

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

January 14, 2008

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

Administrative Order NSP-1924

Re: Hinton Well No. 11
API No. 30-025-24229
Unit F, Section 12-22S-37E
Lea County

Dear Mr. Westbrook:

Reference is made to the following:

(a) your application for non-standard proration unit (NSP) (**administrative application reference No. pTDS07-29079313**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on October 15, 2007,

(b) additional information furnished with your communication dated January 3, 2008, and

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

John H. Hendrix Corporation (Hendrix) has requested the division to establish a non-standard 40-acre gas spacing and proration unit (the unit) in the Tubb Oil and Gas Pool (86440), consisting of SE/4 NW/4 Section 12, Township 22 South, Range 37 East, NMPM, in Lea County, New Mexico. This pool is governed by the Special Rules and Regulations for the Tubb 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 prohibit the simultaneous dedication of any acreage in the pool to both a gas and an oil well.

Your NSP application has been duly filed under the provisions of Division Rules 104.D(2)(b) and 1210.A(3).

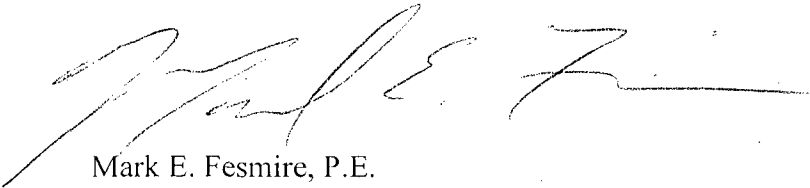
It is our understanding that you are seeking this location so that the NE/4 NW/4 of Section 12 can be dedicated, as a Tubb oil spacing and proration unit, to the Whitaker & Perkins Well No. 2 (API No 30-025-25110), located 760 feet from the North line and 1780 from the West line (Unit C) of said section, and the SW/4 NW/4 of Section 12 may be dedicated to the Elliott B-12-2 Well No. 3 (API No. 30-025-24503), located 2310 feet from the North line and 660 feet from the West line (Unit E) of Section 12, which wells, we understand, are capable of producing from the Tubb formation as oil wells.

It is also understood that no notice of your NSP application is necessary since Hendrix owns 100% of the working interest in Units C, D and E of Section 12, the portions of the NW/4 of Section 12 that will be excluded from the unit.

Pursuant to the authority conferred by Division Rule 104.D(2), the above-described non-standard gas spacing and proration unit is hereby approved.

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
United States Bureau of Land Management - Carlsbad