

Stogner, Michael, EMNRD

From: Stogner, Michael, EMNRD
To: Ocean Munds-Dry
Cc:
Subject: Texland Petr.-Hobbs, LLC
Attachments:

Sent: Tue 4/25/2006 9:12 AM

RE: *Texland Petroleum-Hobbs, LLC*
NSL administrative application reference No. pTDS0-611160537
CP "3" State Well No. 1 to be drilled 1229' FSL &
1005' FEL (P) Sec. 3-T17S-R37E, Und. Lovington-Drinkard Pool, Lea Cty., NM

Your application of April 20, 2006 and notice provisions addressed only the north affected offset in the NE/4 SE/4 (Unit I) of Section 3. However, this well also encroaches the NW/4 SE/4 (Unit J) and the SW/4 SE/4 (Unit O) of Section 3. Please either provide proper notice pursuant to Division Rule 1210.A (2) or explain why notice is not required to the mineral interest owners in the immediate offsetting west-northwest (W/2 SE/4 of Section 3) state lease (lease No. V-07377-0001). Thank you.

Stogner, Michael, EMNRD

From: Ocean Munds-Dry [Omundsdry@hollandhart.com]
To: Stogner, Michael, EMNRD
Cc:
Subject: RE: Texland Petr.-Hobbs, LLC
Attachments:

Sent: Tue 4/25/2006 1:31 PM

Mr. Stogner:

In response to your inquiry, I have confirmed that Texland Petroleum owns the leasehold rights to all depths in the west offsetting 40 ac units to the CP3 State # 1 well location. Texland owns leasehold in the W/2 SE/4 Sec 3, T 17 S R 36 E, Lea Co. NM under State of New Mexico Lease VO-7377. Further, the mineral ownership is common in the offsetting units (Unit J) and (Unit O) and therefore pursuant to Division Rule 1210, no notice is required.

Please let me know if you need anything else or if you would like me to formalize this follow-up information in a letter.

Thank you for your time and attention to this matter.

Sincerely,
 Ocean

From: Stogner, Michael, EMNRD [mailto:michael.stogner@state.nm.us]
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From: Stogner, Michael, EMNRD
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Sent: Tue 4/25/2006 4:31 PM

Let me make sure I have what I need from the information you provided. You state: (i) "Texland Petroleum owns the leasehold rights to all depths in the west offsetting 40 ac units to the CP3 State # 1 well location"; (ii) "Texland owns leasehold in the W/2 SE/4 Sec 3 , T 17 S R 36 E, Lea Co. NM under State of New Mexico Lease VO-7377"; and (iii) "the mineral ownership is common in the offsetting units (Unit J) and (Unit O)." Now, are you saying that Texland owns 100% of the working interest in the W/2 SE/4 of Sec. 3 and/or that all mineral interest is common throughout the entire SE/4 of Section 3. I need to verify this information to assure that Texland and you are truly abiding to that portion of Division Rule 1210.A highlighted in red below:

(2) Unorthodox well locations.

(a) "Affected persons" are the following persons owning interests in the adjoining spacing units:

(i) the division-designated operator;

(ii) in the absence of an operator, any lessee whose interest is evidenced by a written conveyance document either of record or known to the applicant as of the date he files the application; and

(iii) in the absence of an operator or lessee, any mineral interest owner whose interest is evidenced by a written conveyance document either of record or known to the applicant as of the date he filed the application.

(b) In the event the proposed unorthodox well's operator is also the operator of an existing, adjoining spacing unit, and ownership is not common between the adjoining spacing unit and the spacing unit containing the proposed unorthodox well, then "affected persons" include all working interest owners in that spacing unit.

From: Ocean Munds-Dry [mailto:Omundsdry@hollandhart.com]

Sent: Tue 4/25/2006 1:31 PM

To: Stogner, Michael, EMNRD

Subject: RE: Texland Petr.-Hobbs, LLC

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Sent: Tue 4/25/2006 4:51 PM

That is correct. Texland owns 100% of the working interest in the W/2 SE/4 of Section 3 and the mineral interest is common throughout the SE/4 of Section 3. Thank you.

From: Stogner, Michael, EMNRD [mailto:michael.stogner@state.nm.us]
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