



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



May 21, 2010

Premier Oil & Gas, Inc.
Attn: Ms. Rosalie Jones
P.O. Box 1246
Artesia, NM 88211-1246

Administrative Order NSL-6203

Re: Dale H Parke A Tr 1 Well No. 38
API No. 30-015-37796
1040 feet FSL and 2310 feet FEL
Unit O, Section 15-17S-30E
Eddy County, New Mexico

Dear Ms. Jones:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-12046674**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on April 30, 2010, and

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

Premier Oil & Gas, Inc. [OGRID 17985] (Premier) has requested to drill the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. The SW/4 SE/4 of Section 15 will be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit in the Loco Hills Glorieta Yeso Pool (96718). 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. This location is less than 330 feet from the 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 this location to avoid interference with existing surface improvements.



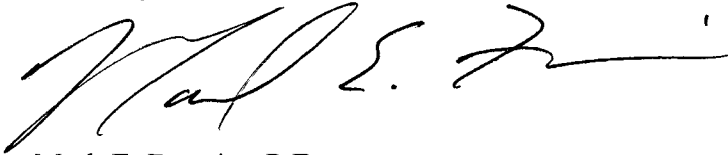
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

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,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a stylized flourish at the end.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
United States Bureau of Land Management