



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

October 9, 2002

Gruy Petroleum Management Company
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

Telefax No. (505) 982-2151

Administrative Order NSL-4791

Dear Mr. Bruce:

Reference is made to the following: (i) your application on behalf of the operator, Gruy Petroleum Management Company ("Gruy"), that was last submitted to the New Mexico Oil Conservation Division ("Division") on September 30, 2002 (*pKRV0-219635630*); (ii) all of the correspondence, telephone conversations, and voice mail messages between you, Mr. Zeno Farris in Irving, Texas with Gruy, and Mr. Michael E. Stogner, Engineer/Chief Hearing Officer with the Division in Santa Fe, associated with Gruy's two previous filings; and (iii) the Division's records in Santa Fe: all concerning Gruy's request for an exception to Rule 4 of the "*Special Rules and Regulations for the White City-Pennsylvanian Gas Pool*", as promulgated by New Mexico Oil Conservation Division ("Division") Order Nos. R-2429-A, as amended, for an exception to Rule 4 of the "*Special Rules and Regulations for the White City-Pennsylvanian Gas Pool*", as promulgated by Division Order No. R-2429-A, as amended, for an infill well recently drilled at an unorthodox infill gas well location within an existing standard 640-acre gas spacing and proration unit comprising all of Section 21, Township 24 South, Range 26 East, NMPM, White City-Pennsylvanian Gas Pool (87280), Eddy County, New Mexico.

This 640-acre unit is currently dedicated to Gruy's Eddy "21" Federal Com. Well No. 1 (API No. 30-015-20182), located at a standard gas well location 1980 feet from the South and East lines (Unit J) of Section 21.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999 and Rule 5 of the special White City-Pennsylvanian gas pool rules.

It is the Division's understanding that Gruy seeks this location exception for both geological and engineering reasons.

By the authority granted me under the provisions of Division Rule 104.F (2) and the applicable provisions of the special rules governing the White City-Pennsylvanian Gas Pool the following described well located at an unorthodox infill location within this 640-acre unit is hereby

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approved:

**Eddy "21" Federal Com. Well No. 2
890' FNL & 990' FEL (Unit A) of Section 21
(API No. 30-015-32386).**

Gruy is hereby authorized to simultaneously dedicate production attributed to the White City-Pennsylvanian Gas Pool from both its existing Eddy "21" Federal Com. Wells No. 1 and 2. Further, the aforementioned wells and 640-acre spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to this pool.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
Mr. Zeno Farris, Gruy Petroleum Management Company - Irving, Texas (telefax No. 469-420-2710)