



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

January 17, 2008

W. Thomas Kellahin
Kellahin & Kellahin
Attorneys At Law
706 Gonzales Road
Santa Fe, NM 87501

RE: **Ling Federal Well No. 4**
1660 feet FSL & 2310 feet FEL (Unorthodox)
E/2 Section 31, T-19 -S, R-34-E,
Lea County, NMPM, New Mexico

Administrative Order NSL-5766

Dear Mr. Kellahin:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR0735228698**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on December 17, 2007, on behalf of Fasken Oil and Ranch, Ltd ("Fasken"); and

(b) the Division's records pertinent to Fasken's request.

Fasken Oil and Ranch, Ltd requests to drill its Ling Federal Well No. 4 at an unorthodox gas well location 1660 feet from the South line and 2310 feet from the East line (Unit J) of Section 31, Township 19 South, Range 34 East, N.M.P.M., in Lea County, New Mexico.

The E/2 of Section 31 will be dedicated to this well to form a standard 320-acre gas spacing and proration unit. Fasken Oil and Ranch, Ltd intend to test the Quail Ridge-Morrow Gas Pool. This pool is governed by the "Special Rules and Regulations for the Quail Ridge-Morrow Gas Pool as promulgated in the Commission Order No. R-3890 issued in case No. 4261 on December 3, 1969. This order provide for wells on 320-acre spacing units to be located no closer than 660 feet to the outer boundary of the quarter section, nor closer than 1980 feet to the nearest end boundary, nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

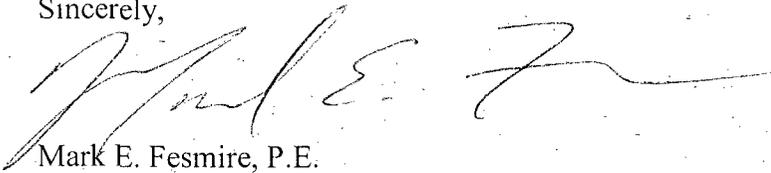
Your application on behalf of Fasken Oil and Ranch, Ltd has been duly filed under the provisions of Division Rules 104. F, and 1210.A(2), and Commission Order No. R-3890.

It is our understanding that the unorthodox location of this well is based upon a combination of topographical and geological reasons, and that the Bureau of Land Management (BLM) has approved this location.

Pursuant to the authority granted under the provisions of Division Rules 104. F(2), and Order No. R-3890, the above-described unorthodox Quail Ridge-Morrow Gas Pool location is hereby approved.

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 'Mark E. Fesmire', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/re

cc: New Mexico Oil Conservation Division – Hobbs
Bureau of Land Management (BLM) - Carlsbad