STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

≡DRUG FREE≡

BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

March 3, 1993

ARCO Oil and Gas Company
P.O. Box 1610
Midland, TX 79702

Attention: David K. Newell

Administrative Order NSP-1664(SD)

Dear Mr. Newell:

Reference is made to your application dated February 4, 1993 to divide an existing standard 640-acre Jalmat gas spacing and proration unit comprising all of Section 15, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, into two 320-acre stand-up non-standard gas spacing and proration units. It is our understanding the reason for this request is that ARCO is assigning its rights in the W/2 of said Section 15 to Marathon Oil Company as part of a mutual exchange agreement. ARCO will remain the operator of the E/2 of Section 15.
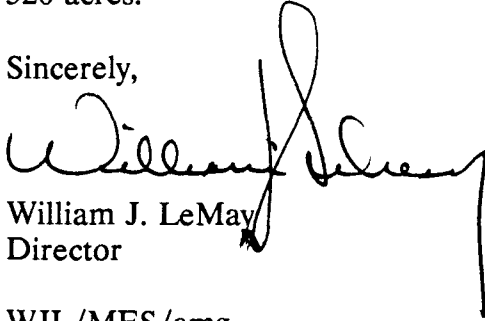
By authority granted me under the provisions of Rule 2(a)4 of the Special Rules and Regulations for the Jalmat Gas Pool, as promulgated by Division Order No. R-8170, as amended, the following described 320-acre non-standard gas spacing and proration units in Section 15, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico are hereby approved:

o   the W/2 is to be simultaneously dedicated to both the McDonald State "WN" Well Nos. 15 and 23, located at acceptable gas well locations (see Rule 2(b)2) in Units L and C, respectively; and,

o   the E/2 is to be dedicated to the McDonald State "WN" Well No. 14 located at a standard gas well location in Unit G.

Further, you are authorized to operate both units with the appropriate allowable to be assigned thereto and in accordance with Rule 5 of said pool rules based on units comprising 320-acres.

Sincerely,

William J. LeMay
Director

WJL/MES/amg

cc: Oil Conservation Division - Hobbs
       NM State Land Office - Santa Fe
       Marathon Oil Company - Midland, TX