

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
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Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



AUG - 6 2008
OCD-ARTESIA

July 25, 2008
Administrative Order NSL-5884

Lime Rock Resources A, L.P.
Attention: Mr. Chuck Morgan
1111 Bagby Street, Suite 4600
Houston, Texas 77002

RE: Lime Rock's NSL Application: Williams A Federal Well No. 8

1090' FSL, 1550' FWL, Unit N (non-standard for gas production)
W/2 of Section 29, T17S, R28E, NMPM, Eddy County, NM
40 Acre Oil Spacing Unit
Artesia, Glorieta-Yeso Pool (96830)

Dear Mr. Morgan;

Reference is made to the following:

- (a) Lime Rock Resources A ("Lime Rock") application for a non-standard oil well location (***administrative application reference No. pKVR0817232790***) for the subject well that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on June 18, 2008; and
- (b) the Division's records pertinent to Lime Rock's request.

Lime Rock has requested authority to drill the above referenced well at this non-standard location in order to capture oil reserves from the Artesia, Glorieta-Yeso Formation. The SE/4 SW/4 of Section 29 will be dedicated to this well in order form a standard 40.00 acre spacing unit.

The well location is to be only 230 feet from the north and west line Unit N of Section 17 and will be non-standard for both 160 and 320 acre oil pool in the southeast since it is less than 330-feet from the boundary of the quarter section in which it is



located. It is understood that the unorthodox well location is due to topographic constraints.

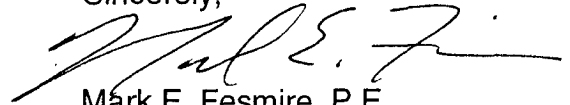
It is our understanding that you have given due notice of this application to all operators or owners who are "affected persons" as defined in Rule 1210.A(2), in all adjoining units towards which the proposed well location encroaches.

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

Please remember that the Oil Conservation Division may deny APDs and must deny requests for allowables and authority to transport to operators who are in violation of 19.15.1.40 NMAC (Rule 40). An operator is in violation of Rule 40 if it is out of compliance with OCD's financial assurance requirements, is subject to an order finding it in violation of an order requiring corrective action, has an unpaid penalty assessment more than 70 days old, or has more than a certain number of wells out of compliance with the inactive well rule (19.15.4.201 NMAC).

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 stylized flourish at the end.

Mark E. Fesmire, P.E.
Director

MEF/tw

cc: New Mexico Oil Conservation Division – Artesia
Bureau of Land Management - Carlsbad