



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

November 18, 2005

Ms. Ocean Munds-Dry
Holland & Hart
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico 87504-2208

Dear Ms. Munds-Dry:

Based upon the reasons stated in your letter of November 15, 2005, and in accordance with the provisions of Division Order No. R-12291, Matrix New Mexico Holdings, L.L.C. is hereby granted an additional extension of time until March 1, 2006, in which to commence the drilling of the well pooled by this order.

Sincerely,

Mark E. Fesmire, P.E.

Director

fd/

cc: ✓ Case No. 13420
OCD - Hobbs



November 15, 2005

HAND DELIVERED

Mark E. Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

2005 NOV 15 PM 4 40

Re: Oil Conservation Division Case No. 13420: Application of Matrix New Mexico Holdings, L.L.C. for compulsory pooling, Lea County, New Mexico.

Dear Mr. Fesmire;

On February 25th, 2005, the Division entered Order No. R-12291 which granted the application of Matrix New Mexico Holdings, L.L.C. in the above-referenced case pooling all uncommitted interests from the surface to the base of the Wolfcamp formation underlying the SE/4 NE/4 of Section 10, Township 13 South, Range 38 East, NMPM, Lea County, New Mexico. This pooled unit is to be dedicated to the applicant's Townsend Well No. 2 to be drilled at a standard well location in (Unit H) of Section 10.

Order R-12291 provides that in the event Matrix does not commence re-entry operations on the well on or before June 1, 2005, this pooling order shall be of no effect unless Matrix obtains a time extension from the Division Director for good cause shown. By letter dated August 23, 2005, the Division Director granted an extension of this order until December 1, 2005.

Matrix plans to drill the Townsend Well No. 2 but has encountered delays in obtaining a rig and has determined that it will not be able to commence drilling prior to December 1, 2005. In addition to rig constraints, Matrix currently has an administrative application pending for an unorthodox well location for its Townsend Well No. 2. As Matrix now wishes to move the proposed well to a non-standard location, Mr. David Catanach requested Matrix apply to amend Order No. R-12291 to reflect the new well location. Matrix has filed an application to amend Order No R-12291 which will be heard on the December 15th OCD Hearing Examiner Docket. However, the application will not be heard until after the December 1 deadline of the original order. Since it will be unable to commence drilling prior to the current deadline set by this pooling order as extended by the Division Director, Matrix New Mexico Holdings, L.L.C. hereby request an extension of Order No. R-12291, from ~~September 1, 2005~~ *December 1* until March 1, 2005. Your attention to this request is appreciated. *6*

HOLLAND & HART  LLP

Very truly yours,

Ocean Munds-Dry
Ocean Munds-Dry

cc: Mr. Fred Bryla
Matrix New Mexico Holdings, L.L.C.