



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

Joanna Prukop
Cabinet Secretary

Plantation Operating, L.L.C.
2203 Timberloch Place, Suite 229
The Woodlands, Texas 77380

August 4, 2006

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

Attention: **John Allred, P.E.**
jallred@plantationpetro.com

Administrative Order NSL-5433 (SD) (NSP)

Dear Mr. Allred:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on July 14, 2006 (***administrative application reference No. pMES0-621445616***); (ii) your e-mail correspondence with Mr. Michael E. Stogner, Staff Engineer with the Division in Santa Fe, on April 10, 11, and 28 and on July 26, 2006; and (iii) the Division's records in Hobbs and Santa Fe: all concerning Plantation Operating, L.L.C.'s ("Plantation") request for an unorthodox infill Jalmat gas well location within an existing 80-acre non-standard gas spacing unit comprising the E/2 NW/4 (Units D and E) of Section 17, Township 20 South, Range 37 East, NMPM, Jalmat Gas Pool (**79240**), Lea County, New Mexico.

Your application has been duly filed under the provisions of the "*Special Pool Rules for the Jalmat Gas Pool*," as promulgated by Division Order No. R-8170-P, issued in Case No. 12563 on December 14, 2001.

This non-standard 80-acre gas spacing unit was initially established in 1954 (see letter of authorization from the New Mexico Oil Conservation Commission's district office in Hobbs, New Mexico dated March 16, 1954) for R. B. Honeyman, Jr.'s Wulff State Well No. 2 (***API No. 30-025-06138***), located at an unorthodox gas well location (approved by the Secretary/Director of the New Mexico Oil Conservation Commission by letter dated April 21, 1954). The location of the above-described Wulff State Well No. 2 and 80-acre Jalmat gas spacing unit are recognized as duly approved under the "grandfather clause" of Rule 6 (B) of the special Jalmat pool rules.

It is the Division's understanding that the subject well to be considered at this time was initially drilled to a total depth of 3,855 feet in 1936 and 1937 and completed in the Eunice-Monument (Grayburg-San Andres) Pool (**23000**) at a standard oil well location within a 40-acre standard oil spacing and proration unit comprising the NW/4 NW/4 (Unit D) of Section 17. Plantation now seeks to plug-back and recomplete this well up-hole into the Jalmat Gas Pool upon issuance of this order; however, pursuant to Rule 3 (A) (2) of the special Jalmat pool rules this location is considered to be unorthodox.

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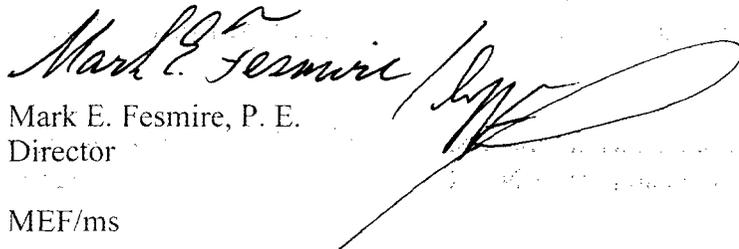
By the authority granted me under the provisions of Rules 4 (A), (B), and (D) of the special rules governing the Jalmat Gas Pool, the following described well, to be recompleted into the Jalmat Gas Pool at an unorthodox infill gas well location within this 80-acre gas spacing unit is hereby approved:

State "H-17" Well No. 2
330' FN & WL (Unit D) of Section 17
(API No. 30-025-06137).

Further, Plantation is hereby authorized to simultaneously dedicate Jalmat gas production to the above-described 80-acre non-standard gas spacing unit from both its Wulff State Well No. 2 and State "H-17" Well No. 2.

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

Sincerely,


Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office – Santa Fe
