



# New Mexico Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

*Daniel Sanchez*  
Acting Division Director  
Oil Conservation Division

**Harrison H. Schmitt**  
Cabinet Secretary-Designate

January 27, 2011

Merit Energy Company  
Attn: Cindy Chavez  
13727 Noel Rd, Suite 500  
Dallas, TX 75240

## **Administrative Order NSL-6323**

**Re: Fanning A Well No. 2**  
**API No. 30-025**  
**950 feet FNL & 1550 feet FEL**  
**Unit B, Section 33-23S-37E**  
**Lea County, New Mexico**

Dear Ms. Chavez:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW11-01052655**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on January 6, 2011, and

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

Merit Energy Company [OGRID 14591] (Merit) 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 33 will be dedicated to this well in order to form a standard 40-acre spacing unit in the Imperial; Tubb-Drinkard Pool (33600) and the Teague; Paddock-Blinebry Pool (58300). These pools are 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 eastern 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 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 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 'Daniel Sanchez', with a long, sweeping horizontal line extending to the right.

Daniel Sanchez  
Acting Director

DS/db

cc: New Mexico Oil Conservation Division - Hobbs