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August 19, 2002

VIA HAND DELIVERY

RECEIVED

AUG 19 2002

Ms. Lori Wrotenberg, 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 Blinbry 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. Wrotenberg;:

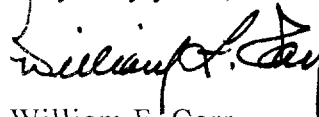
By Order No. R-11638 dated August 20, 2001, the Division authorized Texland Petroleum-Hobbs L.L.C. to institute a cooperative waterflood project in its Upper Blinbry Pool Cooperative Waterflood Area by injection of water into the Hobbs-Upper Blinbry Pool through 15 initial injection wells. Enron is a partner in this project. Due to the problems Enron has recently faced, certain funding was unavailable and implementation of the project was delayed. The funding problems for this project have been resolved and Texland is currently preparing to proceed with the drilling of three additional injection wells.

Order Paragraph (15) of Order R-11638 provides that the injection authority granted therein shall terminate on August 20, 2002 unless the Division, upon written request by the operator, grants an extension for good cause.

Texland Petroleum-Hobbs L.L.C. is prepared to proceed with this waterflood project and hereby requests that the Division extend Order No. R-11638 for an additional year.

Your attention to this matter is appreciated.

Very truly yours,



William F. Carr

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