



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

March 3, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

H. L. Brown Operating, L.L.C.
c/o **Holland & Hart, LLP**
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Attention: Ocean Munds-Dry
omundsdry@hollandhart.com

Administrative Order NSL-5248-A

Dear Ms. Munds-Dry:

Reference is made to the following: (i) your application that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on February 9, 2006 (**administrative application reference No. pTDS0-604148898**) on behalf of the operator, H. L. Brown Operating, L.L.C. ("HLB"); and (ii) the Division's records in Santa Fe, including the files in Division Cases No. 9270, 9281, 10769, and 10900 and on Division Administrative Order NSL-5248: all concerning HLB's request to amend Division Order NSL-5248.

Said Division Administrative Order NSL-5248, dated July 29, 2005, authorized HLB to drill its proposed Federal "28" (Com.) Well No. 3 within a standard 80-acre lay-down oil spacing and proration unit for the Undesignated North Bluitt Siluro-Devonian Pool (**6910**) comprising the N/2 SE/4 (Units I and J) of Section 28, Township 7 South, Range 37 East, NMPM, Roosevelt County, New Mexico, at an unorthodox oil well location 2310 feet from the South line and 660 feet from the East line (Unit I) of Section 28.

Your application for HLB has been duly filed under the provisions of: (i) **Rule 5** of the "*Special Rules and Regulations for the North Bluitt Siluro-Devonian Pool*," as promulgated by Division Order No. R-8586, as amended; (ii) Division Rules 104.F; and (iii) Rule 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].

The geologic interpretation submitted with this application indicates that moving the proposed location of this well 230 feet north to a new even more unorthodox site **2540 feet from the South line and 660 feet from the East line of Section 28** will be at a more favorable geologic position within the oil bearing Siluro-Devonian interval within Unit "P" of Section 28, thereby increasing the likelihood of encountering commercial quantities of oil from this zone. It is also understood that the U. S. Bureau of Land Management "requested" HLB reorient the proposed 80-acre unit to be dedicated to this well from a lay-down unit to a standard stand-up 80-acre oil spacing and proration unit comprising the E/2 SE/4 (Units I and P) of Section 28.

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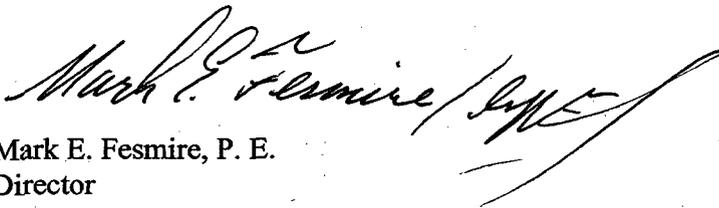
By the authority granted me under the provisions of the applicable rules governing the North Bluit Siluro-Devonian Pool and Division Rule 104.F (2), the above-described amended unorthodox oil well location for HLB's proposed Federal "28" (Com.) Well No. 3 is hereby approved. Further, the E/2 SE/4 of Section 28 is to be dedicated to this well.

Further, the aforementioned well and spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to this pool.

Division Administrative Order NSL-5248 dated July 29, 2005 is hereby placed in abeyance until further notice.

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 – Hobbs
U. S. Bureau of Land Management – Roswell
File: Case No. 9270
Case No. 9281
Case No. 10769
Case No. 10900
NSL-5248 (*pSEM0-520328678*)