



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

July 21, 1997

Duke Oil & Gas, Inc.
319 W. Broadway - Suite "A"
Andrews, Texas 79714
Attention: Marvin A. Duke, Jr.

Administrative Order NSP-1406-A(L)(SD)

Dear Mr. Duke:

Reference is made to your application dated May 29, 1997 for a 120-acre non-standard gas spacing and proration unit ("GPU") consisting of the following acreage in the Jalmat Gas Pool:

LEA COUNTY, NEW MEXICO
TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 18: NE/4 NE/4 and S/2 NE/4.

It is the Division's understanding that this 120-acre unit is to be simultaneously dedicated to the Duke Oil & Gas, Inc.'s:

- (i) existing Hughes "B-4" Well No. 2/Langlie Mattix "B-4" Penrose Queen Unit Well No. 2 (API No. 30-025-28498), located at a previously approved unorthodox Jalmat gas well location [see Division Administrative Order NSP-1406(L)] 1345 feet from the North line and 660 feet from the East line (Unit H) of said Section 18, and,
- (ii) existing Hughes "B-4" Well No. 5/Langlie Mattix "B-4" Penrose Queen Unit Well No. 5 (API No. 30-025-22660), located at a standard Jalmat gas well location 1980 feet from the North and East lines (Unit G) of said Section 18.

The Hughes "B-4" Well No. 5/Langlie Mattix "B-4" Penrose Queen Unit Well No. 5 is currently completed in the Langlie Mattix-Seven Rivers-Queen-Grayburg Pool and, upon issuance of this order, is to be re-completed into the gas productive Yates formation of the Jalmat Gas Pool.

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 above-described non-standard 120-acre GPU and corresponding unorthodox gas well location for the existing Hughes "B-4" Well No. 2/Langlie Mattix "B-4" Penrose Queen Unit Well No. 2 are hereby approved.

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Duke Oil & Gas, Inc. is hereby permitted to produce the allowable assigned the subject GPU, in accordance with Rule 5 of said pool rules based upon a unit size of 120 acres, from both wells in any proportion.

SUBSEQUENT TO FURTHER review and research of NMOCD records, Division Administrative Order NSP-1406(L), as amended, which order:

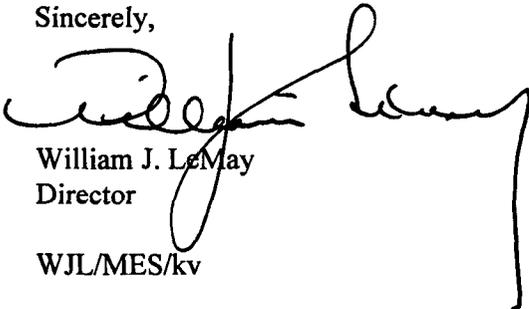
(i) created an 80-acre GPU comprising the E/2 NE/4 of said Section 18, which is currently dedicated to said Hughes "B-4" Well No. 2/Langlie Mattix "B-4" Penrose Queen Unit Well No. 2; and,

(ii) authorized a Jalmat unorthodox gas well location for this 80-acre GPU of the "Hughes B-4 Well No. 1-H" located 1345 feet from the North line and 660 feet from the East line (Unit H) of said Section 18;

IT WAS FOUND THAT this particular unorthodox gas well location was identified as such in the original application filed by Samedan Oil Corporation on September 29, 1983 and was subsequently misidentified in the orders issued as Administrative Order NSP-1406(L) by the Division on November 8, 1983 and on July 17, 1984. The well located 1345 feet from the North line and 660 feet from the East line (Unit H) of said Section 18 is actually the *Hughes "B-4" Well No. 2/Langlie Mattix "B-4" Penrose Queen Unit Well No. 2.*

The aforementioned error shall be so noted in the Division's records concerning said Administrative Order NSP-1406(L). Furthermore, Division Administrative Order NSP-1406(L), as amended, shall be placed in abeyance until further notice.

Sincerely,



William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
File: NSP-1406(L)