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**Pecos River Operating, Inc.
550 W. Texas Suite 720
Midland, TX 79701**

July 15, 2001

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Michael Stogner
New Mexico Oil Conservation Division
1220 South Saint Francis Dr.
Santa Fe, NM 87505

RE: Request for 80-Acre Non-Standard Gas Proration Unit
Eumont (Yates, 7-Rivers, Queen, Pro Gas) Pool
Roy Riddel No. 1, API No. 30-025-04623
E/2 of SW/4, Sec 12, T-21S, R-36E,
Lea County, New Mexico

Mr. Stogner,

Pecos River Operating respectfully requests an 80-acre Non-standard Gas Proration Unit comprising the E/2 of SW/4 of Section 12 for the above referenced well, (see attached Form C-102), and offers the following in support.

1. The Roy Riddel Lease is an irregularly shaped contiguous tract comprising the E/2 of SW/4, the S/2 of SE/4, the NE/4 of SE/4, the E/2 of NE/4, and the NW/4 of NE/4 of Section 12, Twp 21-S, Rge 36-E, Lea County, NM, containing 320 acres, more or less.
2. The Riddel No 1 well was completed in January 1953 from the Eumont (Queen) zone at 3510 – 3625' flowing 232 MCFD. Dedicated acreage at that time was 160 Acres from the E/2 of SW/4 and S/2 of SE/4. Well No 2 was completed later in the Eumont (Queen) and dedicated the remaining 160 acres.
3. After Well No. 2 was plugged in 1963, Texaco applied, and was granted a 320-acre non-standard proration unit comprising the entire lease, to be dedicated to Well No. 1. (Order No. R-2477.)
4. Production from Well No. 1 averaged 15 MCFD during the 1st quarter, 2001.
5. After acquiring the lease in March, 2000, Pecos River Operating drilled a 4000' Grayburg and Eumont test in the SE/4 of SE/4 of Section 12, testing oil and gas at 18 BO and 61 MCFD from the Upper Grayburg, and completing in the Queen Interval 3527' to 3679' on May 25, 2001, pumping 11 BO, 351

MCFG and 34 BL WPD. Dedicated Acreage to this Eumont Oil well is 40 acres in the SE/4, SE/4 of Section 12.

6. The Roy Riddel No. 1 was subsequently Shut-In pending this application, and has a SIWHP of 58 psi. Well No. 3, on the other hand, exhibited a SIWHP of over 200 psi after completion in the Queen Interval. The higher gas rate and SIWHP, and the production of oil, would indicated that different pay in the Queen interval to that exposed in well No 1 has been opened in Well No.3.
7. Offset development in the Eumont zone is such that areal spacing in the vicinity of Section 12 is effectively 80 acres or less. (see Exhibit 1).
8. Simultaneous production from the Riddel No. 1 and the Riddel No. 3, or any other Eumont Oil Well will not violate correlative rights of surrounding leasehold; and will allow, without waste, the efficient production of the Eumont Oil and Gas under the Roy Riddel Lease.

Your consideration of this matter is greatly appreciated. If you have any questions, please call me at 915-620-8480.

Yours truly,









William R. Huck
Vice President – Engr & Prod.

CC: OCD-Hobbs

1220 S. St. Francis Dr., Santa Fe, NM 87505


AMENDED REPORT

<p>16</p>  		<p style="text-align: center;">Roy Riddell Lease</p> 	<p>17</p> <p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>William R. Huck</i></p> <p>Signature _____</p> <p>William R. Huck</p> <p>Printed Name _____</p> <p>VP - Engr & Prod</p> <p>Title _____</p> <p>7-15-01</p> <p>Date _____</p>
			<p>18</p> <p>SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor: _____</p> <p>Certificate Number _____</p>

