



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



September 8, 2008

Adventure Exploration Partners, LLC
Attn: Mr. Hal Lee
500 W. Texas, Suite 1000
Midland, TX 79701

Administrative Order NSL-5920

**Re: Klein Ranch 16 State Well No. 1
API No. 30-025
467 feet FSL and 1100 feet FEL
Unit P, Section 16-19S-35E
Lea County, New Mexico**

Dear Mr Lee:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-23833421**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on August 22, 2008, and

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

Adventure Exploration Partners, LLC (Adventure) has requested to drill the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. The SE/4 SE/4 of Section 16 will be dedicated to this well in order to form a standard 40-acre spacing unit in the Southeast Scharb-Wolfcamp Pool (55650). This pool 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. This location is less than 330 feet from the western unit boundary.

You have additionally requested that this location be approved for all shallower oil pools now or hereafter spaced under statewide rules, which presently includes, but are not necessarily limited to, the undesignated Southeast Scharb-Delaware Pool (97098).

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



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It is our understanding that you are seeking this location for engineering and topographic reasons.

It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved. It should be noted, however, that this approval DOES NOT APPLY TO THE BONE SPRING formation, as this unit is located in the undesignated Scharb-Bone Spring Pool, which is spaced on 80 acres pursuant to special pool rules.

This approval is subject to your being in compliance with all other applicable Division rules, including but not limited to Division Rule 40.

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
New Mexico State Land Office - Santa Fe