



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

June 4, 1997

J & G Enterprises Ltd., Co.
c/o Derrel C. Melton
3905 Martingale Drive
Plano, Texas 75023

Administrative Order NSL-3804

Dear Mr. Melton:

Reference is made to your application dated May 8, 1997 on behalf of the operator J & G Enterprises Ltd., Co. for a non-standard gas well location to test the Pennsylvanian formation for the plugged and abandoned Amerada Petroleum Corporation State Caprock "B" Well No. 1, to be redesignated the Resistol Well No. 1 by J & G Enterprises, located 652.94 feet from the North line and 1980 feet from the West line (Lot 3/Unit C) of Section 3, Township 13 South, Range 32 East, NMPM, Lea County, New Mexico.

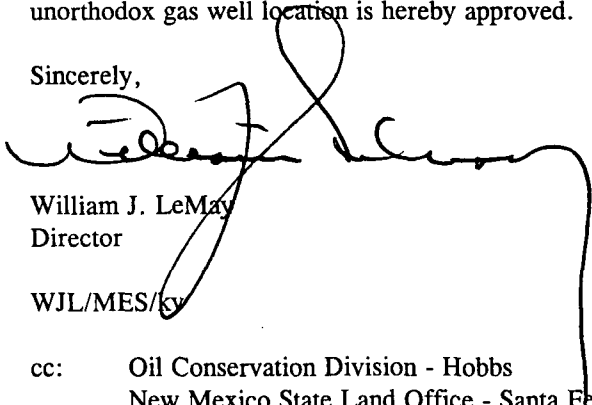
It is our understanding that the subject well was originally drilled to a total depth of 12,440 feet in early 1964 to test the Devonian formation for oil production. After testing dry the subject well was plugged and abandoned.

Pursuant to Division General Rules 104.B(1)(a), this location is unorthodox. Further, should this well be completed as a gas well Lots 3 and 4, the S/2 NW/4, and the SW/4 (W/2 equivalent) of said Section 3 is to be dedicated to the well to form a standard 319.11-acre gas spacing and proration unit.

The application 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.

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox gas well location is hereby approved.

Sincerely,


William J. LeMay
Director

WJL/MES/ky

cc: Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe