



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

December 7, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

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

Administrative Order NSL-5312

Dear Mr. Joy:

Reference is made to the following: (i) your application on behalf of the operator, McQuadrangle, LLC of Lubbock, Texas, dated November 16, 2005 and filed with the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on November 22, 2005 (*administrative application reference No. pSEM0-532652372*); (ii) your telephone conversations with Mr. Michael E. Stogner, Engineer with the Division in Santa Fe on December 7, 2005; and (iii) the Division's records in Artesia and Santa Fe, New Mexico: all concerning McQuadrangle, LLC's request to drill its Midnight Matador Federal Well No. 2 at an unorthodox San Andres oil well location 1950 feet from the North line and 2375 feet from the West line (Unit F) of Section 35, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico. The SE/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 for McQuadrangle, LLC 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].

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,

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

Mark E. Fesmire, P. E.

Director

MEF/ms

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