



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

August 4, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Plantation Operating, L.L.C.
2203 Timberloch Place, Suite 229
The Woodlands, Texas 77380

Attention: John Allred, P.E.
jallred@plantationpetro.com

AMENDED Division Administrative Order NSP-143-B (L) (SD)

Dear Mr. Allred:

Reference is made to the following: (i) your initial application submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on June 8, 2006 (*administrative application reference No. pMES0-621637048*); (ii) your letter dated June 22, 2006 with supplemental information to support this application; (iii) your e-mail of June 26, 2006 checking on the status of this application; and (iv) the Division's records in Hobbs and Santa Fe, including the files on Division Administrative Orders NSP-143, NSP-143-A (L) (SD), NSP-143-B (L) (SD), NSP-1335 and NFL-71; all concerning Plantation Operating, L.L.C.'s ("Plantation") request to amend both Division Administrative Orders NSP-143-A (L) (SD), dated August 14, 1996, and NSP-143-B (L) (SD), dated September 16, 1996, to reflect a location change for one of the wells that was the subject of the 235.98-acre non-standard Jalmat gas spacing unit comprising Lots 1 and 2, the W/2 NE/4, and the E/2 NW/4 of Section 31, Township 23 South, Range 37 East, NMPM, Jalmat Gas Pool (79240), Lea County, New Mexico, established in part by these orders.

Division Administrative Order NSP-143-A (L) (SD) split a previously approved 315.98-acre non-standard Jalmat gas spacing unit comprising the N/2 equivalent of Section 31 (see Division Administrative Order NSP-143, dated June 8, 1955) into two separate units comprising:

- (a) the above-described 235.98-acre unit to be operated by Doyle Hartman, Oil Operator ("Hartman") and simultaneously dedicated to the existing R. W. Cowden "C" Well No. 4 (*API No. 30-025-10903*), located at a standard gas well location 990 feet from the North line and 1980 feet from the West line (Unit C) of Section 31 and the proposed R. W. Cowden "C" Well No. 10 to be drilled at an unorthodox gas well location 1650 feet from the North line and 330 feet from the West line (Lot 2/Unit E) of Section 31; and
- (b) the remaining 80 acres comprising the E/2 NE/4 to be operated by Roca Production, Inc. ("Roca") and dedicated to the existing R. W. Cowden "C" Well No. 9 (*API No. 30-025-27918*), located at an unorthodox gas well location 1650 feet from the North line and 800 feet from the East line (Unit H) of Section 31.

Division Administrative Order NSP-143-B (L) (SD) formalized this arrangement and placed Division Administrative Order NSP-143-A (L) (SD) in abeyance.

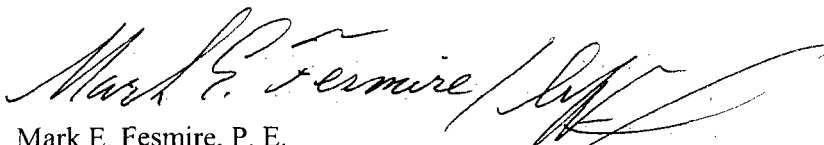
According to your application and the Division's records, Hartman never drilled the R. W. Cowden "C" Well No. 10 at the proposed unorthodox Jalmat infill well location in Unit "E" of Section 31. It is Plantation's intent at this time however, as successor operator to the Hartman acreage, to drill its R. W. Cowden "C" Well No. 10 (*API No. 30-025-36771*) at a standard infill gas well location within the 235.98-acre non-standard unit 990 feet from the North line and 660 feet from the West line (Lot 1/Unit D) of Section 31.

By the authority granted me under the provisions of Rules 4 (B) and (D) of the special rules governing the Jalmat Gas Pool, Division Administrative Order NSP143-B (L) (SD) is hereby amended, authorizing Plantation to simultaneously dedicate Jalmat gas production to the 235.98-acre non-standard Jalmat gas spacing unit from its above-described R. W. Cowden "C" Well No. 4 (*API No. 30-025-10903*) in Unit "C" of Section 31 and proposed R. W. Cowden "C" Well No. 10 (*API No. 30-025-36771*) in Lot 1 (Unit C) of Section 31.

All provisions of Division Administrative Order NSP-143-B (L) (SD) not in conflict with this order shall remain in full force and affect until further notice.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs
Roco Production Inc. – Midland, Texas

File: NSP-143
NSP-143-A (L) (SD)
NSP-143-B (L) (SD)
NFL-71
NSP-1335



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

September 16, 1996

Doyle Hartman, Oil Operator
Attention: Don Mashburn
P. O. Box 10426
Midland, Texas 79702

Roca Production, Inc.
Attention: Steven Douglas, President
P. O. Box 10139
Midland, Texas 79702

Administrative Order NSP-143-B(L)(SD)

Dear Messrs. Mashburn and Douglas:

Reference is now made to: (i) the application filed by Doyle Hartman, Oil Operator ("Hartman") by letter dated June 20, 1996; (ii) the Division's initial response to said application from Mr. Michael E. Stogner by letter dated June 25, 1996; (iii) to the letter dated August 7, 1996 from Mr. Don Mashburn of Hartman's office in Midland, Texas; (iv) Division Administrative Order NSP-143-A(L)(SD), dated August 14, 1996; and, (v) to the application filed by Roca Production, Inc. ("Roca") by letter dated August 21, 1996: all of which pertain to both parties requests to divide the existing 315.98-acre non-standard gas spacing and proration unit ("GPU") in the Jalmat Gas Pool comprising Lots 1 and 2, the NE/4, and the E/2 NW/4 (N/2 equivalent) of Section 31, Township 23 South, Range 37 East, N.M.P.M., Lea County, New Mexico, into two separate gas spacing and proration units to comprise:

- (a) the 235.98 acres consisting of Lots 1 and 2 (being the W/2 NW/4 equivalent), the W/2 NE/4, and the E/2 NW/4 of said Section 31; and,
- (b) the 80 acres consisting of the E/2 NE/4 of said Section 31.

Said 315.98-acre GPU was authorized by Division Administrative Order NSP-143, dated June 8, 1996 and had dedicated thereon the Doyle Hartman R. W. Cowden "C" Well No. 4/OXY USA, Inc. Myers Langlie Mattix Unit Well No. 61 (API No. 30-025-10903), located at a standard gas well location for the 315.98-acre GPU 990 feet from the North line and 1980 feet from the West line (Unit C) of said Section 31, and, by Division Administrative Order NFL-71, dated February 22, 1983, the R. W. Cowden "C" Well No. 9 (API No. 30-025-27918), located at a standard gas well location 1650 feet from the North line and 800 feet from the East line (Unit H), now operated by Roca Production, Inc., was simultaneously dedicated to said 315.98-acre GPU.

It is our understanding by the subject applications and related correspondence that:

- (1) Hartman will be operator of the proposed 235.98-acre non-standard GPU comprising Lots 1 and 2, the W/2 NE/4, and the E/2 NW/4 of said Section 31 in which said acreage is to be simultaneously dedicated to the aforementioned R. W. Cowden "C" Well No. 4 and to the proposed R. W. Cowden "C" Well No. 10 to be drilled at an unorthodox gas well location 1650 feet from the North line and 330 feet from the West line (Lot 2/Unit E) of said Section 31, and,
- (2) the remaining 80 acres comprising the E/2 NE/4 of said Section 31 is to be operated by Roca Production, Inc. and have dedicated to it the above-described R. W. Cowden "C" Well No. 9 now located at an unorthodox gas well location for the resulting 80-acre GPU.

The Division finds at this time that, both of the subject applications filed by Doyle Hartman, Oil Operator and Roca Production, Inc. have been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996 and Rule 2(d) of the *"General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Jalmat Gas Pool"*, as promulgated by Division Order No. R-8170, as amended. Pursuant to said rules no objection to the subject applications have been received within the required 20-day waiting periods.

Therefore, by the authority granted me under the provisions of the aforementioned rules applicable in this matter, it is hereby ordered:

- (a) that Doyle Hartman, Oil Operator ("Hartman") be designated the operator of the 235.98 acres, comprising Lots 1 and 2, the W/2 NE/4, and the E/2 NW/4 of said Section 31, thereby forming a non-standard gas spacing and proration unit ("GPU") within the Jalmat Gas Pool in which is to be simultaneously dedicated to the existing R. W. Cowden "C" Well No. 4/OXY USA, Inc. Myers Langlie Mattix Unit Well No. 61 (API No. 30-025-10903), located at a standard Jalmat gas well location for the 235.98-acre GPU 990 feet from the North line and 1980 feet from the West line (Unit C) of said Section 31 and to its proposed R. W. Cowden "C" Well No. 10 to be drilled at an unorthodox gas well location 1650 feet from the North line and 330 feet from the West line (Lot 2/Unit E) of said Section 31. Also, Hartman is hereby authorized to simultaneously dedicate Jalmat gas production from the proposed R. W. Cowden "C" Well No. 10 with the existing R. W. Cowden "C" Well No. 4. Furthermore, Hartman is permitted to produce the allowable assigned the subject GPU from both wells in any proportion; and,
- (b) that Roca Production, Inc. ("Roca") be authorized to operate the

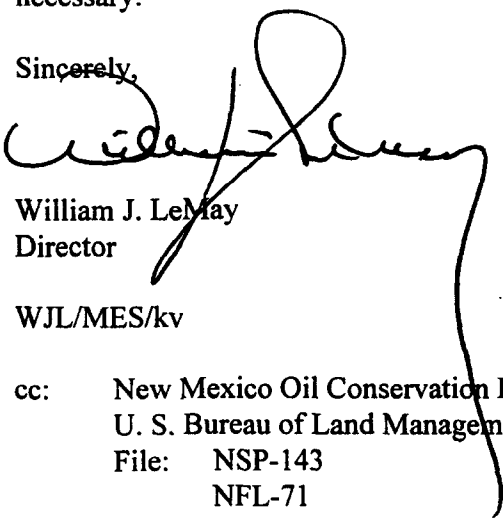
Administrative Order NSP-143-B(L)(SD)
Doyle Hartman/Roca Production, Inc.
September 16, 1996
Page 3

remaining 80 acres comprising the E/2 NE/4 of said Section 31, as a non-standard gas spacing and proration unit ("GPU") within the Jalmat Gas Pool in which is to be dedicated to the existing R. W. Cowden "C" Well No. 9 (API No. 30-025-27918), located at an unorthodox gas well location for the subject 80-acre GPU 1650 feet from the North line and 800 feet from the East line (Unit H) of said Section 31.

Division Administrative Orders NSP-143, NFL-71, NSP-143-A(L)(SD) shall be placed in abeyance until further notice.

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

Sincerely,



William J. LeMay
Director

WJL/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
File: NSP-143
NFL-71
NSP-1335
NSP-143-A(L)(SD) /

June 8, 1955

Albert Gackle
419 National Bank Bldg.
Fort Worth 2, Texas

Administrative Order NSP-143

Dear Mr. Gackle:

Reference is made to your application for approval of a 316-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the following acreage:

Township 23 South, Range 37 East, NMPM
N/2 of Section 31

It is understood that this unit is to be ascribed to your R. W. Cowden "C" Well No. 4, located 990 feet from the North line and 1980 feet from the West line of Section 31, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico.

By authority granted me under provisions of Rule 5, Section (b)-6 of the Special Rules and Regulations for the Jalmat Gas Pool, as set forth in Order R-520, you are hereby authorized to operate the above described acreage as a non-standard gas proration unit, with allowable to be assigned thereto in accordance with pool rules, based upon the unit size of 316 acres.

Very truly yours,

W. B. Macey
Secretary-Director

WBM:jh

cc: Oil Conservation Commission, Hobbs
N. M. Oil and Gas Engineering Comm., Hobbs

INFILL DRILLING FINDINGS AND WELL-SPACING WAIVER
MADE PURSUANT TO SECTION 271.305(b) OF THE
FEDERAL ENERGY REGULATORY COMMISSION REGULATIONS,
NATURAL GAS POLICY ACT OF 1978 AND OIL CONSERVATION DIVISION
ORDER NO. R-6013

I.

Operator HCW Exploration, Inc. Well Name and No. R. W. Cowden "C" Well No. 9
Location: Unit H Sec. 31 Twp. 23S Rng. 37E Cty. Lea

II.

THE DIVISION FINDS:

- (1) That Section 271.305(b) of the Federal Energy Regulatory Commission Interim Regulations promulgated pursuant to the Natural Gas Policy Act of 1978 provides that, in order for an infill well to qualify as a new onshore production well under Section 103 of said Act, the Division must find, prior to the commencement of drilling, that the well is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot be so drained by any existing well within that unit, and must grant a waiver of existing well-spacing requirements.
- (2) That by Order No. R-6013, dated June 7, 1979, the Division established an administrative procedure whereby the Division Director and the Division Examiners are empowered to act for the Division and find that an infill well is necessary.
- (3) That the well for which a finding is sought is to be completed in the JalmatTansillYatesSeven Rivers (ProratedGas) Pool, and the standard spacing unit in said pool is 640 acres.
- (4) That a 316-acre proration unit comprising the N/2 of Sec. 31, Twp. 23S, Rng. 37E, is currently dedicated to the R. W. Cowden "C" Well No. 4 located in Unit C of said section.
- (5) That this proration unit is () standard (X) nonstandard; if nonstandard, said unit was previously approved by Order No. NSP-143.
- (6) That said proration unit is not being effectively and efficiently drained by the existing well(s) on the unit.
- (7) That the drilling and completion of the well for which a finding is sought should result in the production of an additional 179,700 MCF of gas from the proration unit which would not otherwise be recovered.
- (8) That all the requirements of Order No. R-6013 have been complied with, and that the well for which a finding is sought is necessary to effectively and efficiently drain a portion of the reservoir covered by said proration unit which cannot be so drained by any existing well within the unit.
- (9) That in order to permit effective and efficient drainage of said proration unit, the subject application should be approved as an exception to the standard well spacing requirements for the pool.

IT IS THEREFORE ORDERED:

- (1) That the applicant is hereby authorized to drill the well described in Section I above as an infill well on the existing proration unit described in Section II(4) above. The authorization for infill drilling granted by this order is an exception to applicable well spacing requirements and is necessary to permit the drainage of a portion of the reservoir covered by said proration unit which cannot be effectively and efficiently drained by any existing well thereon.
- (2) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on this 22nd day of February, 19 83.


DIVISION DIRECTOR

EXAMINER

INFILL DRILLING FINDINGS AND WELL-SPACING WAIVER
MADE PURSUANT TO SECTION 271.305(b) OF THE
FEDERAL ENERGY REGULATORY COMMISSION REGULATIONS,
NATURAL GAS POLICY ACT OF 1978 AND OIL CONSERVATION DIVISION
ORDER NO. R-6013

I.

Operator HCW Exploration, Inc. Well Name and No. R. W. Cowden "C" Well No. 9
Location: Unit H Sec. 31 Twp. 23S Rng. 37E Cty. Lea

II.

THE DIVISION FINDS:

- (1) That Section 271.305(b) of the Federal Energy Regulatory Commission Interim Regulations promulgated pursuant to the Natural Gas Policy Act of 1978 provides that, in order for an infill well to qualify as a new onshore production well under Section 103 of said Act, the Division must find, prior to the commencement of drilling, that the well is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot be so drained by any existing well within that unit, and must grant a waiver of existing well-spacing requirements.
- (2) That by Order No. R-6013, dated June 7, 1979, the Division established an administrative procedure whereby the Division Director and the Division Examiners are empowered to act for the Division and find that an infill well is necessary.
- (3) That the well for which a finding is sought is to be completed in the JalmatTansillYatesSeven Rivers (ProratedGas) pool, and the standard spacing unit in said pool is 640 acres.
- (4) That a 316-acre proration unit comprising the N/2 of Sec. 31, Twp. 23S, Rng. 37E, is currently dedicated to the R. W. Cowden "C" Well No. 4 located in Unit C of said section.
- (5) That this proration unit is () standard (X) nonstandard; if nonstandard, said unit was previously approved by Order No. NSP-143.
- (6) That said proration unit is not being effectively and efficiently drained by the existing well(s) on the unit.
- (7) That the drilling and completion of the well for which a finding is sought should result in the production of an additional 179,700 MCF of gas from the proration unit which would not otherwise be recovered.
- (8) That all the requirements of Order No. R-6013 have been complied with, and that the well for which a finding is sought is necessary to effectively and efficiently drain a portion of the reservoir covered by said proration unit which cannot be so drained by any existing well within the unit.
- (9) That in order to permit effective and efficient drainage of said proration unit, the subject application should be approved as an exception to the standard well spacing requirements for the pool.

IT IS THEREFORE ORDERED:

- (1) That the applicant is hereby authorized to drill the well described in Section I above as an infill well on the existing proration unit described in Section II(4) above. The authorization for infill drilling granted by this order is an exception to applicable well spacing requirements and is necessary to permit the drainage of a portion of the reservoir covered by said proration unit which cannot be effectively and efficiently drained by any existing well thereon.
- (2) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on this 22nd day of February, 19 83.


DIVISION DIRECTOR EXAMINER

Note to F. I. (NSP-1335)

*This NFL Order negated NSP-1335.
The original 320-acre, more or less, NSP authorized by
NSP-143, dated 6-8-1955, is still in effect.*

