

TEXLAND PETROLEUM, L.P.
EXPLORATION AND PRODUCTION
777 MAIN STREET, SUITE 3200
FORT WORTH, TEXAS 76102

(817) 336-2751

October 10, 2013

Mr. David Brooks
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: *Application for administrative approval - unorthodox well location*
CP 3 State #2,
Lea County, New Mexico

Dear Mr. Brooks:

Texland Petroleum-Hobbs, LLC ("Texland") hereby seeks administrative approval pursuant to NMAC 19.15.15.13 for an unorthodox well location for its *CP 3 State #2* well (the "Well"). The Well will be drilled to the Wichita/Abo formation, which is governed by state rules providing for 40 acre spacing units. The rules also provide for orthodox well locations at least 330 feet from the boundary of the quarter/quarter spacing unit.

The proposed spacing unit for the Well is as follows:

Township 17 South, Range 36 East, NMPM, Lea County, New Mexico
Section 3: NE/4SE/4 (Unit I)

In this case, the Well will be located 840 feet from the east line and 260 feet from the north line of Unit I.

An unorthodox location is required in this instance because of surface obstructions and geologic conditions. Texland's original desired location was 330 feet from the west line and 330 feet from the north line of Unit I. While staking the location, the surveyor discovered that the proposed location was directly under a power line running north/south at the approximate point of the power pole shown in the aerial photo on attached Exhibit A. The location also appears to be on top of or immediately adjacent to a pipeline right of way.

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Texland's desired location was positioned to encounter a grainstone shoal in the Wichita/Abo formation flanking the north edge of the Abo Reef. Moving the location further to the south to avoid the pipeline and power pole obstructions would place the wellbore at a point at or near the crest of the Abo Reef, and out of position to encounter the targeted grainstone. This is reflected on the enclosed Wichita Isopach on attached Exhibit B.

Accordingly, Texland seeks to move the well location the minimum distance necessary to the north and east to avoid the surface obstructions and still encounter the target formation. The proposed unorthodox location encroaches on Unit H only. NMAC 19.15.4.12 defines "Affected Parties" for such an unorthodox location as follows:

If the proposed location is unorthodox by being located closer to the spacing unit's outer boundary than 19.15.15 NMAC or applicable special pool orders permit, the applicant shall notify the affected persons in the adjoining spacing units towards which the unorthodox location encroaches.

Unit H is under lease to OXY USA WTP LP, which is the only affected party. Texland and Oxy are partnering to drill wells on both Unit H and I targeting the same formation, and Oxy will participate in the drilling of this unorthodox well. Texland has notified OXY of this request by sending OXY a copy of this application in accordance with NMAC 19.15.4.12 (A)(2)(c).

As required under NMAC 19.15.15.13 (C), please find the following additional enclosures:

Exhibit C is a plat that shows the subject area, the 40-acre proposed spacing unit comprised of the NE/4SE/4 of Section 3, the proposed unorthodox well location and the offsetting spacing unit.

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

Your attention to this application is appreciated.

Yours very truly,



Vickie Smith
Regulatory Analyst

Enclosures
cc: OCD/Hobbs District 1

Exhibit "A"

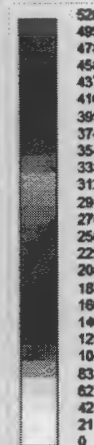
Google earth



Original stated location

CP 3 State #2 Revised location

Google earth



Exhib "B"

Medium Wichita Thickness
(Green) between Abo Reef Crest
and Thick Lagoon is Grainstone
Prone.

Wichita is thin (Red) over Abo Reef and thick (Purple) if Lagoon

Exhibit "C"

