



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

February 06, 2009

Ocean Munds-Dry
Attorney At Law
Holland and Hart, LLP
110 N. Guadalupe, Suite 1
Santa Fe, NM 87501

RE: **Ling Federal Well No. 4 (API No. 30-025-38748)**
1660 feet FSL & 2310 feet FEL (Unorthodox)
E/2 Section 31, T-19 -S, R-34-E,
Lea County, NMPM, New Mexico

Administrative Order NSL-5766-A

Dear Ms Munds-Dry:

Reference is made to the following:

(a) your application (**administrative application reference No. PUNK0900731711**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on January 7, 2009, on behalf of Fasken Oil and Ranch, Ltd ("Fasken"); and

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

Fasken Oil and Ranch, Ltd requests to drill its Ling Federal Well No. 4 at an unorthodox gas well location 1660 feet from the South line and 2310 feet from the East line (Unit J) of Section 31, Township 19 South, Range 34 East, N.M.P.M., in Lea County, New Mexico.

The E/2 of Section 31 will be dedicated to this well to form a standard 320-acre gas spacing and proration unit. Fasken Oil and Ranch, Ltd intend to test the Undesignated Quail Ridge; Atoka Gas Pool (**96485**). This pool is governed by the Division's statewide rules which provide for wells on 320-acre spacing to be located no closer than 660 feet to the outer boundary of the quarter section, nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

This well was initially approved by administrative Order NSL-5766 to test the Morrow formation. The Morrow formation was not very prospective, therefore, the applicant wishes to re-complete the well in the Atoka formation and down-hole commingle the two pools.

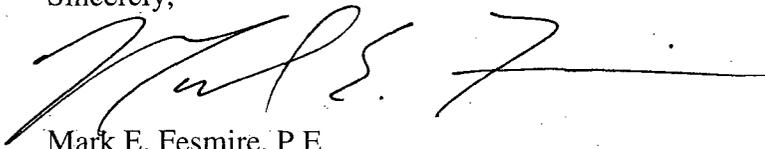
Your application on behalf of Fasken Oil and Ranch, Ltd has been duly filed under the provisions of Division Rules 15.13, and 4.12.

It is our understanding that the unorthodox location of this well is based upon a combination of topographical and geological reasons, and that the Bureau of Land Management (BLM) has approved this location.

Pursuant to the authority granted under the provisions of Division Rule 15.13, the above-described unorthodox Undesignated Quail Ridge; Atoka Gas Pool 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', with a long horizontal line extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/re

cc: New Mexico Oil Conservation Division - Hobbs
Bureau of Land Management (BLM) - Carlsbad