

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 28, 1995

Lion Production, Inc.  
P. O. Box 2086  
Midland, TX 79702

Attention: Michael Stewart

*Administrative Order NSL-3552(SD)*

Dear Mr. Stewart:

Reference is made to your application dated June 12, 1995 for an unorthodox Eumont gas well location in an existing non-standard 200-acre gas spacing and proration unit ("GPU") for said Eumont Gas Pool comprising the E/2 NE/4 of Section 32 and the E/2 NW/4 and NW/4 NW/4 of Section 33, both in Township 19 South, Range 37 East, NMPM, Lea County, New Mexico. Said GPU was authorized by Division Order Nos. R-1663 and R-1663-A, dated May 9, 1960 and June 30, 1960, respectively, and had dedicated thereon the N. B. Bordages Gas Com. Well No. ~~5~~ (API No. 30-025-05805), located 330 feet from the North and West lines (Unit D) of said Section 33.

By authority granted me under the provisions of Rule 2(c) of the Special Rules and Regulations for the Eumont Gas Pool, as promulgated by Division Order No. R-8170, as amended, the following described well to be drilled at the following unorthodox Eumont gas well location in said Section 32 is hereby approved:

*N. B. Bordages Gas Com. Well No. 2  
480'FNL - 850'FWL (Unit A)*

Also, you are hereby authorized to simultaneously dedicate Eumont Gas production from the N. B. Bordages Gas Com. Well No. 1 with the proposed N. B. Bordages Gas Com. Well No. 2. Furthermore, you are hereby permitted to produce the allowable assigned the subject GPU from both wells in any proportion.

Administrative Order NSL-3552(SD)

Lion Production, Inc.

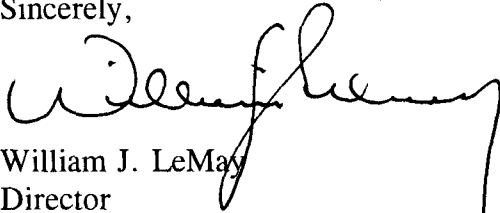
July 28, 1995

Page 2

---

All applicable provisions of said Division Order Nos. R-1663 and R-1663-A shall remain in full force and effect until further notice.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

William J. LeMay  
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs  
U. S. Bureau of Land Management - Carlsbad