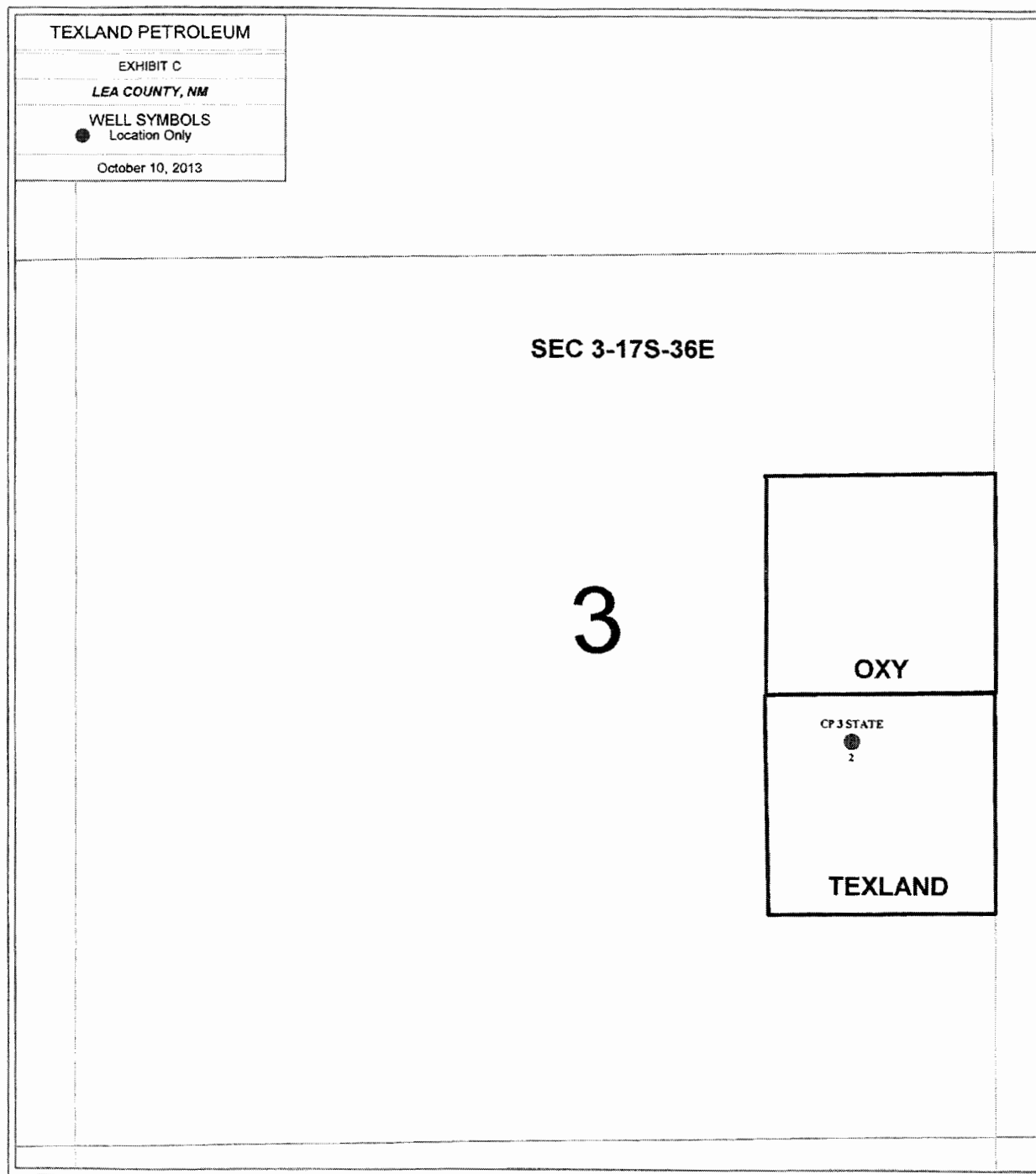


Exhibit "D"

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (505) 393-6161 Fax: (505) 393-0720

District II
411 S. First St., Artesia, NM 88210
Phone: (505) 748-1253 Fax: (505) 748-9720

District III
1000 Rio Arriba Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6176

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-025-41474		2 Pool Code 40470		3 Pool Name Longhorn, Abs	
4 Property Code 35596		5 Property Name CP 3 STATE		6 Well Number 2	
7 OGRID No. 113315		8 Operator Name TEXLAND PETROLEUM, LP		9 Elevation 3857.0	

10 Surface Location

UL or lot no. 1	Section 3	Township T-17-S	Range R-36-E	Lot Idn 9	Feet from the 2380'	North/South line SOUTH	Feet from the 840'	East-West line EAST	County LEA
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11 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
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12 Dedicated Acres 40	13 Joint or Infill	14 Consolidation Code	15 Order No.
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No allowable well will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<p>SECTION 3</p> <p>CP 3 STATE No.2 ELEV. 3857.0 X=806237.9 Y=679217.6 LAT=32° 51' 47.794" LONG=103° 20' 09.658"</p> <p>TEXLAND 3 STATE No.1 ELEV. 3865</p> <p>CP 3 STATE No.1 ELEV. 3865</p>		<p>16 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Vickie Smith</i> Signature Date Vickie Smith 10/10/13 Printed Name vsmith@texpetro.com E-mail Address</p>	
		<p>17 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>OCTOBER 1, 2013 Date of Survey <i>Jesse M. Martin</i> Signature and Seal of Professional Surveyor Jesse M. Martin Certificate Number 7911 10/21/13 37.647</p>	

HORIZONTAL-NAD27 NEW MEXICO EAST
VERTICAL-NGVD29

ETOL 0121 0000 1867 2981 5740

HOUSTON TX 77046

Postage	\$1.12	0640
Insurance	\$3.10	11
Registration	\$2.55	
Signature	\$0.00	
Other	\$6.77	

10/08/2013 130

Occidental Atl. Jeffrey Thompson
5 Greenway Plaza, Ste 110
Houston, Tx 77046

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Occidental Oil & Gas Corp.
Attn: Jeffrey Thompson
5 Greenway Plaza, Ste 110
Houston, Tx 77046

2. Article Number

(Transfer from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *[Signature]*

☐ Agent

☐ Addressee

B. Received by (Printed Name)

JEFFREY THOMPSON

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

3. Service Type

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☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes