



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

September 6, 1996

Jack Huff, Oil and Gas Producer
Attention: Chris Huff, Operations Manager
P. O. Box 50190
Midland, Texas 79710

Oil & Gas Operations, Inc.
Attention: Greg Short, P.E.
HC "31"
Box 51-V-50
Midland, Texas 79707

Administrative Order NSP-1529-A

Dear Messrs. Huff and Short:

Reference is made to: (i) the application filed by Mr. Chris Huff by letter dated July 23, 1996; (ii) the Division's initial response to said application from Mr. Michael E. Stogner by letter dated August 6, 1996; and, (iii) to Mr. Chris Huff's second letter concerning this matter dated August 15, 1996; all of which concern the request of Jack Huff, Oil and Gas Producer to detach the 40 acres comprising the NE/4 SE/4 (Unit I) of Section 14, Township 19 South, Range 36 East, N.M.P.M., Lea County, New Mexico, from the existing 120-acre non-standard gas spacing and proration unit ("GPU") in the Eumont Gas Pool comprising the NE/4 SE/4 and S/2 SE/4 of said Section 14. Said 120-acre GPU was authorized by Division Administrative Order NSP-1529, dated February 23, 1988 and had dedicated thereon the Greg Short Bren "A" Well No. 1 (API No. 30-025-04012), located at a standard gas well location for the 120-acre GPU 661 feet from the South line and 660 feet from the East line (Unit P) of said Section 14.

It is our understanding by the subject application and related correspondence that:

- (1) Jack Huff, Oil and Gas Operator now owns the Eumont rights underlying both the NE/4 SE/4 (Unit I) and the SW/4 SE/4 (Unit O) of said Section 14 and is proposing to form a non-standard

40-acre Eumont gas spacing and proration unit comprising the NE/4 SE/4 of said Section 14 for its Bren "A" Well No. 2 to be drilled at a standard gas well location for this 40-acre GPU 1980 feet from the South line and 660 feet from the East line of said Section 14; and,

(2) which would leave the remaining 40 acres comprising the SE/4 SE/4 (Unit P) of said Section 14 to be operated by Greg Short, P.E., dba Oil & Gas Operations, Inc. and have dedicated to it the above-described Bren "A" Well No. 1.

The Division finds at this time that, the subject application of Jack Huff, Oil and Gas Producer has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996 and 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. Pursuant to said rules no objection to the subject application has been received within the required 20-day waiting period. It should be further noted that Greg Short has not responded to Mr. Chris Huff's application, dated July 23, 1996, or to his letter dated August 15, 1996.

It is therefore ordered, by the authority granted me under the provisions of said rules, that Jack Huff, Oil and Gas Producer is hereby authorized to operate the 40 acres, comprising the NE/4 SE/4 (Unit I) of said Section 14, as a non-standard gas spacing and proration unit ("GPU") within the Eumont Gas Pool in which is to be dedicated to the proposed Jack Huff Bren "A" Well No. 2 to be drilled at a standard gas well location for this 40-acre GPU 1980 feet from the South line and 660 feet from the East line of said Section 14 with an appropriate allowable to be assigned said 40-acre GPU in accordance with Rule 1 of said special Eumont Gas Pool rules.

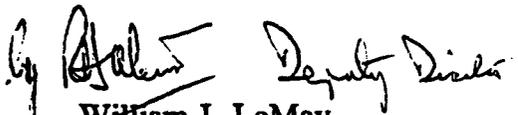
It is further ordered that the 40 acres comprising the SE/4 SE/4 (Unit P) of said Section 14, operated by Greg Short, P.E., dba Oil & Gas Operations, Inc.: (i) is no longer dedicated to producing Eumont acreage; and, (ii) that the existing Bren "A" Well No. 1 is producing without a proper assignment of allowable. It is ordered however that Greg Short be granted a temporary 60-day authorization to produce its Bren "A" Well No. 1 with an acreage factor of 0.25 to be ascribe against the Eumont allowable for said well. If however no formal application from Greg Short has been submitted to the Division within this 60-day period, the temporary allowable shall be canceled and the well ordered to be shut-in until such application has been submitted and approved.

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Said Division Orders NSP-1529 shall be placed in abeyance until further notice.

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

Sincerely,


William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs
Michael E. Stogner, Chief Hearing Officer - OCD, Santa Fe
New Mexico State Land Office - Santa Fe
File: NSP-1529