



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 11, 2008

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

Administrative Order NSP-1923
Administrative Order SD-200802

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 for non-standard proration unit (NSP) (**administrative application reference No. pDKB07-36551109**) and for simultaneous dedication (SD) (**administrative application reference No. pDKB07-36551493**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on October 11, 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 120-acre gas spacing and proration unit (the unit) in the Blinebry Oil and Gas Pool (72480), consisting of NE/4 SE/4 and S/2 SE/4 of Section 3, Township 22 South, Range 37 East, NMPM, in Lea County, New Mexico. This pool is governed by the Special Rules and Regulations 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 prohibit the simultaneous dedication of any acreage in the pool to both a gas and an oil well.

In addition, Hendrix has requested to simultaneously dedicate the unit to the above-referenced Brunson C Well No. 6 well, which it proposes to re-complete as a Blinebry gas well, and to the following existing Blinebry gas wells:

Brunson C Well No. 5 (API No. 30-025-09987), located 554 feet from the South line and 2086 feet from the East line (Unit O) of Section 3, and

Brunson C Well No. 7 (API No. 30-025-09989), located 760 feet from the South line and 560 feet from the East line (Unit P) of Section 3.

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 NW/4 SE/4 of Section 3 can be dedicated, as a Blinebry oil spacing and proration unit, to the Brunson C Well No. 4 (API No 30-025-09986), located 1980 feet from the South line and 1980 from the East line (Unit J) of said section, which well is capable of producing from the Blinebry formation as an oil well.

It is also understood that no notice of your NSP application is necessary since Hendrix owns 100% of the working interest in Unit J of Section 3, the only portion of the SE/4 of Section 3 that will be excluded from the unit.

Your SD application has been duly filed under the provisions of Division Rules 104.D(3) and 1210.A(9).

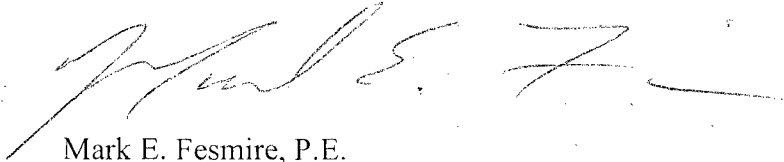
It is our understanding that you are seeking simultaneous dedication of the unit to the three above-described Blinebry gas wells in order to prevent waste by maximizing production of gas from this unit.

It is also understood that you have given due notice of your SD application to all operators or owners who are "affected persons," as defined in Rule 1210.A(2), in all adjacent Blinebry units.

Pursuant to the authority conferred by Division Rules 104.D(2) and D(3), the above-described non-standard gas spacing and proration unit, and the simultaneous dedication thereof to the three above-described gas wells, are 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 dark ink, appearing to read 'Mark E. Fesmire', followed by a horizontal line.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs