



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



July 22, 2008
Administrative Order NSL-5881

Benson-Montin-Greer Drilling Corporation
Attn: Zach Stradling
4900 College Boulevard
Farmington, NM 87402

BMG's NSL Application: East Puerto Chiquito Mancos Unit Well No. 33
API No. 30-039-23213

660' FSL & 660' FEL, Unit P, Section 5, Surface Location
726.5' FSL & 451.9' FEL, Unit P, Section 5, Bottom Hole Location
Township 26N-Range 1E, NMPM, Rio Arriba County
East Puerto Chiquito Mancos Oil Pool (50430)

Dear Mr. Stradling

Reference is made to the following:

(a) your application (**administrative application reference No. *pDKB0819658761***) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on July 9, 2008, and

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

Benson-Montin-Greer Drilling Corp. ("BMG") has requested to complete its East Puerto Chiquito Mancos Unit Well No. 33 at an unorthodox bottom hole Mancos location. This well was originally approved and drilled in 1983 as a horizontal Niobrara play 26 miles South West of Chama, New Mexico. The well was drilled to a total depth of 3,015 feet and a 4.5 inch liner was cemented in place but the well was never completed. In June 2008 BMG (OGRID 2096) sent in a form C-103 to District #3 requesting to complete the EPCMU Well No. 33 in the Mancos as an oil well. The OCD Aztec office required BMG to run a Gyro Survey. The survey showed the wells PBTD at 2925 feet and that the hole had deviated up to 11 degrees. This puts the bottom hole 66.5 feet north and 208.1 feet east of the surface location.



The pool is governed by Special Pool Rules, which provides for 160-acre oil unit, with wells located at least 165 feet from center of the quarter-quarter. The bottom hole location or the producing interval of this well will be less than 208 feet east of boundary. Hence the location is considered unorthodox pursuant to Rule 111.

It is our understanding that Working and Revenue Interest Owners are identical in the unit and in all adjacent quarter-quarter sections to Unit P, Section 5, T26N, R1E.

Pursuant to the authority granted me under the provisions of Division Rule 104.F (2); 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 40.

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', written in a cursive style.

Mark E. Fesmire, P.E.
Division Director

MEF/tw

cc: New Mexico State Land Office - Aztec
United States Bureau of Land Management - Farmington