



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

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Karen W. Garcia

Deputy Cabinet Secretary

Mark Fesmire

Division Director

Oil Conservation Division



September 9, 2010

Mr. Vernon D. Dyer
D Oil & Gas Properties
P.O. Box 1692
Roswell, NM 88202-1692

Administrative Order NSL-6255

**Re: Aspen Operating Company, LLC
State CA Well No. 1
API No. 30-025-03639
652 feet FSL & 680 feet FEL
Unit P, Section 9-10S-36E
Lea County, New Mexico**

Dear Mr. Dyer:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-22957782**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Aspen Operating Company [OGRID 217598] (Aspen), on August 17, 2010, and

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

Aspen has requested to re-enter the above-referenced well as a directional well to the Devonian formation, at a location that will be unorthodox under Division Rule 16.14.B. The proposed surface location and terminus of the well are as follows:

Surface Location: 652 feet from the South line and 680 feet from the East line
(Unit P) of Section 9, Township 10S, Range 36E, NMPM,
Lea County, New Mexico

Terminus 422 feet from the South line and 330 feet from the East line
(Unit P) of said section

Oil Conservation Division

1220 South St. Francis Drive • Santa Fe, New Mexico 87505

Phone (505) 476-3440 • Fax (505) 476-3462 • www.emnrd.state.nm.us/OCD



The E/2 SE/4 of Section 9 will be dedicated to the proposed well to form a standard 80-acre spacing unit in the South Crossroads-Devonian Pool (13560). Spacing in this pool is governed by the Special Rules and Regulations for the South Crossroads-Devonian Pool, as promulgated by Order R-2284, issued on July 17, 1962, which provide for 80-acre units, with wells located within 150 feet of the center of a quarter section.

This location is unorthodox because a portion of the producing interval will be outside the producing area.

Your application on behalf of Aspen has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that Aspen is seeking this location for geologic reasons. 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 Aspen's 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.
Acting Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe