



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

June 18, 1996

McDonald Operating, Inc.
505 N. Big Spring - Suite 204
Midland, Texas 79702
Attention: Linda Johnson

Administrative Order NSP-966-A(L)

Dear Ms. Johnson:

Reference is made to your application dated May 13, 1996 to divide the existing 320-acre non-standard gas spacing and proration unit ("GPU") in the Jalmat Gas Pool comprising the E/2 of Section 29, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico, into two 160-acre non-standard GPU's.

Said 320-acre GPU was authorized by Division Administrative Order NSP-966, dated September 5, 1974, and is currently dedicated to the Jack "A-29" Well No. 8 (API No. 30-025-24788), located at a standard gas well location 1980 feet from the South and East lines (Unit J) of said Section 29.

It is our understanding at this time that:

- (a) the 160 acres comprising the NE/4 of said Section 29 is to be dedicated to the existing Jack "A-29" Well No. 9 (API No. 30-025-32643), located at an unorthodox Jalmat gas well location 2364 feet from the North line and 1126 feet from the East line (Unit H); said Well No. 9 was recently drilled to a total depth of 3,700 feet under authority of Division Administrative Order NSL-3461, dated January 12, 1995, in order to further develop the Langlie-Mattix Pool within the 40-acre tract comprising the SE/4 NE/4 of said Section 29, it is our understanding that the Langlie-Mattix perforations (3,434 feet to 3,688 feet) will be abandoned and said well will be recompleted up-hole into the Jalmat Gas Pool subsequent to the issuance of this order; and,

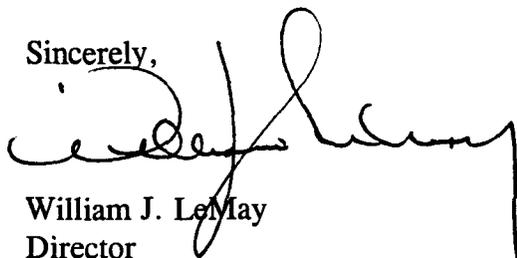
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(b) the 160 acres comprising the SE/4 of said Section 29 is to be dedicated to said Jack "A-29" Well No. 8 in Unit "J".

By 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 Jalmat Gas Pool*", as promulgated by Division Order No. R-8170, as amended, the two above-described non-standard 160-acre gas spacing and proration units and unorthodox gas well location of the Jack "A-29" Well No. 9 are hereby approved.

Both Division Administrative Orders NSP-966 and NSL-3461 shall be placed in abeyance until further notice.

Sincerely,



William J. LeMay
Director

WJL/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
File: NSP-966
NSL-3461