



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

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CABINET SECRETARY

February 1, 1993

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Meridian Oil, Inc.
P. O. Box 51810
Midland, Texas 79710-1810

Attn: Maria L. Perez
Production Assistant

Lanexco, Inc.
P. O. Box 1206
Jal, New Mexico 88252

Attn: Mike Copeland
Production Superintendent

Division Administrative Order NSP-1661(SD)

Dear Ms. Perez and Mr. Copeland

Reference is made to applications filed in November and December, 1992 by both Meridian Oil, Inc. (Meridian) and Lanexco, Inc. (Lanexco) to divide the existing 440-acre non-standard gas spacing and proration unit (GPU) in the Jalmat Gas Pool currently operated by Lanexco, Inc. and comprising the NW/4 NW/4, S/2 NW/4, and S/2 of Section 33, Township 25 South, Range 37 East, N.M.P.M., Lea County, New Mexico, into three separate and distinct gas proration units.

Said 440-acre GPU was authorized by Division Order No. R-687, dated September 15, 1955 and had dedicated thereon the El Paso Tom Federal Well No. 6 located at a standard gas well location 1650 feet from the South and East lines (Unit J) of said Section 33.

By Division Order No. R-6511, dated November 6, 1980, an additional well re-completed to the Jalmat Gas Pool from the Langlie - Mattix Pool, the El Paso Tom Federal Well No. 7 (formerly the Gregory "A" Federal Well No. 2), located at an unorthodox gas well location 1980 feet from the South line and 660 feet from the West line (Unit L) of said Section 33 was approved for said GPU.

By Division Order No. R-6511-A, dated November 2, 1983, a third well to be drilled and completed in the subject GPU was approved for the El Paso Tom Federal Well No. 5 located at an unorthodox gas well location 1650 feet from the North line and 660 feet from the West line (Unit E) of said Section 33.

It is our understanding at this time that:

- (1) the acreage dedication for the El Paso Tom Federal Well No. 5 in Unit "E" will be changed to a non-standard **160-acre** unit comprising the **NW/4 NW/4, S/2 NW/4, and NE/4 SW/4** of said Section 33. Said gas well location pursuant to **Rule 4(b)2** of the Special Rules and Regulations for the Jalmat Gas Pool, as promulgated by Division Order No. R-8170, as amended, will now be considered standard;
- (2) further, the acreage dedication for the El Paso Tom Federal Well No. 7 in Unit "L" will be changed to a non-standard **120-acre** unit comprising the **NW/4 SW/4 and S/2 SW/4** of said Section 33, whereby its location will also be considered standard for a gas spacing and proration this size; and,
- (3) finally, the remaining **160 acres** comprising the **SE/4** of said Section 33 is to be simultaneously dedicated to the El Paso Tom Federal Well No. 6 in Unit "J", which is still considered a standard gas well location for this particular spacing unit, and to the proposed El Paso Tom Federal Well No. 8 to be drilled at a standard gas well location 660 feet from the South and East lines (Unit P) of said Section 33.

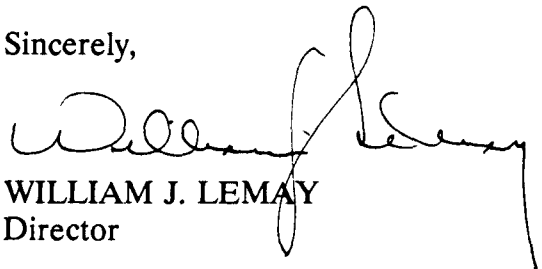
Our records currently indicate that the 440-acre unit is operated by Lanexco. If, at the time this order is issued, the operator of any of the three aforementioned units change, the operator of the new unit will be required to file the appropriate "change of operator forms" to the proper authorizing governmental agency. Also the operator of each unit shall file, within 20-days from the date of this order a new OCD Form C-102 with the Division and U. S. Bureau of Land Management reflecting the above-described acreage changes.

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By the authority granted me under the provisions of **Rule 2(a)4** of said Special Jalmat Pool Rules, the three above-described non-standard gas spacing and proration units in said Section 33 are hereby approved with allowables to be assigned thereto in accordance with **Rule 5** of said pool rules based upon its respective unit size. Also, Division Order Nos. R-687, R-6511, and R-6511-A are hereby placed in abeyance until further notice.

Furthermore, Division Administrative Order NSL-3172(SD), dated October 19, 1992, which order authorized the drilling of the El Paso Tom Federal Well No. 8 at an unorthodox gas well location, 660 feet from the South and East lines (Unit P) of said Section 8 in the original 440-acre non-standard gas spacing and proration unit and approved the simultaneous dedication of said acreage to the El Paso Tom Federal Well Nos. 5, 6, 7 and 8, is hereby rescinded on a permanent basis.

Sincerely,



WILLIAM J. LEMAY
Director

WJL/MES/amg

cc: Oil Conservation Division - Hobbs
U.S. Bureau of Land Management - Carlsbad
File: NSL-3172(SD)