80 Acres

40 Acres

Emice
Nash.
Oil well



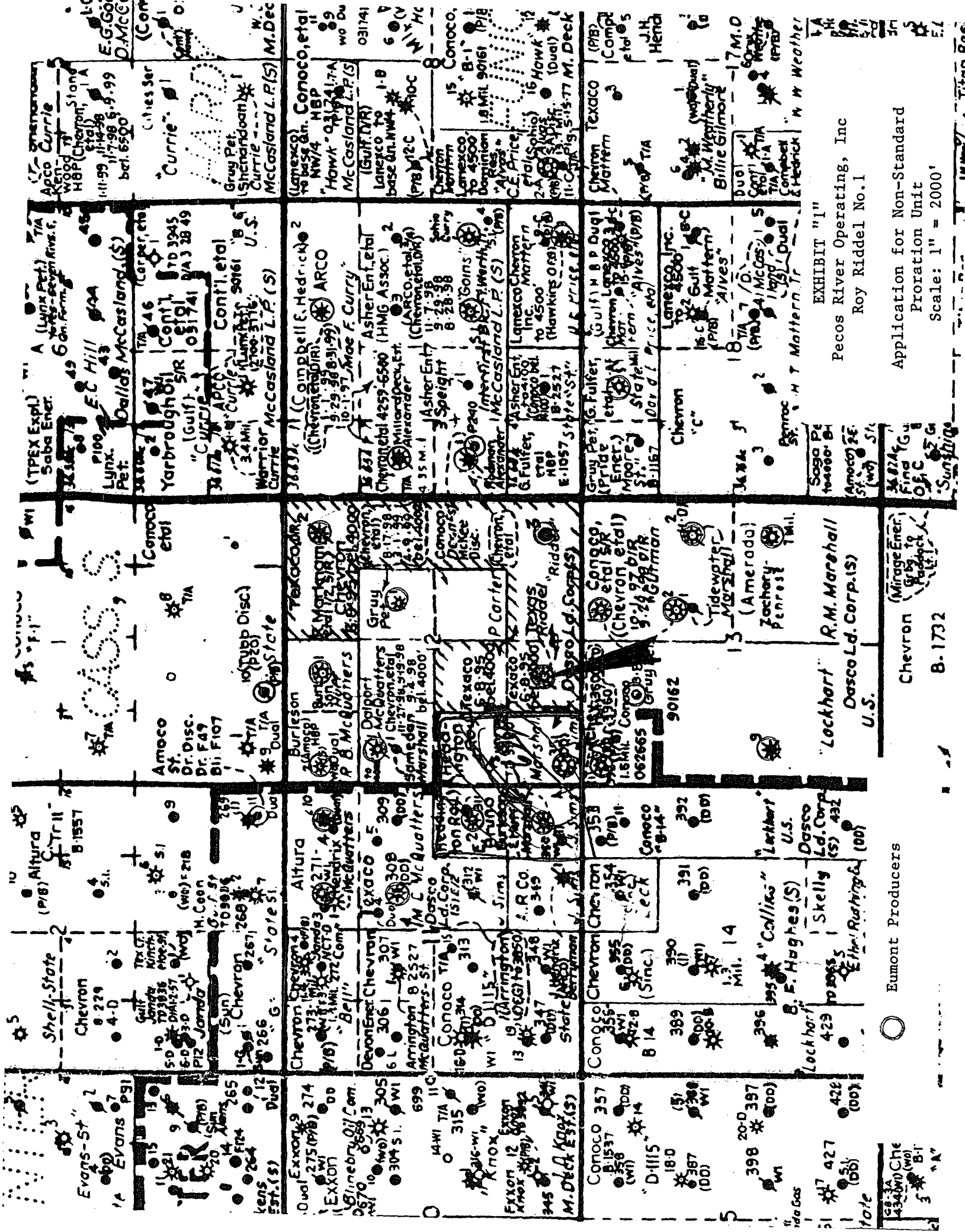


EXHIBIT "1"

Pecos River Operating, Inc
Roy Riddel No. 1

Application for Non-Standard
Proration Unit
Scale: 1" = 2000'