



NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT

12666

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

August 26, 2003

Lori Wrotenbery

Director

Oil Conservation Division

Texland Petroleum-Hobbs, L.L.C.
c/o Mr. William F. Carr
Holland & Hart L.L.P.
P.O. Box 2208
Santa Fe, New Mexico 87504-2208

Attention: Mr. William F. Carr

Re: Extension of Injection Provisions
Division Order No. R-11638

Dear Mr. Carr:

As per your request dated August 19, 2003, and for the reasons outlined in your letter, a one-year extension of time in which to convert the wells shown on Exhibit "A" to injection within the Hobbs Upper Blinebry Cooperative Waterflood Project, approved by Division Order No. R-11638 dated August 20, 2001, is hereby granted.

The injection authority for these wells shall expire on August 20, 2004 if the operator has not commenced injection operations.

Please be advised that no further extensions of Division Order No. R-11638 will be granted. Should Texland Petroleum-Hobbs L.L.P. or a successor operator wish to implement waterflood operations after August 20, 2004, it will be necessary to appear before a Division examiner to renew this waterflood permit.

Sincerely,

Lori Wrotenbery
Director

Xc: OCD-Hobbs
Case File-12666 ✓

Exhibit "A"
Division Order No. R-11638
Hobbs Upper Blinebry Cooperative Waterflood Project
Approved Injection Wells

| Well Name & Number | API Number | Well Location | Injection Interval | Packer Depth |
|---------------------------|------------|---------------------------------------------------------|--------------------|--------------|
| State "A" No. 9 | N/A | 215' FNL & 150' FEL, Unit A, Section 32, T-18S, R-38E | 5700'-6100' | 5,600' |
| Bowers "A" Federal No. 41 | N/A | 1310' FSL & 1400' FEL, Unit O, Section 30, T-18S, R-38E | 5,700'-6,100' | 5,600' |
| State "A-29" No. 10 | N/A | 110' FSL & 1490' FWL, Unit N, Section 29, T-18S, R-38E | 5,700'-6,100' | 5,600' |
| State "A" No. 8 | N/A | 1250' FNL & 1250' FEL, Unit A, Section 32, T-18S, R-38E | 5,700'-6,100' | 5,600' |
| State "I-29" No. 9 | N/A | 1080' FSL & 1300' FEL, Unit P, Section 29, T-18S, R-38E | 5,700'-6,100' | 5,600' |
| W. D. Grimes NCT-A No. 22 | N/A | 1300' FNL & 2560' FWL, Unit C, Section 32, T-18S, R-38E | 5,700'-6,100' | 5,600' |
| W. D. Grimes NCT-A No. 24 | N/A | 150' FNL & 290' FWL, Unit D, Section 32, T-18S, R-38E | 5,700'-6,100' | 5,600' |
| Bowers "A" Federal No. 40 | N/A | 2440' FNL & 195' FWL, Unit E, Section 29, T-18S, R-38E | 5,700'-6,100' | 5,600' |
| W. D. Grimes NCT-A No. 25 | N/A | 140' FNL & 2550' FWL, Unit C, Section 32, T-18S, R-38E | 5,700'-6,100' | 5,600' |
| State "I-29" No. 7 | N/A | 140' FSL & 1200' FEL, Unit P, Section 29, T-18S, R-38E | 5,700'-6,100' | 5,600' |
| W. D. Grimes NCT-A No. 21 | N/A | 1090' FNL & 1370' FWL, Unit C, Section 32, T-18S, R-38E | 5,700'-6,100' | 5,600' |
| W. D. Grimes NCT-A No. 23 | N/A | 2370' FNL & 2325' FWL, Unit F, Section 32, T-18S, R-38E | 5,700'-6,100' | 5,600' |
| Bowers "A" Federal No. 42 | N/A | 1290' FSL & 170' FWL, Unit M, Section 29, T-18S, R-38E | 5,700'-6,100' | 5,600' |
| Bowers "A" Federal No. 43 | N/A | 1378' FSL & 1155' FWL, Unit L, Section 29, T-18S, R-38E | 5,700'-6,100' | 5,600' |
| Bowers "A" Federal No. 39 | N/A | 2505' FSL & 1415' FEL, Unit J, Section 30, T-18S, R-38E | 5,700'-6,100' | 5,600' |

HOLLAND & HART^{LLP}
ATTORNEYS AT LAW

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William F. Carr

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August 19, 2003

VIA HAND DELIVERY

RECEIVED

AUG 19 2003

Ms. Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Oil Conservation Division

Re: Oil Conservation Division Case No. 12666: Application of Texland Petroleum-Hobbs, L.L.C. for approval of a waterflood project for its Hobbs Upper Blinbery Pool Cooperative Waterflood Area and Qualification of said Project for the Recovered Oil Tax Pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico.

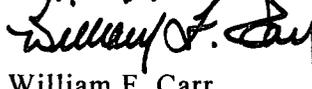
Dear Ms. Wrotenbery,:

By Order No. R-11638 dated August 20, 2001, the Division authorized Texland Petroleum-Hobbs L.L.C. to institute a cooperative waterflood project in its Upper Blinbery Pool Cooperative Waterflood Area by injection of water into the Hobbs-Upper Blinbery Pool. Due to problems faced by Enron, a partner in this project, certain funding was unavailable and implementation of the project was delayed. This order was therefore extended by your letter dated August 21, 2002. The authorization to inject pursuant to the order, as extended, will terminate on August 20, 2003. Order Paragraph (15) provides that the injection authority granted by this order may be extended by the Division for good cause shown upon written request by the operator.

Texland Petroleum-Hobbs L.L.C. is proceeding with this waterflood project and has now drilled three of the approved injection wells (State "I-29" No. 9, Bowers "A" Federal No. 42 and Bowers "A" Federal No. 43) and has obtained permits to drill four more injection wells (State "A" No. 9, Bowers "A" Federal No. 41, Bowers "A" Federal No. 42 and the Bowers "A" Federal No. 43). Texland therefore requests that the Division extend Order No. R-11638 for an additional year to enable Texland to drill wells approved by this order.

Your attention to this matter is appreciated.

Very truly yours,



William F. Carr

cc: Jim Wilkes
Texland Petroleum-Hobbs, L.L.C.