



NSP-1211

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor
Betty Rivera
Cabinet Secretary

August 9, 2002

Lori Wrotenberg
Director
Oil Conservation Division

Gruy Petroleum Management Company
Attention: Zeno Farris
P. O. Box 140907
Irving, Texas 75014-0907

Telefax No. (469) 420-2710

Administrative Order NSP-1859

Dear Mr. Farris:

Reference is made to the following: (i) your application dated May 28, 2002 (*application reference No. pMESO-222139825*); (ii) the New Mexico Oil Conservation Division's ("Division") records in Santa Fe, including the files on Division Orders No. R-3890 and R-5378 and Division Administrative Order NSP-1211; and (iii) your telephone conversations with Mr. Michael E. Stogner, Hearing Officer/Engineer in Santa Fe on August 8 and 9, 2002: all concerning Gruy Petroleum Management Company's ("Gruy") request for an exception to Division Rule 104.C (2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, in order to form a non-standard 160-acre gas spacing unit consisting of the following acreage in the Quail Ridge-Morrow Gas Pool (83280):

LEA COUNTY, NEW MEXICO
TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM

Section 20: SE/4.

This unit is to be dedicated to Gruy's proposed Mescalero "20" Federal Well No. 1 to be drilled at a standard gas well location, pursuant to Division Rule 104.C (2) (a), as revised, 1980 feet from the South line and 1200 feet from the East line (Unit I) of Section 20.

This application has been duly filed under the provisions of Division Rule 104.D (2), as revised.

The information submitted in your application and from the records of the Division indicates that the Quail Ridge-Morrow Gas Pool in Section 20 is currently being developed in the following manner:

- (i) the N/2 of Section 20, being a standard 320-acre lay-down gas spacing unit, is dedicated to Beach Exploration, Inc.'s Mescalero Ridge Unit Well No. 1 (API No. 30-025-26662), located at a standard gas well location 890 feet from the North line and 1980 feet from the West line (Unit C) of Section 20; and

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(ii) the SW/4 of Section 20, being a non-standard 160-acre gas spacing unit comprising the SW/4 of Section 20 (approved by Division Administrative Order NSP-1211, dated October 8, 1980), is dedicated to Gruy's Mescalero Ridge Unit Well No. 1 (**API No. 30-025-23189**), located at a standard gas well location 660 feet from the South and West lines (Unit M) of Section 20.

By the authority granted me under the provisions of Division Rule 104.D (2) (b), as revised, the above-described 160-acre non-standard Morrow gas spacing unit comprising the SE/4 of Section 20 is hereby approved. Further, jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
Jim Bruce, Legal Counsel for Gruy Petroleum Management Company - Santa Fe
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