



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

June 29, 2000

Lori Wrotenbery

Director

Oil Conservation Division

Joe Melton Drilling Co., Inc.

P. O. Box 4203

Midland, Texas 79701

Attention: Joe Melton

Administrative Order NSP-1701-D (L)

Dear Mr. Melton:

Reference is made to the following: (i) your application dated June 7, 2000; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Joe Melton Drilling Co., Inc.'s request to form a new gas spacing and proration unit ("GPU") in the Eumont Gas Pool by reducing the acreage of a previously approved 480-acre GPU comprising the **NE/4, W/2 NW/4, SE/4 NW/4, NE/4 SW/4, S/2 SW/4, and W/2 SE/4 of Section 26, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico**, which was approved by Division Administrative Order NSP-1701-C (L) (SD), dated February 11, 2000, and corrected by order dated March 30, 2000, by deleting therefrom the 120 acres that comprise the W/2 NW/4 and SE/4 NW/4 of Section 26. Administrative Order NSP-1701-C (L)(SD) further authorized the simultaneous dedication of the 480-acre GPU to the following two wells:

- (1) New Mexico "G" State Well No. 12 (**API No. 30-025-04787**), located at an unorthodox gas well location for the 480-acre GPU 1980 feet from the South and West lines (Unit K) of Section 26; and
- (2) New Mexico "G" State Well No. 14 (**API No. 30-025-04789**), located at an unorthodox gas well location for the 480-acre GPU 1980 feet from the North and West lines (Unit F) of Section 26.

It is our understanding that such reduction and severance of acreage is necessary due to the recent recompletion of the New Mexico "G" State Well No. 14 in Unit "F" as a Eumont oil producer, whereby the 40 acres comprising the SE/4 NW/4 (Unit F) of Section 26 is now assigned this well in order to form a standard 40-acre oil spacing and proration unit in the Eumont Gas Pool.

By authority granted me under the provisions of Rule 2(d) of the "*Special Rules and Regulations for the Eumont Gas Pool*", as promulgated by Division Order No. R-8170, as amended, and Division Rules 104.D and 104.F (2) the following described 360-acre non-standard GPU in the Eumont Gas Pool, to be dedicated to the above-described New Mexico "G" State Well No. 12, also located at an unorthodox gas well location for this 360-acre GPU, is hereby approved:

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TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 26: NE/4, NE/4 SW/4, S/2 SW/4, and W/2 SE/4.

It is further ordered that, (1) Division Administrative Order NSP-1701-B, which order established two 40-acre non-standard Eumont GPU's comprising: (i) the NW/4 SW/4 (Unit L) of Section 26; and (ii) the SE/4 SE/4 (Unit P) of Section 26, shall remain in full force and effect until further notice; (2) those portions of Division Administrative Orders NSP-1701-B and NSP-1701-C (L) (SD) not in conflict with this order shall remain in full force and effect until further notice; and (3) Joe Melton Drilling Co., Inc. is permitted to produce the allowable assigned this newly established 360-acre non-standard GPU in accordance with Rule 5 of the Eumont special pool rules from the New Mexico "G" State Well No. 12.

Sincerely,



Lori Wrotenbery
Director

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
Exxon Corporation - Midland/
File: NSP-1701 (SD) (L)
NSP-1701-A (L) (SD)
NSP-1701-B
NSP-1701-C (L) (SD)