



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

December 31, 2007

John H. Hendrix Corporation
Attn: Ronnie H. Westbrook
P.O. Box 3040
Midland, TX 79702-3040

Administrative Order NSL-5741

Re: Brunson C Well No. 6
API No. 30-025-09988
Unit I, Section 3-22S-37E
Lea County

Dear Mr. Westbrook:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS07-28452296**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on October 11, 2007, and

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

John H. Hendrix Corporation (Hendrix) has requested to complete the above-referenced well at an unorthodox Blinebry gas well location, 2080 feet from the South line and 560 feet from the East line (Unit I) of Section 3, Township 22 South, Range 37 East, N.M.P.M., in Lea County, New Mexico. Hendrix has proposed formation of a non-standard 120-acre gas spacing unit comprising the NE/4 and S/2 of the SE/4 of Section 3, to be simultaneously dedicated to this well and to Hendrix's Brunson C Well No. 5 (API No. 30-025-09987) and Brunson C Well No. 7 (API No. 30-025-09989), in the Blinebry Oil and Gas Pool (72480). Spacing in this pool is governed by the Special Rules and Regulation for the Blinebry Oil and Gas Pool, as provided in Order R-8170 issued on March 28, 1986, which provide that standard gas units shall consist of 160 acres, and any gas well to which a unit larger than 40 acres is dedicated shall be located at least 660 feet from any unit outer boundary and 330 feet from any quarter-quarter section line. This location is less than 660 feet from the eastern 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 in order to utilize an existing wellbore that was originally drilled to a different formation.

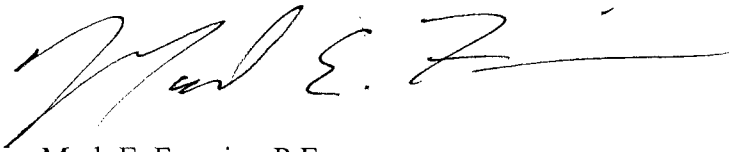
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 1210.A(2), in all adjoining units towards which the proposed location encroaches.

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

PROVIDED, HOWEVER, this approval is for the proposed non-standard location only. Authorization to produce this well is EXPRESSLY CONDITIONED upon approval of your requests for a non-standard proration unit and simultaneous dedication, which are pending as separate applications.

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 - Hobbs