



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Plantation Operating, L.L.C.

2203 Timberloch Place, Suite 229

The Woodlands, Texas 77380

Attention: John Allred, P.E.

jallred@plantationpetro.com

April 28, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Administrative Order SD-06-07

Dear Mr. Allred:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on April 7, 2006 (***administrative application reference No. pTDS0-610034679***); and (ii) the Division's records in Hobbs and Santa Fe, including the files on Division Administrative Orders NSP-194 (***pNSP0-001942002***), as reinstated (***pMES0-330733786***), and NSP-194-A (***p2002-NSP000194***): all concerning Plantation Operating, L.L.C.'s ("Plantation") plans for additional development of the Eumont Gas Pool (76480) within the existing non-standard 160-acre gas spacing unit comprising the NE/4 of Section 16, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

This application has been duly filed under the provisions of the "*Special Pool Rules for the Eumont Gas Pool*," as promulgated by Division Order No. R-8170-P, issued in Case No. 12563 on December 14, 2001.

By Division Administrative Order NSP-194, dated October 22, 1955, the aforementioned 160-acre gas spacing unit was initially established and had dedicated thereon Doyle Hartman's Hansen State Well No. 4 (***API No. 30-025-06127***), located at a standard gas well location 1980 feet from the North line and 990 feet from the East line (Unit H) of Section 16.

By Division Administrative Order NSP-194-A, dated May 27, 1998, this 160-acre unit was reduced to a 120-acre non-standard gas spacing unit, comprising the N/2 NE/4 and SW/4 NE/4 of Section 16, and had dedicated thereon Doyle Hartman's Hansen State Well No. 7 (***API No. 30-025-30849***), located 900 feet from the North line and 1980 feet from the East line (Unit B) of Section 16. The 40 acres comprising the SE/4 NE/4 (Unit H) of Section 16, being a standard 40-acre Eumont oil spacing and proration unit, was subsequently dedicated to the above-described Hansen State Well No. 4, which Eumont production was reclassified from "gas" to "oil."

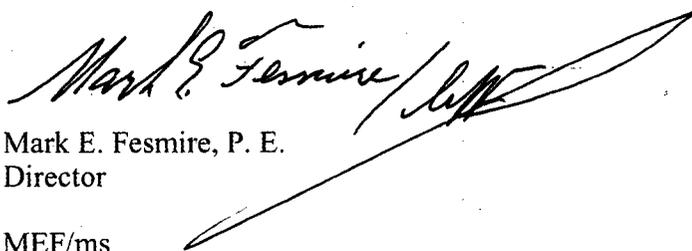
By the "REINSTATEMENT of Division Administrative Order NSP-194 (SD)" dated April 28, 2004: (i) the original 160-acre Eumont gas spacing unit comprising the NE/4 of Section 16 was restored; (ii) both of the above-described Hansen State Wells No. 4 and 7 were simultaneously dedicated to the 160-acre unit; and (iii) Division Administrative Order NSP-194-A was placed in abeyance.

It is the Division's understanding that Plantation, as the current operator of these two wells and 160-acre unit, now intends to drill its proposed Hansen State Well No. 10 at a standard infill gas well location 705 feet from the North line and 660 feet from the East line (Unit A) of Section 16.

By the authority granted me under the provisions of Rules 4 (B) and (D) of the special rules governing the Eumont Gas Pool, Plantation is hereby authorized to simultaneously dedicate Eumont gas production to this 160-acre non-standard gas spacing unit from the three above-described Hansen State Wells No. 4, 7, and 10. Furthermore, all provisions applicable to the subject unit in Division Administrative Order NSP-194, as reinstated, shall remain in full force and affect until further notice.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs

New Mexico State Land Office – Santa Fe

File: Division Administrative Order NSP-194 (*order dated October 22, 1955*)

Division Administrative Order NSP-194 (*reinstated by order dated April 28, 2004*)

Division Administrative Order NSP-194-A
