



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

June 7, 2007

Ms. Ocean Munds-Dry
Holland & Hart LLP
P.O. Box 2208
Santa Fe, NM 87504-2208

Administrative Order NSL-5635

**Re: Texland Petroleum-Hobbs LLC
Shelton Well No. 1
F-29-16S-38E
Lea County**

Dear Ms. Munds-Dry

Reference is made to the following:

(a) your application (**administrative application reference No. pCLP07-13030825**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on May 8, 2007, on behalf of Texland Petroleum-Hobbs LLC (Texland), and

(b) the Division's records pertinent to this request.

Texland has requested to drill its Shelton Well No. 1 at an unorthodox Drinkard oil well location, 1340 feet from the North line and 1872 feet from the West line (Unit F) of Section 29, Township 16 South, Range 38 East, N.M.P.M., in Lea County, New Mexico. The SE/4 NW/4 of Section 29 will be dedicated to this well in order to form a standard 40-acre oil spacing unit in the Garrett-Drinkard Pool (27130). This location is governed by statewide Rule 104.B(1), which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. The proposed location is less than 330 feet from the northern unit boundary.

Your application on behalf of Texland has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that Texland is seeking this location because its geologic interpretation indicates that the proposed location is most favorable for an economic well.

It is also understood that notice of this application to offsetting operators or owners is unnecessary because working interest ownership in the NE/4 NW/4 of Section 29, the unit towards which this location encroaches, is identical to that in the designated spacing unit for this well.

Pursuant to the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

Jurisdiction of this case 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', written in a cursive style.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs