NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

November 4, 1999

Gruy Petroleum Management Company   Telefax No. (972) 443-6450
P. O. Box 140907
Irving, Texas 75014-0907
Attention: Zeno Farris

Administrative Order SD-99-12

Dear Mr. Farris:

Reference is made to your letter addressed to the New Mexico Oil Conservation Division's ("Division") District Office in Hobbs, New Mexico and dated October 12, 1999. Gruy Petroleum Management Company ("Gruy") is hereby authorized to simultaneously dedicate gas production from the Jalmat Gas Pool to the previously approved non-standard 160-acre gas spacing and proration unit ("GPU") comprising the SW/4 of Section 2, Township 24 South, Range 36 East, NMPM, Lea County, New Mexico (approved by Division Administrative Order NSP-1028, dated August 5, 1976) from the: (i) existing Cooper State Well No. 1 (**API No. 30-025-25285**) located at a standard gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 2; (ii) existing Cooper State Well No. 2 (**API No. 30-025-26039**) located at an unorthodox gas well location (approved by Division Administrative Order NSL-983, dated September 19, 1978) 2310 feet from the South and West lines (Unit K) of Section 2; and (iii) proposed Cooper State Well No. 3 to be drilled at a standard gas well location 1686 feet from the South line and 660 feet from the West line (Unit L) of Section 2.

Gruy is hereby authorized to simultaneously dedicate Jalmat gas production from the proposed Cooper State Well No. 3 with the existing Cooper State Wells No. 1 and 2. Furthermore, Gruy is hereby permitted to produce the allowable assigned the subject 160-acre GPU from these three wells in any proportion

Further, all provisions of Division Administrative Orders NSP-1028 and NSL-983 shall remain in full force and affect until further notice.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
        New Mexico State Land Office - Santa Fe
        File: NSP-1029
                NSL-983