



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

December 29, 2005

Range Operating New Mexico, Inc.
777 Main Street – Suite 800
Fort Worth, Texas 76102

Attention: Bryan Surles
District Engineer – Eunice Area
bsurles@rangeresources.com

Administrative Order NSL-5322

Dear Mr. Surles:

Reference is made to the following: (i) your application filed with the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on November 15, 2005 (***administrative application reference No. pSEM0-532027765***); (ii) your telephone conversation with Mr. Michael E. Stogner, Engineer with the Division in Santa Fe, on Thursday afternoon, December 29, 2005; and (iii) the Division's records in Hobbs and Santa Fe: all concerning Range Operating New Mexico, Inc.'s ("Range") request to drill its New Mexico "M" State Well No. 52 at an unorthodox Drinkard oil well location 1420 feet from the South line and 2310 feet from the East line (Unit J) of Section 18, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico. The SW/4 SE/4 of Section 18 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit within the Drinkard (Oil) Pool (**19190**).

Your 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 area comprising the SE/4 of Section 18 comprises a single state lease issued by the New Mexico State Land Office (***State Lease No. B-00934***) in which Range is the leasehold operator and all mineral interest within the Drinkard is common.

IT IS FURTHER ORDERED HOWEVER THAT any future recompletion of this well within another interval, and if such recompletion is classified as "gas," the operator shall seek a location exception for such zone(s) through the Division's hearing process.

Range Operating New Mexico, Inc.

December 29, 2005

Page 2

Division Administrative Order NSL-5322

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Drinkard oil well location for Range's proposed New Mexico "M" State Well No. 52 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 cursive script that reads "Mark E. Fesmire" followed by a large, stylized flourish.

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office – Santa Fe