



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

RY E. JOHNSON

Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director

Oil Conservation Division

February 28, 2001

John H. Hendrix Corporation
P. O. Box 3040
Midland, Texas 79702-3040
Attention: Ronnie H. Westbrook, Vice President

Telefax No. (915) 684-7317

Administrative Order NSL-4556

Dear Mr. Westbrook:

Reference is made to the following: (i) your initial application dated January 4, 2001, but was not received by the New Mexico Oil Conservation Division ("Division") in Santa Fe until January 11, 2001; (ii) the Division's initial response by letter dated February 7, 2001 from Mr. Michael E. Stogner, Engineer in Santa Fe, (iii) your response by letter dated February 15, 2001 with the required data to complete this application; and (iv) the records of the Division: all concerning John H. Hendrix Corporation's ("Hendrix") request to drill its Weatherly "21" Well No. 2 at an unorthodox Fusselman oil well location 800 feet from the North line and 2450 feet from the East line (Unit B) of Section 21, Township 21 South, Range 37 East, NMPM, Wantz-Fusselman Pool, Lea County, New Mexico.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the potentially productive interval of the Wantz-Fusselman Pool than a well drilled at a location considered to be standard within the proposed standard 40-acre oil spacing and proration unit comprising the NW/4 NE/4 of Section 21.

Further, the area comprising the W/2 NE/4 and NW/4 of Section 21 is within a single fee lease in which Hendrix is the leasehold operator within the deeper Fusselman interval; therefore, there are no effected offsets to the subject 40-acre tract other than Hendrix.

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