



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

October 12, 2005

Mark Fesmire

Director

Oil Conservation Division

Matrix New Mexico Operating Company, LLC
c/o Holland & Hart, LLP
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Attention: **Ocean Munds-Dry**
omundsdry@hollandhart.com

Administrative Order NSL-5284

Dear Ms. Munds-Dry:

Reference is made to the following: (i) your application on behalf of the operator, Matrix New Mexico Operating, LLC ("Matrix") that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on September 15, 2005 (**administrative application reference No. pSEM0-525937217**); (ii) your telephone conversation with Mr. Michael E. Stogner, Engineer with the Division in Santa Fe on Thursday afternoon, October 6, 2005; and (iii) the Division's records in Artesia and Santa Fe: all concerning Matrix's request for an unorthodox Wolfcamp oil well location for its proposed Presley "34" Well No. 1 (**API No. 30-025-37487**) to be drilled 510 feet from the North line and 1510 feet from the West line (Unit C) of Section 34, Township 12 South, Range 38 East, NMPM, Lea County, New Mexico. The NE/4 NW/4 of Section 34 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit within the Undesignated Trinity-Wolfcamp Pool (**59890**).

Your application for Matrix has been duly filed under the provisions of Division Rules 104.F and 1207.A (2).

The geologic interpretation submitted with this application, based on 3-D seismic, indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the potentially productive interval of the Wolfcamp formation than a well drilled at a location considered to be standard within the proposed standard 40-acre oil spacing and proration unit.

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

Sincerely,

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs