

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



October 21, 2008
Administrative Order NSL-604-C

Fasken Oil & Ranch, Ltd.
C/o Holland & Hart
P.O. Box 2208
Santa Fe, NM 87504-2208

Attention: Ms. Ocean Munds-Dry, Esq.

El Paso 3 Federal Well No. 1 (API No. 30-015-20906)

Vertical Well: 2724' FNL, 2870' FEL, Unit K (NON-STANDARD)
Irregular Section 3 T21S, R26E, NMPM, Eddy County, New Mexico
40 Acre, NE/4 SW/4 of Irregular Section 3 will be dedicated to the well
Delaware (Oil) - Foster Draw Pool (97043)

Reference is made to: Fasken Oil & Ranch, Ltd. ("Fasken") application for a non-standard well location (*administrative application reference No. pKVR0826830203*) for the subject well that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on September 23, 2008; and the Division's records pertinent to Fasken's request.

Fasken requests approval of an unorthodox oil well to test the Delaware formation at a non-standard location 310 feet from the western boundary of the proration unit. This well will be dedicated to Unit K of Section 3 and will be the first Delaware oil well in this unit.

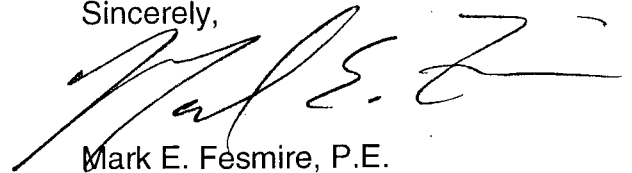
Fasken application and Division records show that the El Paso 3 Federal Well No. 1 previously produced under Division Orders NSL-604 dated June 4, 1973, NSL-604-A dated January 14, 2004 and NSL604-B dated February 5, 2007.

It is our understanding that Fasken is the leasehold operator and all mineral interests are identical in the affected spacing unit. Therefore, the applicant was not required, and did not provide notice of this application.



Pursuant to the authority granted under the provisions of Division Rule 104, the above-described unorthodox oil well location in the Delaware - Foster Draw Pool is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a stylized flourish at the end.

Mark E. Fesmire, P.E.
Division Director

MEF/tw

cc: New Mexico Oil Conservation Division – Artesia
Bureau of Land Management - Carlsbad