

08. May. 07 DATE IN	SUSPENSE	D. Brooks ENGINEER	10. May. 07 LOGGED IN	NSL TYPE	04LP0713030825 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



Tepland Petroleum Holdings
Shelton #1
5635

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
[B] Offset Operators, Leaseholders or Surface Owner
[C] Application is One Which Requires Published Legal Notice
[D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
[E] For all of the above, Proof of Notification or Publication is Attached, and/or,
[F] Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Ocean Munds-Dry *Ocean Munds-Dry* *Attorney* *5-8-07*
Print or Type Name Signature Title Date
omundsdry@hollandhart.com
e-mail Address

2007 MAY 8 AM 10:38

May 8, 2007

VIA HAND DELIVERY

Mr. Mark Fesmire, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

2007 MAY 8 AM 10 38

Re: Application of Texland Petroleum-Hobbs LLC, for administrative approval of an unorthodox well location for its Shelton Well No. 1, to be drilled to the Drinkard formation at a location 1340 feet from the North line and 1872 feet from the West line of Section 29, Township 16 South, Range 38 East, N.M.P.M., Lea County, New Mexico.

Dear Mr. Fesmire:

Texland Petroleum-Hobbs, LLC ("Texland") hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2)-(4), of an unorthodox well location in the Garrett Pool for its Shelton Well No. 1 located 1340 feet from the North line and 1872 feet from the West line of Section 29 (Unit F), Township 16 South, Range 38 East, N.M.P.M., Lea County, New Mexico.

This proposed location in the Drinkard formation is unorthodox because it is governed by statewide rules which provides for wells on 40-acre spacing units to be located 330 feet from any boundary of the spacing unit. The proposed unorthodox well location is only 20 feet from the northern boundary of the proposed spacing unit. A standard 40-acre spacing unit and proration unit comprised of the SE/4 NW/4 of Section 29 will be dedicated to the well.

The non-standard location is required by geologic conditions. As shown on the attached **Exhibit A**, the proposed location is positioned to encounter the Drinkard L2-2 pay zone at the highest point possible, above the nearby oil-water contact (shown in blue). A well drilled further to the south presents considerable risk of encountering only water in the pay zone.

Exhibit B is a plat that shows the subject area, the 40-acre proposed spacing unit comprised of the SE/4 NW/4 of Section 29, the proposed unorthodox well location and the offsetting spacing unit.

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ☺



Exhibit C is the C-102 filed for the well that shows the surveyed location of the well.

Pursuant to Division Rule 1210(A)(2), there are no affected parties to notify as Texland is the operator in the offsetting spacing unit and ownership is common.

Your attention to this application is appreciated.

Sincerely,

A handwritten signature in cursive script that reads "Ocean Munds-Dry".

Ocean Munds-Dry

ATTORNEY FOR

TEXLAND PETROLEUM-HOBBS LLC

cc: Vickie Smith
OCD - Hobbs

EXHIBIT "C"

State of New Mexico

DISTRICT I

1625 N. FRENCH DR., HOBBS, NM 88240

Energy, Minerals and Natural Resources Department

Form C-102

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 86210

OIL CONSERVATION DIVISION

Revised October 12, 2005
Submit to Appropriate District Office

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code 27130	Pool Name Garrett Drinkard
Property Code	Property Name SHELTON	Well Number 1
OGRID No. 113315	Operator Name TEXLAND PETROLEUM, LP	Elevation 3735'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	29	16-S	38-E		1340	NORTH	1872	WEST	LEA

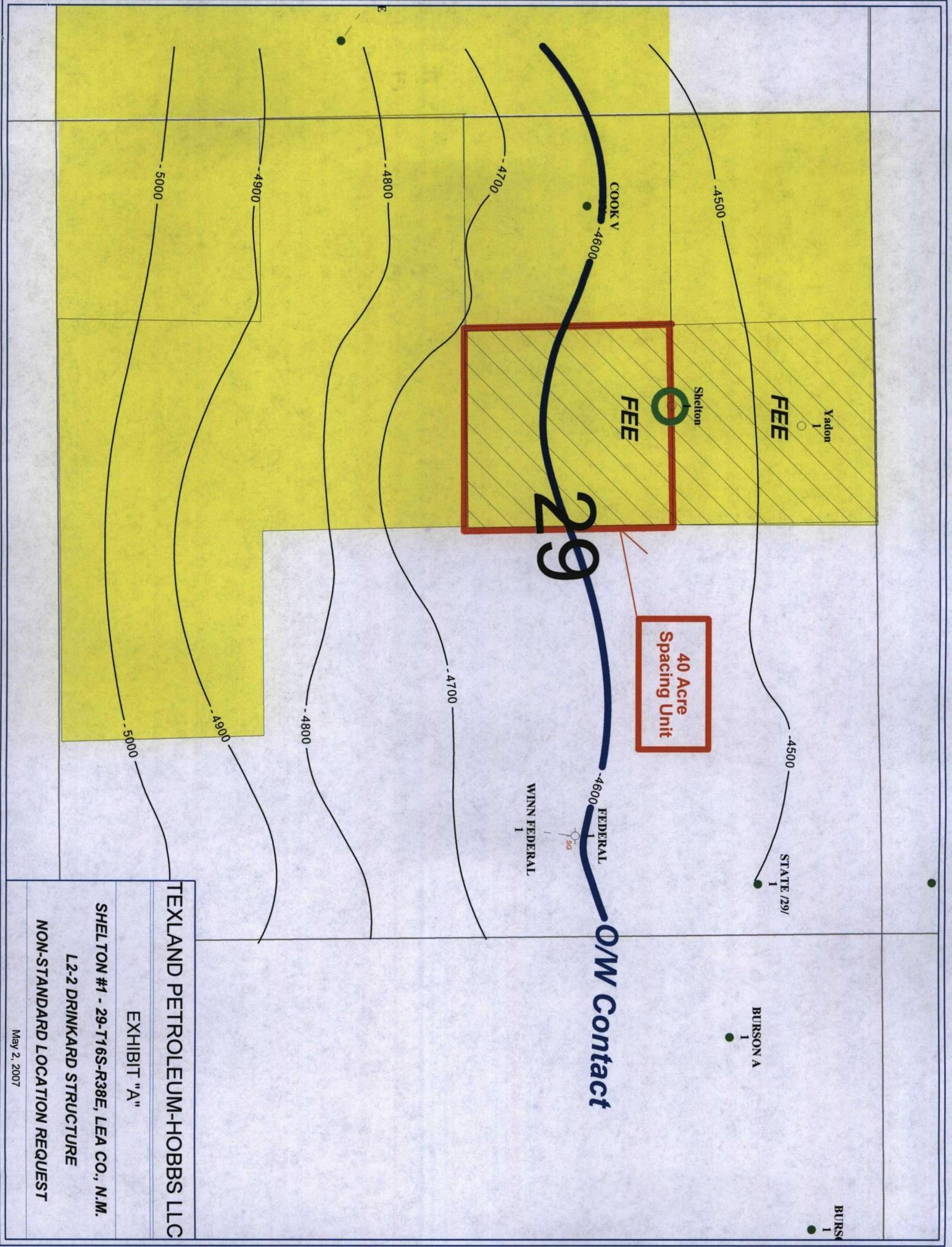
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><u>Vickie Smith</u> 11/10/07 Signature Date</p> <p><u>Vickie Smith</u> Printed Name</p>
	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>NOVEMBER 30, 2006</p> <p>Date Surveyed JR</p> <p>Signature & Seal of Professional Surveyor</p> <p><u>Nancy A. Quinn</u> 12/19/06 06.11.1811</p>
<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=691726.8 N X=856608.2 E</p> <p>LAT.=32.896238° N LONG.=103.171555° W</p>	
<p style="text-align: center;">EXHIBIT</p> <p style="text-align: center;">tabbles <u>C</u></p>	
<p>Certificate No. GARY EIDSON 12641 CHAD BARCROW 17777</p>	



