

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



March 11, 2014

Texland Petroleum L.P.
Attn: Ms. Vicki Smith

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7036
Administrative Application Reference No. pMAM1405829248

Texland Petroleum L.P.
OGRID 113315
Simmons Estate Well No. 2
API No. 30-025-pending

Proposed Location:

<u>Footages</u>	<u>Unit</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>County</u>
1650 FSL & 970 FWL	L	3	17S	37E	Lea

Proposed Unit:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
N/2 SW/4 of Section 3	80	Shipp; Strawn	55695

Reference is made to your application received on February 26, 2014.

You have requested to drill this well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by the special rules for the Shipp Strawn, which provide for 80-acre units, with wells located not more than 150 feet from the center of a quarter-quarter section. This location is unorthodox because the proposed location is closer to outside boundaries that would be a standard location under the applicable pool rules.

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A(2) NMAC.

It is our understanding that you are seeking this location to maximize production of hydrocarbons in the proration unit.

EXHIBIT 2

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It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 19.15.4.12.A(2) NMAC, in all adjoining units towards which the proposed location encroaches. The offset operators have waived their protest.

Pursuant to the authority conferred by Division Rule 19.15.15.13.B NMAC, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is fluid and cursive, with the first name being more prominent.

Jami Bailey
Director

JB/mam

cc: New Mexico Oil Conservation Division – Hobbs