



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

February 27, 2006

Ms. Ocean Munds-Dry
Holland & Hart
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico 87504-2208

Dear Ms. Munds-Dry:

Based upon the reasons stated in your letter of February 23, 2006, and in accordance with the provisions of Division Order No. R-12291, as amended by Order No. R-12291-A, Matrix New Mexico Holdings, L.L.C. is hereby granted an additional extension of time until June 1, 2006, in which to commence the drilling of the well pooled by this order.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire".

Mark E. Fesmire, P.E.

Director

fd/

cc: Case Nos. 13420 and 13604 ✓
OCD - Hobbs



February 23, 2006

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HAND-DELIVERED

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

Re: Oil Conservation Division Case No. 13420 and Case No. 13604: Application of Matrix New Mexico Holdings, L.L.C. for compulsory pooling, Lea County, New Mexico.

Dear Mr. Fesmire;

On February 25th, 2005, the Division entered Order No. R-12291 which granted the application of Matrix New Mexico Holdings, L.L.C. in the above-referenced case pooling all uncommitted interests from the surface to the base of the Wolfcamp formation underlying the SE/4 NE/4 of Section 10, Township 13 South, Range 38 East, NMPM, Lea County, New Mexico. On the application of Matrix, the Division granted administrative approval on November 14, 2005 of a non-standard location for the well to be dedicated to the pooled unit. This pooled unit is to be dedicated to the applicant's Townsend Well No. 2 to be drilled at a non-standard well location in (Unit H) of Section 10. On December 27, 2005, the Division also amended the order pooling all uncommitted interests in said unit to reflect the change in well location in Order No. R-12291-A.

Order R-12291 provides that in the event Matrix does not commence re-entry operations on the well on or before June 1, 2005, this pooling order shall be of no effect unless Matrix obtains a time extension from the Division Director for good cause shown. By letter dated August 23, 2005, the Division Director granted an extension of this order until December 1, 2005. By letter dated November 18, 2005, the Division Director granted an extension of Order R-12291 until March 1, 2006.

Matrix plans to drill the Townsend Well No. 2 but has encountered delays in obtaining a rig and has determined that it will not be able to commence drilling prior to March 1, 2006. Since it will be unable to commence drilling prior to the current deadline set by this pooling order as extended by the Division Director, Matrix New Mexico Holdings, L.L.C. hereby request an extension of Order No. R-12291-A from March 1, 2006 until June 1, 2006.

Your attention to this request is appreciated.

HOLLAND & HART The logo for Holland & Hart, featuring a stylized graphic of a building or structure within a square frame.

Sincerely,

Ocean Munds-Dry
Ocean Munds-Dry

cc: Mr. Fred Bryla
Matrix New Mexico Holdings, L.L.C.