

NSP-397, A

Rec. 7/31/95
Released 8/15/95
Susp. NA

August 15, 1995

Morexco, Inc.
c/o Linda Johnson
P. O. Box 7663
Midland, Texas 79708

Division Administrative Order NSP-397-A(L)

Dear Ms. Johnson:

Reference is made to your application by letter dated July 26, 1995 on behalf of the operator, Morexco, Inc., to divide the existing 240-acre non-standard gas spacing and proration unit ("GPU") in the Eumont Gas Pool comprising the S/2 NE/4 and SE/4 of Section 5, Township 19 South, Range 37 East, N.M.P.M., Lea County, New Mexico, into an 80-acre and a 160-acre gas spacing and proration unit.

Said 240-acre GPU was authorized by Division Administrative Order NSP-397, dated October 25, 1957, and was dedicated to the J. R. Holt "A" Well No. 1 (**API No. 30-025-05559**), formerly the J. R. Holt (NCT-C) Gas Com Well No. 1, located 1980 feet from the North and East lines (Unit G) of said Section 5.

By Division Administrative Order NSL-2924(SD), dated November 1, 1990, a second well, the J. R. Holt "B" Well No. 2 (**API No. 30-025-31003**), formerly the J. R. Holt (NCT-C) Gas Com Well No. 2, located at an unorthodox gas well location 1190 feet from the South line and 1195 feet from the East line (Unit P) of said Section 5, was approved for the subject GPU.

It is our understanding at this time that:

- (1) the acreage dedication for said J. R. Holt "A" Well No. 1 will be changed to a non-standard **80-acre** unit comprising the **S/2 NE/4** of said Section 5; and,
- (2) the remaining **160 acres** comprising the **SE/4** of said Section 5 is to be dedicated to the J. R. Holt "B" Well No. 2.

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By the authority granted me under the provisions of **Rule 2(a)4** of the "*General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Eumont Gas Pool*", as promulgated by Division Order No. R-8170, as amended, the two above-described non-standard gas spacing and proration units in said Section 5 are hereby approved with allowables to be assigned thereto in accordance with **Rule 5** of said pool rules based upon its respective unit size.

Moreover, that portion of Division Administrative Order NSL-2924(SD) which authorized the unorthodox location for the J. R. Holt "B" Well No. 2, the former J. R. Holt (NCT-C) Gas Com Well No. 2, shall remain in full force and effect until further notice. However, Division Administrative Order No. NSP-397 is hereby placed in abeyance until further notice.

Sincerely,

WILLIAM J. LEMAY
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: NSP-397
NSL-2924(SD)