



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Harvard Petroleum Corporation

P. O. Box 936

Roswell, New Mexico 88202-0936

Attention:

Jeff Harvard

jharvard@hpcnm.com

February 13, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

RECEIVED

FEB 21 2006

OCU-ARTESIA

30-015-34599

Administrative Order NSL-5333

Dear Mr. Harvard:

Reference is made to the following: (i) your initial application filed by telefax with the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on February 8, 2006 (*administrative application reference No. pMES0-604458920*); (ii) your telephone conversation with Mr. Daniel J. Sanchez, Enforcement and Compliance Manager with the Division in Santa Fe on Tuesday, February 7, 2006; (iii) your follow-up complete hard copy received by the Division on February 9, 2006; (iv) your telephone conversation with Mr. Michael E. Stogner, Engineer with the Division in Santa Fe, on Monday morning, February 13, 2006; and (v) the Division's records in Santa Fe: all concerning Harvard Petroleum Corporation's ("HPC") request for an unorthodox wildcat Bone Spring oil well location for your proposed Federal "00" Well No. 3 to be drilled 1838 feet from the North line and 2406 feet from the East line (Unit G) of Section 18, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico. Pursuant to Division Rule 104.B (1), the SW/4 NE/4 of Section 18 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit in the Bone Spring formation.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

It is the Division's understanding that the N/2 of Sections 18 comprises a single Federal lease issued by the U. S. Bureau of Land Management (*United States Government lease No. NM-0560291*) in which Mewbourne Oil Company is lessee; however, under farmout agreement HPC is the leasehold operator of certain oil and gas rights within the base the Bone Spring formation.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Bone Spring oil well location is hereby approved.

Sincerely,

Mark E. Fesmire, P. E.

Director

MEF/ms.

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management – Carlsbad