



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

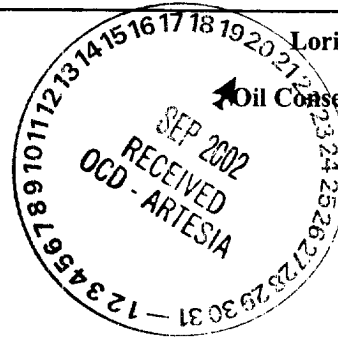
GARY E. JOHNSON

Governor

BETTY RIVERA

Cabinet Secretary

September 18, 2002



Lori Wrotenbery

Director

Oil Conservation Division

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

Re: *Administrative application on behalf of the operator, Gruy Petroleum Management, Company, dated August 19, 2002 (application reference No. pKRV0-223248609) 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 Order No. R-2429-A, as amended, for the Pennzoil Federal Com. Well No. 2 to be drilled at an unorthodox infill gas well location 760 feet from the North line and 660 feet from the East line (Unit A) of Section 15, Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico, within an existing standard 644.40-acre gas spacing and proration unit comprising all of Section 15.*

Dear Mr. Bruce:

As stated within the subject application, this particular well was the subject of Division Case No. 12873 heard June 27 and August 1, 2002, which has been taken under advisement by the Examiner and is currently pending a decision. Any further direct action taken on this application by the Division at this time would only serve to circumvent the present review process.

Therefore, your application for administrative approval for the above-described unorthodox infill gas well location is hereby dismissed without prejudice and is being returned to you with no further review or additional comment.

Sincerely,

Michael E. Stogner

Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
Kathy Valdes, NMOCD - Santa Fe
File: Case No. 12873