

Bill Richardson Governor

Joanna Prukop Cabinet Secretary Reese Fullerton Deputy Cabinet Secretary Mark Fesmire Division Director Oil Conservation Division



September 8, 2008

Stephens & Johnson Operating Co. Attn: Mr. Bob Gilmore P.O. Box 2249 Wichita Falls, TX 76307-2249

Administrative Order NSL-5919

Re: Weatherly Well No. 9 API No. 30-025-38802 1281 feet FNL and 1831 feet FEL Unit B, Section 21-21S-37E Lea County, New Mexico

Dear Mr. Gilmore:

Reference is made to the following:

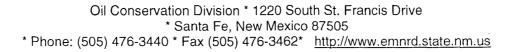
(a) your application (administrative application reference No. pKVR08-23832355) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on August 22, 2008, and

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

Stephens & Johnson Operating Co. (Stephens & Johnson) has requested to drill the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. The NW/4 NE/4 of Section 21 will be dedicated to this well in order to form a standard 40-acre spacing unit in the North Eunice-Blinebry/Tubb/Drinkard Pool (22900). This pool is governed by statewide Rule 104.B(1), which provides for 40-acre units, with wells located at least 330 feet from a unit outer 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 for geologic reasons.



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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 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,

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Mark E. Fesmire, P.E. Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs