



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

August 8, 1995

Elm Ridge Resources, Inc.
4925 Greensville Avenue - Suite 1305
Dallas, Texas 75206-4021
Attention: Doug Endsley, Geologist

Floyd Oil Company
711 Louisiana - Suite 1740
Houston, Texas 77002
Attention: W. Gregg Atkins

Division Administrative Order NSP-1735

Dear Messrs. Endsley and Atkins:

Reference is made to Elm Ridge Resources, Inc.'s ("Elm Ridge") application dated June 27, 1995, to divide the existing 321.61-acre standard gas spacing and proration unit ("GPU") in the Basin-Dakota Pool comprising Lots 1 and 2, the NE/4, and the E/2 NW/4 (N/2 equivalent) of Section 18, Township 24 North, Range 5 West, N.M.P.M., Rio Arriba County, New Mexico, into two 160-acre, more or less, non-standard gas spacing and proration units.

Said 321.61-acre GPU was established in 1961 for the Gulf Oil Corporation Apache Federal Well No. 14 (API No. **30-025-05514**), located at a standard gas well location 990 feet from the North and West lines (Lot 1/Unit D) of said Section 18.

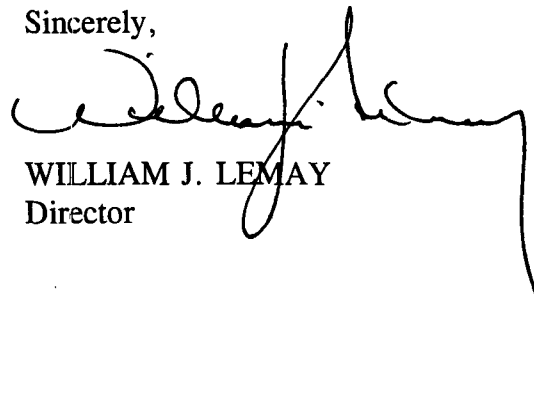
It is our understanding at this time that:

- (1) the acreage dedication for said Apache Federal Well No. 14, now operated by Floyd Oil Company will be changed to a non-standard **161.61-acre** unit comprising the **Lots 1 and 2 and the E/2 NW/4 (NW/4 equivalent)** of said Section 18; and,

- (2) the remaining **160 acres** comprising the **NE/4** of said Section 18 is to be dedicated to a well to be drilled at standard gas well location thereon and operated by Elm Ridge Resources, Inc.

By the authority granted me under the provisions of **Rule 2(d)** of the "*General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Basin-Dakota Pool*", as promulgated by Division Order No. R-8170-H, as amended, the two above-described non-standard gas spacing and proration units in the N/2 equivalent of said Section 18 are hereby approved with allowables to be assigned thereto in accordance with said pool rules based upon its respective unit size.

Sincerely,



WILLIAM J. LEMAY
Director

WJL/MES/kv

cc: Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington