

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



June 15, 2009

Enerdyne LLC
Attn: Mr. Don L. Hanosh
P.O. Box 502
Albuquerque, NM 87103

Administrative Order NSL-6043

Re: Endy Well No. 101
API No. 30-031-21103
1250 feet FNL and 1900 feet FWL
Unit C, Section 32-20N-9W
McKinley County, New Mexico

State 32 Well No. 102
API No. 30-031-21105
1340 feet FNL and 2000 feet FEL
Unit G, Section 32-20N-9W
McKinley County, New Mexico

Dear Mr. Hanosh:

Reference is made to the following:

(a) your application (**administrative application reference No. pKAA09-14948599**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on May 29, 2009, and

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

Enerdyne LLC [OGRID 185239] (Enedyne) has requested to drill the above-referenced wells at unorthodox oil well locations, described above in the caption of this letter.

The NE/4 NW/4 of Section 32 will be dedicated to the Endy Well No. 101, and the SW/4 NE/4 of Section 32 will be dedicated to the State 32 Well No. 102, in order to form standard 40-acre spacing units for these wells in the undesignated Blackeye Mesaverde Pool (6290). This pool is governed by statewide Rule 15.9.A, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary.



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The Endy Well No. 101 location is less than 330 feet from its southern unit boundary. The State 32 Well No. 102 location is less than 330 feet from its northern 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 these location for geologic reasons, because available seismic data indicates that these locations are the most prospective in the target formation.

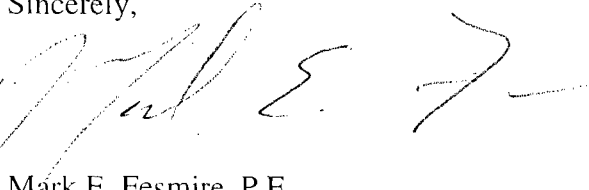
It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

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
New Mexico State Land Office - Santa Fe