

TEXLAND PETROLEUM, L.P.
EXPLORATION AND PRODUCTION
777 MAIN STREET, SUITE 3200
FORT WORTH, TEXAS 76102

(817) 336-2751

June 2, 2014

Mr. Maxey G. Brown
District Supervisor, District 1
New Mexico Oil Conservation Division
1625 N French Dr.
Hobbs, NM 88240

HOBBS OCD

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*Re: Texland Petroleum-Hobbs, LLC Request for Temporary Increased Allowable
OPL 3 State #1 Well, API No. 30-025-41440
Lea County, New Mexico*

Mr. Brown:

Texland Petroleum-Hobbs, LLC is the operator of the above captioned well (the "Well") located on the following described lands in Lea County, New Mexico:

Township 17 South, Range 36 East, N.M.P.M.
Section 3: NE/4SW/4

Texland completed the Well as a producer from the Lovington, Abo Pool (40470). The NMOCD granted a 40 acre spacing unit for the Well as depicted on Exhibit A. The Well has a total vertical depth of 8,650 feet, with perforations in the Abo Formation from 8,355 feet to 8,512 feet. Based on the depth and the spacing unit for the Well, the corresponding depth bracket allowable for the Well is 230 barrels per day. 19.15.20.12 NMAC.

Texland installed a submersible pump on the Well on May 18, 2014. In the process of testing and attempting to pump off the Well, daily production from the Well has been as follows:

Date	Oil (bbl)	Gas (mcf)	Water (bbl)	Pump Intake Pressure (PSI)
5/18/2014	199	332.50	625	3147
5/19/2014	232	349	438	2910
5/20/2014	400	340.40	303	1591
5/21/2014	405	332.60	298	1503
5/22/2014	339	324.80	203	1435
5/23/2014	356	316.60	374	1377
5/24/2014	335	305.20	296	1377
5/25/2014	331	298.40	306	1283
5/26/2014	159	224.90	308	1244 (1/2 day production, shut in)
5/27/2014	0	0	0	1210 (shut in – DCP gas plant issue)
5/28/2014	201	69.90	195	1806 (1/2 day production, shut in)

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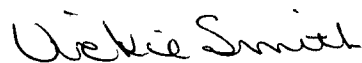
Texland is presently attempting to pump off the well. The desired pump intake pressure is approximately 200 PSI, which would indicate the Well has been pumped off and is efficiently producing fluid. Because of the total volume of fluid being produced from the Well, Texland believes the Well will never be pumped off if the pump speed is reduced to comply with the applicable depth bracket allowable. This is an issue for two primary reasons:

- (a) First, multiple intervals were perforated in the Abo Formation in the Well. If the Well is not pumped off, the strong potential exists for the zones to cross-flow due to differences in permeability and pressure between perforated intervals in the Abo. Cross-flow will impede the efficient recovery of hydrocarbons, perhaps permanently.
- (b) Second, Texland cannot effectively treat the wellbore of the Well for corrosion and scale deposition unless the Well is pumped off. Corrosion can lead to premature loss of lift equipment and the wellbore, and scale deposition can ultimately lead to a loss of reserves.

If the pump intake pressure continued to drop at present rates, Texland estimates the well would be pumped off in approximately 40 days.

Texland hereby requests a temporary exception to the depth bracket allowable for the Well for the months of May and June 2014. Texland requests an allowable of 400 barrels of oil per day to allow us to pump off the well. Texland will promptly advise your office of the status of its efforts the first week of July.

Yours very truly,



Vickie Smith
Regulatory Analyst, NM

Exception granted through June 30, 2014.
Maxey Brown
Dist. 10 Supervisor