



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Amerada Hess Corporation

c/o **James Bruce** (JamesBruce@aol.com)

P. O. Box 1056

Santa Fe, New Mexico 87501

January 6, 2004

Lori Wrotenbery

Director

Oil Conservation Division

Administrative Order SD-04-01

Dear Mr. Bruce:

Reference is made to the following: (i) your initial application on behalf of the operator, Amerada Hess Corporation, dated November 21, 2003, that was submitted to the New Mexico Oil Conservation Division ("Division") on November 24, 2003 (***administrative application reference No. pMES0-335834025***); (ii) Mr. Chad McGehee's e-mail correspondence with the Division's Chief Engineer, Mr. Richard Ezeanyim, on November 24, 2003; (iii) your letter addressed to me and dated November 24, 2003 with supplemental data attached; (iv) Mr. Michael E. Stogner's, Division Engineer in Santa Fe, e-mail correspondence with you on December 4, 2003; (v) your e-mail response to Mr. Stogner on December 5, 2003; (vi) Mr. McGehee's amended application submitted to the Division on December 17, 2003; (vii) Mr. Stogner's voice mail message to you on Friday morning, December 19, 2003; (viii) your response by e-mail dated December 22, 2003; (ix) yours and Mr. Stogner's various e-mails, telephone conversations, and meetings on Tuesday, December 23, 2003, and Monday, January 5, 2004, regarding notification issues; (x) Mr. McGehee's e-mail to Mr. Stogner on Monday afternoon, January 5, 2004, with the necessary information to complete this application to Mr. Ezeanyim's satisfaction; and (xi) the records of the Division in Santa Fe, including the files on Division Administrative Orders NSP-378 and NSP-378-A (L) (SD), as amended: all concerning Amerada Hess Corporation's request for a third Eumont gas well within an existing 310.27-acre non-standard lay-down gas spacing unit comprising Lots 1 and 2, the NE/4, and the E/2 NW/4 (N/2 equivalent) of Section 7, Township 21 South, Range 36 East, NMPM, Eumont Gas Pool (**76480**), Lea County, New Mexico, which was approved by Division Administrative Order NSP-378, dated July 27, 1957.

The subject application has been duly filed under the provisions of the "*Special Pool Rules for the Eumont Gas Pool*," as promulgated by Division Order No. R-8170-P, issued in Case No. 12563 on December 14, 2001.

By the authority granted me under the provisions of Rules 4 (B) and (D) of the special rules now governing the Eumont Gas Pool, Amerada Hess Corporation is hereby authorized to simultaneously dedicate gas production from the Eumont Gas Pool to the above-described 310.27-acre non-standard gas spacing unit from its following three described wells:

- (1) H. L. Houston Gas Com. Well No. 3 (**API No. 30-025-04541**), located at a standard gas well location 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 7, which well was the subject of Division Administrative Order NSP-378;

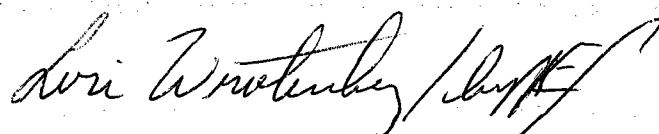
(2) H. L. Houston Gas Com. Well No. 4 (API No. 30-025-32572), located at an unorthodox infill gas well location 1723 feet from the North line and 1310 feet from the East line (Unit H) of Section 7, which well was the subject of Division Administrative Order NSP-378-A (L) (SD), dated August 22, 1994, as corrected by order dated August 24, 1995; and

(3) H. L. Houston Gas Com. Well No. 5 (API No. 30-025-04553), formerly named the Eunice Monument South Unit Well No. 291, located at a standard infill gas well location 1650 feet from the North and West lines (Unit F) of Section 7, which well was recently obtained from Chevron U.S.A., Inc. and is to be recompleted from the Eunice-Monument (Grayburg-San Andres) Pool (23000) to the Eumont Gas Pool.

Also, Amerada Hess Corporation is hereby authorized to simultaneously dedicate Eumont gas production from all three of the above-described H. L. Houston Gas Com. Wells No. 3, 4, and 5. Further, all provisions applicable to the subject 310.27-acre non-standard lay-down gas spacing unit in Division Administrative Orders NSP-378 and NSP-378-A (L) (SD), not in conflict with this order, shall remain in full force and affect until further notice.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,



Lori Wrotenbery
Director

LW/mes

cc: New Mexico Oil Conservation Division - Hobbs

File: NSP-378

~~NSP-378-A(L)(SD)~~

Ms. Carol J. Moore, Amerada Hess Corporation - Seminole, TX (cmoore@hess.com)

Mr. Chad McGehee, Amerada Hess Corporation - Seminole, TX (CmcGehee@hess.com)