



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

**OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131**

March 27, 2000

Queen Sand Operating Company
13760 Noel Road, Suite 1030, L.B. #44
Dallas, Texas 75240-7336

Attn: Mr. James L. Hull, Jr.

Re: Request for Extension of Implementation Period for Division Order WFX-746.

Dear Mr. Hull:

My staff has reviewed your request to extend the implementation period on the above referenced Division Order. Providing that all conditions contained in the order remain the same and there are no wells drilled in the area of review, the expiration date of the WFX-746 is hereby extended to March 27, 2001.

In the event any drilling activity occurs in the subject area of review, Queen Sand Operating Company will notify the supervisor of the Artesia District office and the Division office. An administrative review of the permit will be conducted, and the status of the permit will be determined.

All other provisions and conditions of Division Order WFX-746, and Division Rules 706 and 1120 shall remain in full force and effect.

Sincerely,

A handwritten signature in cursive script, reading "Lori Wrotenbery".

Lori Wrotenbery
Director

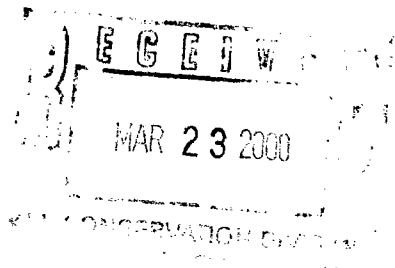
LW/MWA/kv

cc: Oil Conservation Division - Artesia
WFX-746

Queen Sand Operating Co.

March 22, 2000

Lori Wrotenbery
Director
State of New Mexico
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505



Re: Administrative Order No. WFX-746
Request extension for authority to inject

Dear Ms Wrotenbery:

Northland Operating Co. was granted permission to inject water into the Queen formation in four wells in Chaves Co, New Mexico. This administrative order was granted February 11, 1999, to terminate after one year unless injection operations were underway. Please extend our injection authority for another year as we have not completed all necessary work for a successful waterflood program.

We began drilling the first of four injection wells in November 1999. All four wells, the Drickey Queen Unit Well No 54, 55, 56, & 57 have been dug. The proposed producing well, Drickey Queen Unit Well No 58, reached total depth on February 19, 2000. Obviously we were not able to meet the February 11, 2000 deadline for starting injection but should be fully operational by April 15, 2000.

Since this permit was granted, Northland Operating Co has changed its name to Queen Sand Operating Co. Form C-104, changing the operator name, was submitted for nos. 56, 57, & 58 to coincide with the plugging bond we obtained for each of these wells. No 54 & 55 were permitted by Northland Operating Co. and covered by existing blanket bonds.

Thanks for your help & please call me @972-383-8260 with any question you have. We are looking forward to a successful project.

Sincerely,

Handwritten signature of James L. Hull, Jr.

James L. Hull, Jr.
Production Clerk

13760 Noel Road, Suite 1030, L.B. #44, Dallas, Texas 75240-7336
Tel (972) 233-9906 Fax (972) 233-9575