



New Mexico Energy, Minerals and Natural Resources Department

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Administrative Order PC-1202
October 22, 2008

Texland Petroleum-Hobbs, LCC
777 Main Street, Suite 3200
Fort Worth, Texas 76102

Attention: Vickie Smith:

Texland Petroleum-Hobbs, LCC (OGRID 113315) is hereby authorized to surface commingle **oil and gas production** from the following 7 wells already drilled in the W.D. Grimes (NCT-A) and W.D. Grimes (NCT-B) Leases, surface locations in Section 32 and 33, Township 18 South Range 38 East, Lea County, New Mexico:

Surface Location

| API | Well No. | Pool | Status | Feet | NS | Ft | EW | DHC Order No. | Lease | Spacing Unit (Unit-Loc - Sec) |
|--------------|----------|----------------|---------------|------|----|------|----|---------------|-----------------------|-------------------------------|
| 30-025-22792 | 17 | 31680 | Existing Well | 660 | N | 1980 | W | - | WD Grimes NCT A | C-NW/4 - 32 |
| 30-025-22915 | 18 | 31680 | T&A | 1650 | N | 2080 | W | - | WD Grimes NCT A | F-NW/4 - 32 |
| 30-025-35866 | 26 | 31680 | Existing Well | 518 | N | 910 | W | - | WD Grimes NCT A | D-NW/4 - 32 |
| 30-025-36775 | 27 | 31680 | Existing Well | 2176 | N | 1444 | W | - | WD Grimes NCT A | F-NW/4 - 32 |
| 30-025-23438 | 7 | 31680 31730 | Existing Well | 450 | N | 2160 | E | DHC-636 | WD Grimes NCT B | B-NE/4-33 |
| 30-025-24928 | 8 | 31730 31680 | Existing Well | 2115 | N | 600 | E | - | WD Grimes NCT B | H-NE/4-33 |
| 30-025-28299 | 9 | 31730 60240 | Existing Well | 510 | N | 660 | E | DHC-Pending | WD Grimes NCT B | A-NE/4-33 |

All of these wells are completed either in the Hobbs Upper; Blinebry Pool (31680) the Hobbs; Drinkard Pool (31730) and the Hobbs; Tubb Pool (60240) as shown. Well No. 7 is commingled downhole - with DHC-636 permit obtained from the Division. Texland will apply for an Administrative DHC Application for well No. 9 at a latter date. It is our understanding that all wells are located in the W.D. Grimes NCT A & B Leases for each of these Pools.

Gas production from each well shall be separately and continuously metered prior to commingling for sales.



It is our understanding that ownership is not identical. Separate allocation meters for oil and gas production shall be utilized to maintain accurate records of oil and gas production by well.

It is the responsibility of the producer to notify the transporter of this commingling authority. The operator shall notify the Hobbs district office of the Division upon commencement of commingling operations.



MARK E. FESMIRE, P.E.,
Division Director

MEF/tw

cc: Oil Conservation Division – Hobbs