



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

September 25, 2007

Ms. Kristina Martinez
Holland & Hart LLP
P.O. Box 2208
Santa Fe, NM 87504-2208

Administrative Order NSL-5688

**Re: Texland Petroleum-Hobbs LLC
State HF Com Well No. 2
I-33-18S-38E
Lea County**

Dear Ms. Martinez

Reference is made to the following:

(a) your amended application (**administrative application reference No. pTDS07-246158513**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on September 18, 2007, on behalf of Texland Petroleum-Hobbs LLC (Texland);

(b) your earlier application relating to the same well (administrative application reference No. pTDS07-24836643) submitted to the New Mexico Oil Conservation Division in the Santa Fe, New Mexico office on September 4, 2007; and

(c) the Division's records pertinent to this request.

Texland has requested to drill its State HF Com. Well No. 2 at an unorthodox Drinkard oil well location, 1897 feet from the South line and 957 feet from the East line (Unit I) of Section 33, Township 18 South, Range 38 East, N.M.P.M., in Lea County, New Mexico. The E/2 SE/4 of Section 33 will be dedicated to this well in order to form a standard 80-acre oil spacing unit in the Hobbs-Drinkard Pool (31730).

This location is governed by Rule 4 of the Special Rules and Regulations for the Hobbs-Drinkard Pool, as adopted by Order R-3811, effective August 14, 1969, which provides for 80-acre units, with wells located within 150 feet from the center of a quarter-quarter section. The proposed location is approximately 297 feet west of the center of the NE/4 SE/4 of Section 33.

Your application on behalf of Texland has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that Texland is seeking this location to avoid interference with existing surface improvements.


You have filed with the Division an express waiver of objection purportedly executed by the operator of the Drinkard unit towards which this location encroaches. Therefore, no further notice to offsetting operators or owners is required.

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

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



 Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe