New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson Governor

Joanna Prukop Cabinet Secretary Fleese Fullerton Deputy Cabinet Secretary Mark Fesmire Division Director Oil Conservation Division



Administrative Order PC-1202 October 22, 2008

Texland Petroleum-Hobbs, LCC 777 Main Street, Suite 3200 Fort Worth, Texas 76102

Attention: Vickie Smith:

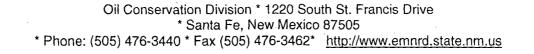
Texland Petroleum-Hobbs, LCC (OGRID 113315) is hereby authorized to surface commingle <u>oil and gas</u> <u>production</u> from the following 7 wells already drilled in the W.D. Grimes (NCT-A) and W.D. Grimes (NCT-B) Leases, surface locations in Section 32 and 33, Township 18 South Range 38 East, Lea County, New Mexico:

Surface Location

API	Well No.	Pool	Status	Feet	NS	Ft	EW	DHC Order No.	Lease	Spacing Unit (Unit-Loc - Sec)
			Existing						WD Grimes	``````````````````````````````````````
30-025-22792	17	31680	Well	660	N	1980	W	-	NCT A WD	C-NW/4 - 32
									Grimes	
30-025-22915	18	31680	T&A	1650	N	2080	W	-	NCT A WD	F-NW/4 - 32
			Existing						Grimes	
30-025-35866	26	31680	Well	518	N	·910	W	-	NCT A WD	D-NW/4 - 32
			Existing						Grimes	
30-025-36775	27	31680	Well	2176	Ν	1444	W		NCT A WD	F-NW/4 - 32
		31680	Existing						Grimes	•
30-025-23438	7	31730	Well	450	N	2160	E	DHC-636	NCT B WD	B-NE/4-33
			Existing	·.					Grimes	
30-025-24928	8	31730 31680	Well	2115	Ν	600	E	-	NCT B WD	H-NE/4-33
		31730	Existing					DHC-	Grimes	
30-025-28299	9	60240	Well	510	N	660	Е	Pending	NCT B	A-NE/4-33

All of these wells are completed either in the Hobbs Upper; Blinebry Pool (31680) the Hobbs; Drinkard Pool (31730) and the Hobbs; Tubb Pool (60240) as shown. Well No. 7 is commingled downhole – with DHC-636 permit obtained from the Division. Texland will apply for an Administrative DHC Application for well No. 9 at a latter date. It is our understanding that all wells are located in the W.D. Grimes NCT A & B Leases for each of these Pools.

Gas production from each well shall be separately and continuously metered prior to commingling for sales.



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It is our understanding that ownership is not identical. Separate allocation meters for oil and gas production shall be utilized to maintain accurate records of oil and gas production by well.

It is the responsibility of the producer to notify the transporter of this commingling authority. The operator shall notify the Hobbs district office of the Division upon commencement of commingling operations.

MARK E. FESMIRE, P.E., **Division Director**

MEF/tw cc: Oil Conservation Division – Hobbs