division Rules 104.F (2) and 605.B (2), and the applicable provisions of the special pool rules governing both the Blinebry Oil and Gas Pool and Tubb Oil and Gas Pool, the above-described unorthodox infill gas well location of Hendrix's above-described FOC Kennann Well No. 1 is hereby approved.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs
Files: NSL-97
NSL-3988
NSP-1306