



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

November 14, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Matrix New Mexico Operating Company, LLC
c/o **Holland & Hart, LLP**
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Attention: Ocean Munds-Dry
omundsdry@hollandhart.com

Administrative Order NSL-5300

Dear Ms. Munds-Dry:

Reference is made to the following: (i) your application on behalf of the operator, Matrix New Mexico Operating, LLC ("Matrix") that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on November 2, 2005 (**administrative application reference No. pMES0-531845603**); and (ii) the Division's records in Santa Fe: all concerning Matrix's request for an unorthodox Wolfcamp oil well location for its proposed Townsend Well No. 2 to be drilled 1475 feet from the North line and 780 feet from the East line (Unit H) of Section 10, Township 13 South, Range 38 East, NMPM, Lea County, New Mexico. Pursuant to the provisions of Division Orders No. R-649, R-4348, and R-4348-A, the SE/4 NE/4 of Section 10 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit within the Undesignated Bronco-Wolfcamp Pool (**7600**).

Your application for Matrix has been duly filed under the provisions of Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

The geologic interpretation submitted with this application, based on 3-D seismic, indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the potentially productive interval of the Wolfcamp formation than a well drilled at a location considered to be standard within the proposed standard 40-acre oil spacing and proration unit.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Wolfcamp oil well location is hereby approved.

Sincerely,

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs