



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

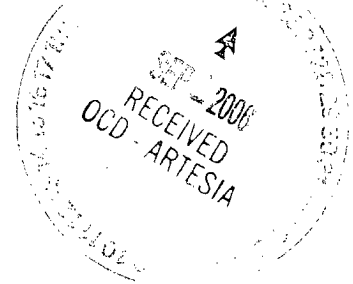
Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

September 12, 2006



Rubicon Oil and Gas, LLC
Attn: Kay Maddeox
508 W. Wall Ave., Suite 500
Midland, TX 79701

Administrative Order NSL-5447

Dear Ms. Maddox:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS0-619935751**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on July 17, 2006 on behalf of Rubicon Oil and Gas, LLC (Rubicon);

(b) your letter dated August 17, 2006, supplementing the information in the application;

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

Rubicon has requested to re-enter and re-complete its Overshot State 10 Well No. 1 (API No. 30-015-21639) at an unorthodox Morrow location, 2141 feet from the South line and 656 feet from the East line (Unit I) of Section 10, Township 21 South, Range 25 East, N.M.P.M., in Eddy County, New Mexico. The S/2 of Section 10 will be dedicated to this well in order to form a standard 320-acre spacing unit for a wildcat Morrow completion. Wildcat Morrow spacing is governed by statewide Rule 104.C(2), which provides for 320-acre units, with wells located at least 660 feet from the outer boundary of the quarter section on which the well is located.

Rubicon's application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

The requested location is approximately 656 feet west of the East boundary, and 499 feet south of the North boundary of the SE/4 of Section 10. It is our understanding Rubicon seeks to re-enter an existing well drilled by another operator that was permitted for standard a location 1980 feet FSL and 660 feet FEL of Section 10. We further understand that Rubicon has re-surveyed the location and determined that the well is actually located at the unorthodox location for which Rubicon seeks approval in this application.

Pursuant to Division Rule 1210.A(2), Rubicon has filed proof of notice of this application to Devon Energy Corporation, Marbob Energy Corp., the United States Bureau of Land Management, the New Mexico State Land Office, Pitch Energy Corporation, Rick Sell, Eram Ali, Charles M. Morgan, Mitchell E. Cheney, John D. Pool, Thomas Malcolm Wade, Fred Corey, Lynn S. Charuk and Steve Sell. It is our understanding that these persons are all of the "affected persons," as defined in Rule 1210.A(2)(a), as to the N/2 of Section 10 and the W/2 of Section 11, the units toward which the proposed location will encroach.

By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox Morrow gas well location for Rubicon's Overshot State 10 Well No. 1 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 dark ink, appearing to read 'Mark E. Fesmire', written in a cursive style.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe