



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

Joanna Prukop
Cabinet Secretary

September 25, 2006

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

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

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

Division Administrative Order NSL-3025-A (SD)

Dear Mr. Allred:

Reference is made to the following: (i) your letter of application (*administrative application reference No. pMES0-626841064*) to Amend Division Administrative Order NSL-3025 (SD) that was dated August 19, 2006 but was not submitted to the New Mexico Oil Conservation Division (“Division”) in Santa Fe, New Mexico until September 20, 2006; and (ii) the Division’s records in Hobbs and Santa Fe, including the files on Division Administrative Orders NSP-726, dated November 10, 1965, NSL-3025 (SD), dated July 3, 1991, and the Reinstatement order dated June 15, 2005, which is incorrect as should read “June 15, 2006”: all concerning Plantation Operating, L.L.C.’s (“Plantation”) request once again amend the provisions of Division Administrative Order NSL-3025 (SD) to amend the location of Plantation’s proposed infill well within the existing 159.86-acre non-standard gas spacing unit comprising Lot 3 (Unit C), the SE/4 NW/4 (Unit F), and E/2 SW/4 (Units K and N) of Section 6, Township 24 South, Range 37 East, NMPM, Jalmat Gas Pool (**79240**), Lea County, New Mexico.

Your request 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 159.86-acre Jalmat gas spacing unit was initially established by Division Administrative Order NSP-726, dated November 10, 1965, for Plantation’s existing Carter Eaves (NCT-A) Well No. 1 (*API No. 30-025-11019*), located at a standard gas well location 660 feet from the North line and 1980 feet from the West line (Lot 3/Unit C) of Section 6.

By Administrative Order NSL-3025 (SD), dated July 3, 1991, the Division authorized Doyle Hartman, Oil Operator to drill the Carter Eaves (NCT-A) Well No. 3 (*API No. 30-025-31280*) at an unorthodox infill gas well location within the above-described 159.86-acre unit 512 feet from the South line and 1923 feet from the West line (Unit N) of Section 6.

Since Doyle Hartman never drilled its Carter Eaves (NCT-A) Well No. 3, Plantation, as the current operator of this 159.86-acre Jalmat gas unit, sought and received authorization by administrative order dated June 15, 200[6] (*administrative application reference No. pMES0-616651956*) to drill its proposed Carter Eaves “NCT-A” Well No. 3 (*API No. 30-025-37960*) at the same location as Doyle Hartman’s Carter Eaves (NCT-A) Well No. 3 (*API No. 30-025-31280*).

It is the Division's understanding that there is an unmarked buried pipeline at the "512 feet from the South line and 1923 feet from the West line (Unit N) of Section 6" location, which necessitates a move to an acceptable location 50 feet to the east.

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 above-described unorthodox Jalmat infill gas well location for Plantation's proposed Carter Eaves (NCT-A) Well No. 3 (*API No. 30-025-37960*) at an unorthodox Jalmat infill gas well location 512 feet from the South line and 1973 feet from the West line (Unit N) of Section 6 is hereby approved.

Further, Plantation is hereby authorized to simultaneously dedicate Jalmat gas production from both its above-described Carter Eaves (NCT-A) Well No. 1 (*API No. 30-025-11019*) and Carter Eaves (NCT-A) Well No. 3 (*API No. 30-025-37960*).

This administrative order shall replace both the previous Division's Administrative Orders NSL-3025 (SD), dated July 3, 1991, as reinstated by order dated June 15, 200[6], which are both placed in abeyance at this time.

All provisions applicable to the existing 159.86-acre non-standard Jalmat gas spacing unit in Division Administrative Order NSP-726 not in conflict with this order shall remain in full force and affect 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,



Mark E. Fesmire, P. E.
Director

MEE/ms

cc: New Mexico Oil Conservation Division - Hobbs
File: Division Administrative Order NSP-726 (*administrative application reference No. pNSP0-007262002*)
Division Administrative Order NSL-3025 (SD) [*administrative application reference No. pNSL0-030252002*]
The Division's REINSTATEMENT of Administrative Order NSL-3025 (SD) [*administrative application reference No. pMES0-616651956*]
