



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



June 9, 2009

Property Management & Consulting, Inc.
Attn: Robert E. Fielder
P.O. Box 2596
Farmington, NM 87499-2596

Administrative Order NSL-6038

**Re: West Largo Corp.
Federal Com. 31 Well No. 2
API No. 30-045
533 feet FNL and 435 feet FWL
Lot 6, Section 31-29N-8W
San Juan County, New Mexico**

Dear Mr. Fielder:

Reference is made to the following:

(a) your application (**administrative application reference No. pKAA09-13451585**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of West Largo Corp. (West Largo), on May 14, 2009, and

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

West Largo has requested to drill the above-referenced well at an unorthodox well location described above in the caption of this letter. The SW/4 (equivalent) of irregular Section 30 and Lots 5 through 12 (W/2 equivalent) of irregular Section 31 will be dedicated to this well in order to form a standard 320-acre gas spacing unit in the Basin Fruitland Gas Pool (71629). Spacing in this pool is governed by the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, as amended by Order No. R-8768-F, effective July 17, 2003, which provide generally for 320-acre units with wells to be located at least 660 feet from any unit boundary. This location is less than 660 feet from the western unit boundary.

Your application on behalf of West Largo has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that you are seeking this location for topographic reasons.



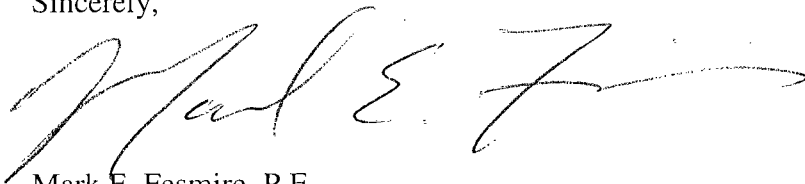
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9.

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/db

cc: New Mexico Oil Conservation Division - Aztec
United States Bureau of Land Management - Farmington