



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

November 8, 2005

Mark Fesmire

Director

Oil Conservation Division

McQuadrangle, LLC
c/o Charles C. Joy
702 Hermosa Drive
Artesia, New Mexico 88210

Telefax No. (505) 746-2607

Administrative Order NSL-5299

Dear Mr. Joy:

Reference is made to the following: (i) your application (*administrative application reference No. pMES0-531234571*) dated October 30, 2005 filed on behalf of the operator, McQuadrangle, LLC of Lubbock, Texas; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Artesia and Santa Fe, New Mexico, including the file in Division Case No. 13489: all concerning McQuadrangle, LLC's request to drill its Midnight Matador Federal Well No. 3 at an unorthodox San Andres oil well location 1150 feet from the North line and 2310 feet from the West line (Unit C) of Section 35, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico. The NE/4 NW/4 of Section 35 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit within the Red Lake (Queen-Grayburg-San Andres) Pool (51300).

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

It is the Division's understanding that the E/2 NW/4 of Section 35 is a single federal lease (*U. S. Government lease No. LC-050158*) with common mineral interests within the oil bearing interval of the San Andres formation in which McQuadrangle, LLC is the leasehold operator; therefore, there are no adversely effected offsets to the subject 40-acre tract.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox San Andres oil well location is hereby approved.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management – Carlsbad