

November 16, 1999

**Xeric Oil & Gas Corporation
P. O. Box 352
Midland, Texas 79702**

Telefax No. (915) 683-3152

Attention: R. C. Barnett

Administrative Order NSP-215-A

Dear Mr. Barnett:

Reference is made to your application dated October 15, 1999 to essentially reinstate a previously approved non-standard 160-acre gas spacing and proration unit ("GPU") in the Eumont Gas Pool comprising the SW/4 of Section 20, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico.

By Division Administrative Order NSP-215, dated December 18, 1955 this 160-acre GPU was initially established by the Division for Aztec Oil and Gas Company and was dedicated to its State E-20 Well No. 1, located at a standard gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 20. This well tested uneconomical and was plugged and abandoned. By letter dated April 22, 1957 the Division issued a cancellation order for Division Administrative Order NSP-215.

It is our understanding at this time that Xeric Oil & Gas Corporation ("Xeric") intends to re-establish Eumont gas production from the SW/4 of Section 20 with the recently drilled **Arco Hall State Well No. 3 (API No. 30-025-34622)**, located at a standard gas well location 1980 feet from the South and West lines (Unit K) of Section 20.

The subject application has been duly filed under the provisions of Rule 104.F of the Rules and Regulations of the New Mexico Oil Conservation Division.

By the authority granted me under the provisions of **Rule 2(d)** of the "*General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Eumont Gas Pool*", as promulgated by Division Order No. R-8170, as amended, and Division Rule 104.D(2) the above-described non-standard 160-acre non-standard gas spacing and proration unit is hereby approved. Further, Xeric is permitted to produce the allowable assigned this 160-acre non-standard gas spacing and proration unit in accordance with Rule 5 of the Eumont special pool rules from the Arco State Well No. 3.