



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



July 7, 2010

Ms. Ocean Munds-Dry
Holland & Hart, LLP
P.O. Box 2208
Santa Fe, NM 87504

Administrative Order NSL-6228

**Re: Fasken Oil and Ranch, Ltd.
Federal 26A Well No. 4
API No. 30-025-39809
1525 feet FSL & 300 feet FEL
Unit I, Section 26-18S-33E
Lea County, New Mexico**

Dear Ms. Munds-Dry:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-18239405**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Fasken Oil and Ranch, Ltd. [OGRID 151416] (Fasken), on June 30, 2010, and

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

Fasken has requested to drill the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. The NE/4 SE/4 of Section 26 will be dedicated to this well in order to form a standard 40-acre spacing unit in the undesignated EK-Delaware Pool (21655). This pool is governed by statewide Rule 15.9.A, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the eastern and southern unit boundaries.

Your application on behalf of Fasken has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that Fasken is seeking this location to comply with United States Bureau of Land Management surface location requirements.

Oil Conservation Division * 1220 South St. Francis Drive

* Santa Fe, New Mexico 87505

* Phone: (505) 476-3440 * Fax (505) 476-3462* <http://www.emnrd.state.nm.us>



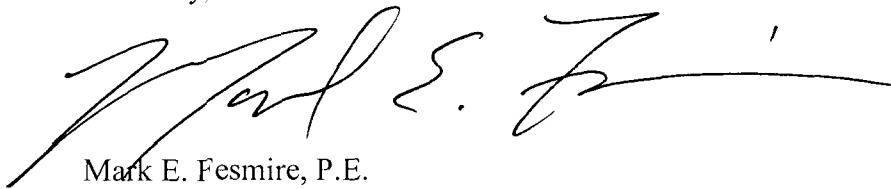
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including but not limited to Division Rule 5.9.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Mark E. Fesmire', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs
United States Bureau of Land Management