



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

30-015-35713

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

June 14, 2007

Fairway Resources Operating, LLC

Attn: Kenneth Pearce

538 Silicon Drive, Suite 101

Southlake, TX 76092

Administrative Order NSL-5645

Re: Midnight Matador Well No. 9

C-35-17S-27E

Eddy County

Dear Mr. Pearce:

Reference is made to the following:

(a) your application (**administrative application reference No. pDKB07-16229852**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on May 23, 2007, and

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

Fairway Resources Operating LLC (Fairway) has requested to drill its Midnight Matador Well No. 9 at an unorthodox oil well location, 330 feet from the North line and 1500 feet from the West line (Unit C) of Section 35, Township 17 South, Range 27 East, N.M.P.M., in Eddy County, New Mexico. The NE/4 NW/4 of Section 35 will be dedicated to this well in order to form a standard 40-acre oil spacing unit in the Red Lake-Queen/Grayburg/San Andres Pool (51300). This pool is governed by statewide Rule 104.B, which provides for 40-acres units, with wells located at least 330 feet from a unit outer boundary. This location is approximately 180 feet from the western unit boundary.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that Fairway is seeking this location because of existing surface improvements that preclude a standard surface location for this well.

It is also understood that due notice of this application has been given to working interest owners in the offsetting spacing unit to the west.

Pursuant to the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Mark E. Fesmire', with a long horizontal stroke extending to the left.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia