

DATE IN 9/18/07	SUSPENSE	ENGINEER D. BROOKS	LOGGED IN 9/18/07	TYPE NSL	APP NO. p TDS0726158513
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



Tepland Petroleum - Mkt.
State HF Perm # 2
5688

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
[B] ☐ Offset Operators, Leaseholders or Surface Owner
[C] ☐ Application is One Which Requires Published Legal Notice
[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
[F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

Signature

Title

Date

e-mail Address



September 18, 2007

VIA HAND DELIVERY

Mr. Mark Fesmire, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RECEIVED
2007 SEP 18 AM 9 56

Re: Application of Texland Petroleum-Hobbs, LLC, for administrative approval of an unorthodox well location for its State HF Com #2, filed September 4, 2007.

Dear Mr. Fesmire:

Texland Petroleum-Hobbs, LLC ("Texland") filed an application for administrative approval of an unorthodox well location for the above-referenced well on September 4, 2007. Latigo Petroleum, Inc. ("Latigo") was the only offset owner affected by that application. Texland has since reached an agreement with Latigo in which Latigo agreed to waive its right to object to Texland's application. The letter agreement is attached.

In light of Latigo's waiver, Texland respectfully requests your immediate attention to its application. Texland would very much appreciate this matter be approved on an expedited basis because it is set to drill this well this week.

Thank you for your consideration. If you have any questions, please do not hesitate to contact me.

Sincerely,

Kristina Martinez

KEM

Enclosure

cc: Vickie Smith

3764483_1.DOC



300 North Marienfeld, Suite 600 • Midland, Texas 79701 • P.O. Box 10340 • Midland, Texas 79702-7340 • 432-685-8100 • Fax 432-685-8151

September 5, 2007

Texland Petroleum, L.P.
Attn: Mr. W. Frank Pendleton
777 Main Street, Suite 3200
Fort Worth, Texas 76102

Re: TERRY STATE PROSPECT
Lea County, New Mexico
REQUEST FOR WAIVER OF UNORTHODOX WELL LOCATION
Texland Petroleum, Inc.
State HF Com No 2 Well
1,897' FSL & 957' FEL Section 33
T-18-S, R-38-E, N.M.P.M.

Gentlemen:

Pursuant to your letter dated August 16, 2007, which was received by Latigo Petroleum, Inc. on August 20, 2007, requesting Latigo's waiver to object to your application to the NMOCDD for a unorthodox location for the captioned well at the above location.

Please be advised that Latigo Petroleum, Inc. herein agrees to grant such waiver, subject and contingent upon Texland Petroleum, Inc. agreeing to a) provide Latigo with certain well information as to such well as set out in Exhibit "A" attached hereto and made a part hereof, and b) reciprocate and grant Latigo a similar waiver if requested as to a well located in said Section 33 being no closer that 330' to a common lease line with Texland, with Latigo agreeing to provide Texland with similar well information as to such well as Texland provided to Latigo as provided for herein.

If you are in agreement with the above, please execute both originals of this letter and return one fully executed original to Latigo. Should you have any questions regarding this matter, please contact Ken Dixon at (432) 685-8123.

Very truly yours,

LATIGO PETROLEUM, INC.

Terry Gant
Land Manager
KD/dkr

Attachment

EXPL
ENG

AGREED TO AND ACCEPTED this _____ day of
September, 2007.

TEXLAND PETROLEUM, L.P.

By:
Name: James H. Wilkes
Title: President and COO

SEP 17 2007

F:\WorkGroups\Land\Latigo\Prospects\Terry State\Texland\UnorthodoxWellLocation-StateHFCom#2(070905)\tr.doc

300 NORTH MARIENFELD, SUITE 600 • POST OFFICE BOX 10340 • MIDLAND, TEXAS 79702-7340 • 432/685-8100 • FAX 432/685-8151

EXHIBIT "A"

To that certain Letter dated September 5, 2007,
from Latigo Petroleum, Inc., to Texland Petroleum, L.P.

LATIGO PETROLEUM, INC.

300 North Marienfeld, Suite 600 P.O. Box 10340
Midland, Texas 79701 Midland, Texas 79702-7340
(432) 685-8100

WELL DATA REQUIREMENTS

WELL NAME: State HF Com No. 2

LOCATION: 1,897' FSL & 957' FEL Sec. 33, T18s, R38e, NMPM, Lea Co., NM

Please furnish information regarding the subject well as follows:

SEND THE FOLLOWING TO: GARY HOOSE		
Drilling & Completion Report	Daily (by 9:00 am CST)	pogowddr@pogoproducing.com or fax to (432) 685-8150
Production Data	for 2 weeks after any operations	pogowddr@pogoproducing.com or fax to (432) 685-8150
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Surveys & Tests	1 copy	send to street address
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September 18, 2007

VIA HAND DELIVERY

Mr. Mark Fesmire, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RECEIVED
2007 SEP 18 AM 9 56

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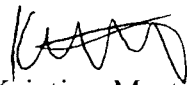
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Sincerely,


Kristina Martinez

KEM
Enclosure
cc: Vickie Smith

3764483_1.DOC



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Lea County, New Mexico
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Terry Gant
Land Manager

KD/dkr

Attachment

EXPL
ENG

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September, 2007.

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By:

Name:

James H. Wilkes

Title:

President and COO

SEP 17 2007

F:\WorkGroups\Land\Latigo\Prospects\TerryState\Texland\UnorthodoxWellLocation-StateHFCom#2(070905)\tl.doc

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300 North Marienfeld, Suite 600 P.O. Box 10340
Midland, Texas 79701 Midland, Texas 79702-7340
(432) 685-8100

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Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RECEIVED
2007 SEP 18 AM 9:56

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Sincerely,

Kristina Martinez

KEM

Enclosure

cc: Vickie Smith

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Terry Gant
Land Manager

KD/dkr

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EXPL
MYK-ENG

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By

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Title: President and COO

SEP 17 2007

F:\WorkGroups\Land\Latigo\Prospects\Terry State\Texland\Unorthodox Well Location-State HF Com#2(070905)\tr.doc

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DATE IN 9/14/07	SUSPENSE	D. BROOKS ENGINEER	LOGGED IN 9/15/07	TYPE NSL	APP NO. JD50724836643
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



Tepland
stat HF Com #2
5688

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

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[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

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☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

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☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

2007 SEP 4 PM 2 34
RECEIVED

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☒ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

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Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Kristina Martinez
Print or Type Name

Signature

Attorney for Tepland 9/18/07
Title Date

kemartinez@hollandhart.com
e-mail Address

September 4, 2007

VIA HAND DELIVERY

Mr. Mark Fesmire, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Texland Petroleum-Hobbs, LLC, for administrative approval of an unorthodox well location for its State HF Com #2, to be drilled to the Drinkard formation at a surface location 1897 feet from the South line and 957 feet from the East line of Sec. 33, Township 18 South, Range 38 East, N.M.P.M., Lea County, New Mexico.

Dear Mr. Fesmire:

Texland Petroleum-Hobbs, LLC ("Texland") hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2)-(4), of an unorthodox well location in the Hobbs Pool for its State HF Com #2 located 1897 feet from the South line and 957 feet from the East line of Section 33 (Unit I), Township 18 South, Range 38 East, N.M.P.M., Lea County, New Mexico.

This proposed location in the Drinkard formation is unorthodox because it is governed by the Special Rules and Regulations for the Hobbs-Drinkard Pool which provide for wells on 80-acre spacing units to be located within a 150' of center of the boundary of the spacing unit. The proposed unorthodox well location is approximately 297 feet from the center boundary of the proposed spacing unit. A standard standup 80-acre spacing unit and proration unit comprised of the E/2 SE/4 of Section 33 will be dedicated to the well.

The non-standard location is required due to surface obstructions. The attached **Exhibit A**, is an aerial view of the City of Hobbs showing the proposed location, the obstructions and the need to move the location approx 297' west of center.



Exhibit B is a plat that shows the subject area, the 80-acre proposed spacing unit comprised of the S/2 SE/4 of Section 33, the proposed unorthodox well location and the offsetting spacing unit.

Exhibit C is the C-102 filed for the well that shows the surveyed location of the well.

Exhibit D is a list of affected parties. As required by Rule 1210 (A) (2), a copy of this application (with attachments) has been sent to those listed on Exhibit D in accordance with Rule 1207 (A) (2) and they have been advised that if they have an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty days from the date this notice was sent.

Also enclosed is a proposed administrative order prepared by Texland on behalf of the Division.

Your attention to this application is appreciated.

Sincerely,

Kristina Martinez
Attorney for Texland

Enclosures

cc: OCD/Hobbs District 1



TEXLAND PETROLEUM
HOBBS UNIT, LEA COUNTY, NM
HOBBS COOPERATIVE WATERFLOOD
STATE HF COM #2
Non-Standard Loc. Request
August 20, 2007

EXHIBIT
A
tabbles

TEXLAND

7

9

LATIGO

33

Conoco State

LATIGO

3

30

34

31



2

80 ac. spacing

LATIGO

1

1

Conoco State

State HF COM

EXHIBIT

tabbles

B

TEXLAND PETROLEUM

HOBBS UNIT, LEA COUNTY, NM

HOBBS COOPERATIVE WATERFLOOD

STATE HF COM #2

Non-Standard Loc. Request

August 21, 2007

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I

1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 31730	Pool Name Hobbs, Drinkard
Property Code	Property Name STATE HF COM	Well Number 2
OGRID No. 113315	Operator Name TEXLAND PETROLEUM, LP	Elevation 3631'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	33	18-S	38-E		1897	SOUTH	957	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 80	Joint or Infill	Consolidation Code	Order No.
------------------------------	-----------------	--------------------	-----------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=621150.7 N X=864894.7 E</p> <p>LAT.=32.702031° N LONG.=103.147142° W</p>		<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><u>Vickie Smith</u> 8-17-07 Signature Date</p> <p><u>Vickie Smith</u> Printed Name</p>
		<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date Surveyed: 8/17/07 Signature: <u>Ronald J. Eidson</u> Seal of Professional Surveyor 3239 AR</p>
		<p>Certificate No. GARY EIDSON 12641 RONALD J. EIDSON 3239</p>

EXHIBIT

tabbies

C

Texland Petroleum-Hobbs, LLC

Attention: Vickie Smith

Administrative Order NSL-_____

Dear Ms. Smith:

Reference is made to your application dated September 4, 2007 for an unorthodox well location for Texland Petroleum-Hobbs, LLC's State HF Com #2, to be drilled to the Drinkard formation in the Hobbs-Drinkard Gas Pool. Said well will be located 1897 feet from the South line and 957 feet from the East line of Section 33 (Unit I), Township 18 South, Range 38 East, N.M.P.M., Lea County, New Mexico.

A 80-acre spacing and proration unit in the Drinkard formation comprising the E/2 SE/4 of Section 33 is to be dedicated to said well.

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

By authority granted me under the provisions of Rule 104.F(2), the above-described unorthodox well location within this 80-acre unit in the Drinkard formation is hereby approved.

Sincerely,

Mark E. Fesmire, P.E.
Director

cc: Oil Conservation Division - Hobbs/Artesia