

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

July 18, 2007

Ocean Munds-Dry Esq. agent for
EOG Resources, Inc.
PO Box 2208
Santa Fe, NM 87504-2208

RE: Fowler Federal Well No. 1 (API No 30-025-38408)

PAR Minerals Corporation (OGRD 215256)

SHL: 330 feet from the North Line, 1650 feet from the East line, Unit B

BHL: 330 feet from the North Line, 1280 feet from the East line, Unit A

Section 18, Township 24 South, Range 38 East, NMPM, Lea County

Spacing and Proration Unit: NE/4 NE/4 (40 Acres) Section 18

Administrative Order NSL-5667

Dear Ms. Munds-Dry:

Reference is made to the following:

- (a) your application (administrative application reference No. pWVJ0719931066 for non-standard location [NSL]) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on July 17, 2007, on behalf of PAR Minerals Corporation ("PAR"); and
- (b) the Division's records pertinent to PAR's request.

PAR has drilled a vertical test of the Ellenburger in Unit B, missed the target, and now wishes to re-enter and deviate the well to a non-standard location in Unit A of Section 18.

PAR wishes to produce from the Ellenburger formation within this proposed proration unit in the East Fowler-Ellenburger Pool (26500). The proposed completion would be the first Ellenburger oil well in this spacing and proration unit.

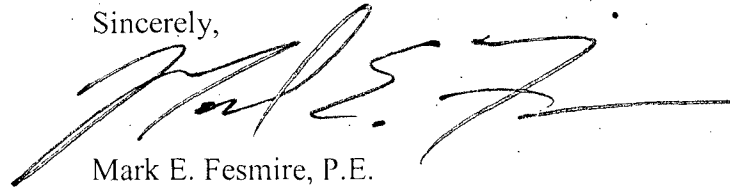
The East Fowler-Ellenburger Pool is governed by statewide rules, which require oil wells to be located no closer than 330 feet from the boundary of a 40 acre spacing and proration unit. This deviated well terminus is un-orthodox because it is to be located only 40 feet from the western edge of the spacing and proration unit.

It is our understanding the minerals within Unit A and the affected Unit B are federal and administered by the BLM. It is also our understanding that all revenue interests between Unit A and Unit B are identical.

Division Rule 104.F allows the Division director to grant location exceptions in order to prevent waste and protect correlative rights. Your application on behalf of PAR has been duly filed and notice has been provided as required under the provisions of Division Rules 104.F and 1210.A. In order to prevent waste and protect correlative rights, the above-described non-standard Ellenburger oil well location within the East Fowler-Ellenburger Pool 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 black ink, appearing to read 'Mark E. Fesmire', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/wvjj

cc: New Mexico Oil Conservation Division – Hobbs
Bureau of Land Management – Carlsbad