



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

August 21, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Pecos River Operating, Inc.
550 West Texas - Suite 720
Midland, Texas 79701
Attention: William R. Huck

Administrative Order NSP-1846

Dear Mr. Huck:

Reference is made to the following: (i) your application dated July 15, 2001 (*application reference No. pKRV0-120140520*), which was received by the New Mexico Oil Conservation Division ("Division") in Santa Fe on July 19, 2001; (ii) your telephone conversation with Mr. Michael E. Stogner, Engineer with the Division in Santa Fe on Tuesday, July 24, 2001; (iii) your supplemental data to complete this filing submitted on August 17, 2001; and (iv) the Division's records in Santa Fe, including the file on Division Order No. R-2477: all concerning Pecos River Operating, Inc.'s ("Pecos River") request to suspend Division Order No. R-2477 and to rededicate the acreage assigned its Roy Riddel Well No. 1 (**API No. 30-025-04623**), located at a standard gas well location 661 feet from the South line and 1980 feet from the West line (Unit N) of Section 12, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, by forming an 80-acre non-standard gas spacing and proration unit ("GPU") consisting of the following acreage in the Eumont Gas Pool (**76480**):

LEA COUNTY, NEW MEXICO
TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 12: E/2 SW/4.

The rules and procedures currently governing the Eumont Gas Pool include but are not necessarily limited to:

- (i) the "*Special Rules and Regulations for the Eumont Gas Pool*," as promulgated by Division Order No. R-8170, as amended;
- (ii) Division Rule 605.B (2) (b);
- (iii) Division Rule 104.D (2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999;
- (iv) Rule 1207.A (3); and

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(v) the amended Stipulated Declaratory Judgment of the First Judicial District Court in Santa Fe County, New Mexico issued on July 11, 2001 in Hartman vs. Oil Conservation Division, Cause No. D-0101-CV-9902927 ("Stipulated Declaratory Judgment").

By Division Order No. R-2477, issued in Case No. 2782 on May 3, 1963, as amended by Division Order No. R-2477-A, the Division authorized a 320-acre non-standard Eumont gas spacing and proration unit comprising the N/2 NE/4, SE/4 NE/4, E/2 SW/4, E/2 SE/4, NE/4 SE/4, and S/2 SE/4 of Section 12 and had dedicated thereon the above-described Roy Riddel Well No. 1 in Unit "N" of section 12.

It is our understanding that such rededication and severance of acreage is necessary due to the recent completion by Pecos River of its newly drilled Roy Riddel Well No. 3 (API No. 30-025-35486), located 660 feet from the South and East lines (Unit P) of Section 12 as an Eumont oil producer, whereby the 40 acres comprising the SE/4 SE/4 (Unit P) of Section 12 is now assigned this well in order to form a standard 40-acre oil spacing and proration unit in the Eumont Gas Pool.

By the authority granted me under the provisions of these rules, regulations, and directives, the above-described non-standard GPU within the Eumont Gas Pool in Section 12 is hereby approved with allowable to be assigned thereto in accordance with Rule 5 of the rules governing the Eumont Gas Pool based upon the respective unit size of 80 acres.

It is further ordered that Division Order No. R-2477, as amended, is hereby placed in abeyance until further notice.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs