



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

December 22, 1997

Morexco, Inc.
P. O. Box 481
Artesia, New Mexico 88211-0481
Attention: Donald G. Becker, Jr.

Administrative Order NSL-2924-A(SD)

Dear Mr. Becker:

Reference is made to your complete application that was received by the New Mexico Oil Conservation Division ("Division") on December 1, 1997 for an unorthodox Eumont gas well location within an existing non-standard 160-acre gas spacing and proration unit ("GPU") for said Eumont Gas Pool comprising the SE/4 of Section 5, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico. Said GPU was authorized by Division Administrative Order NSP-397-A(L), dated August 15, 1995.

Eumont gas production from said GPU is currently dedicated to the J. R. Holt "B" Well No. 2 (API No. 30-025-31003), located at a previously approved unorthodox gas well location 1190 feet from the South line and 1195 feet from the East line (Unit P) of said Section 5 [see Division Administrative Order NSL-2924(SD) and NSP-397-A(L)].

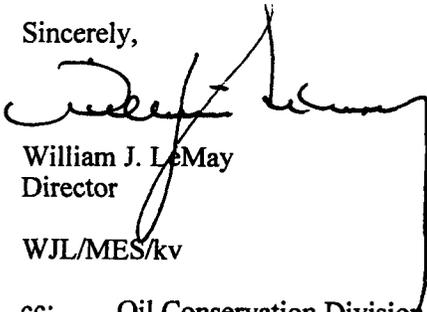
By the authority granted me under the provisions of **Rule 2(d)** of the "General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Eumont Gas Pool," as promulgated by Division Order No. R-8170, as amended, the following described well to be drilled at an unorthodox Eumont gas well location is hereby approved:

*J. R. Holt "B" Well No. 3
330' FSL - 2310' FEL (Unit O) of said Section 5.*

Also, Morexco, Inc. is hereby authorized to simultaneously dedicate Eumont Gas production from the J. R. Holt "B" Well No. 2 with the J. R. Holt "B" Well No. 3. Furthermore, you are hereby permitted to produce the allowable assigned the subject GPU from both wells in any proportion.

Further, all applicable provisions of said Division Administrative Orders NSL-2924(SD) and NSP-397-A(L) shall remain in full force and effect until further notice.

Sincerely,



William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: NSL-2924(SD)
NSP-397-A(L)
NSP-397 /