TEXLAND PETROLEUM-HOBBS LLC

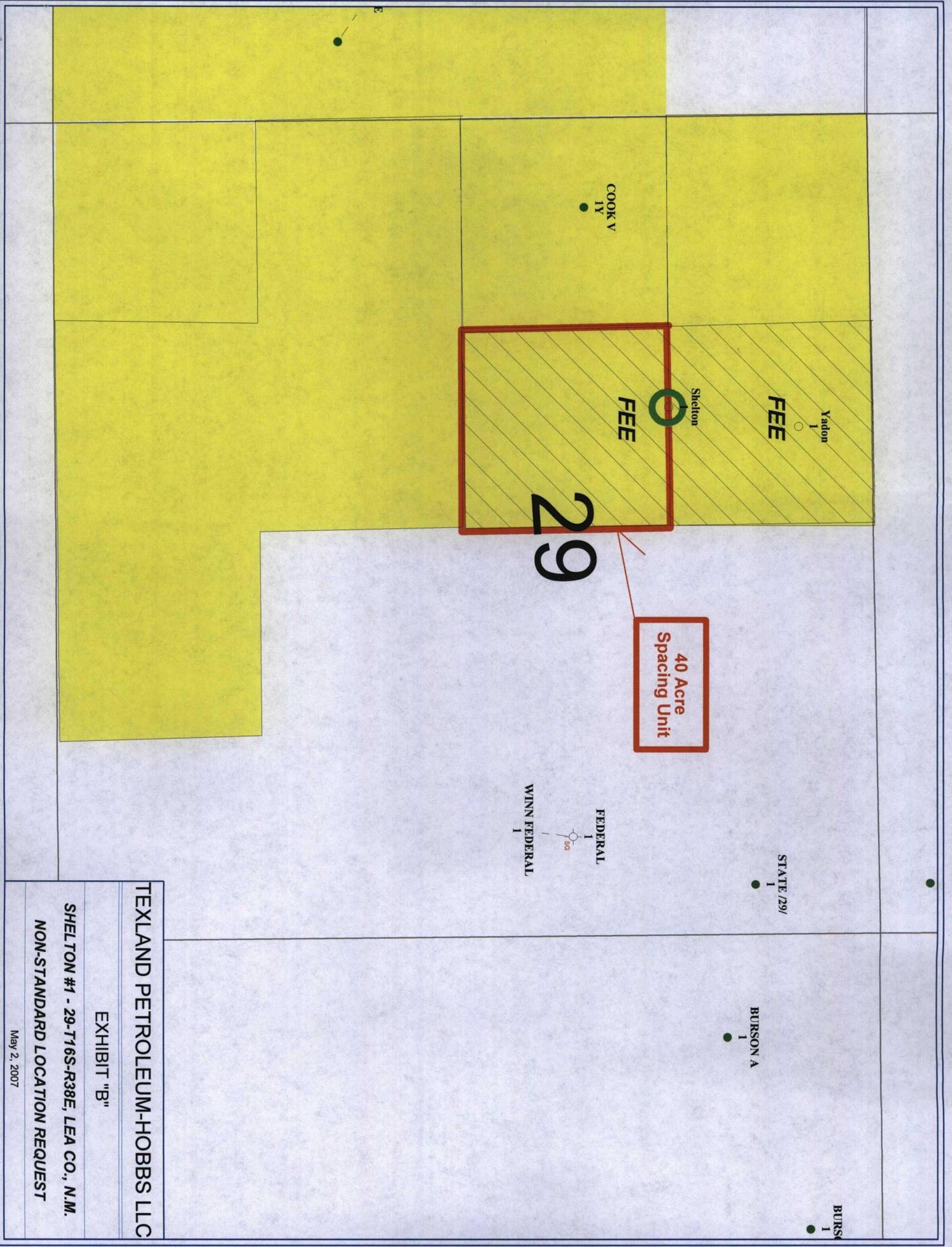
EXHIBIT "A"

SHELTON #1 - 29-T16S-R38E, LEA CO., N.M.

L2-2 DRINKARD STRUCTURE

NON-STANDARD LOCATION REQUEST

May 2, 2007



TEXLAND PETROLEUM-HOBBS LLC

EXHIBIT "B"

SHELTON #1 - 29-T16S-R38E, LEA CO., N.M.

NON-STANDARD LOCATION REQUEST

May 2, 2007