



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

August 30, 2001

Lori Wrotenbery

Director

Oil Conservation Division

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

Telefax No. (972) 443-6450

Westbrook Oil Corporation
P. O. Box 2264
Hobbs, New Mexico 88241
Attention: V. H. Westbrook

Administrative Order NSP-1848

Reference is made to the following: Gruy Petroleum Management Company's ("Gruy") application dated August 6, 2001 to divide the existing 160-acre non-standard gas spacing and proration unit ("GPU") in the Jalmat Gas Pool which records indicate is currently operated by Gruy and comprising the NE/4 of Section 11, Township 24 South, Range 36 East, N.M.P.M., Lea County, New Mexico, into two separate gas spacing and proration units comprising 40 acres and 120 acres.

The rules and procedures currently governing the Jalmat Gas Pool include but are not necessarily limited to:

- (i) the "*Special Rules and Regulations for the Jalmat Gas Pool*," as promulgated by Division Order No. R-8170, as amended;
- (ii) Division Rule 605.B (2) (b);
- (iii) Division Rule 104.D (2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999;
- (iv) Rule 1207.A (3); and
- (v) the amended Stipulated Declaratory Judgement of the First Judicial District Court in Santa Fe County, New Mexico issued on July 11, 2001 in Hartman vs. Oil Conservation Division, Cause No. D-0101-CV-9902927 ("Stipulated Declaratory Judgement").

This 160-acre GPU was created by Division Order R-619, dated April 20, 1955, and, according to the Division's records, is currently simultaneously dedicated to: (1) Gruy's Myers "B" Well No. 6 (API No. 30-025-31382) located at a standard gas well location 660 feet from the North and East lines (Unit A) of Section 11, which was the subject Division Administrative Order SD-91-04 dated July 8, 1991; and (2) Westbrook Oil Corporation's ("Westbrook") Myers "B" Well No. 2 (API No. 30-025-09543) located at a standard gas well location 1980 feet from the North line and 660 feet from the East line of Section 11, which

was the subject of Division Order No. R-619.

From this consolidated application, it is our understanding at this time that:

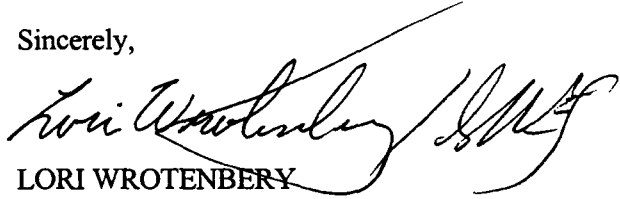
- (1) Gruy will be the operator of the proposed 120-acre non-standard GPU comprising the N/2 NE/4 and SW/4 NE/4 of Section 11 in which its Myers "B" Well No. 6 in Unit "A" is to be dedicated; and,
- (2) the remaining 40- acres comprising the SE/4 SE/4 (Unit H) of Section 11 is to be dedicated to Westbrook's above-described Myers "B" Well No. 2.

By the authority granted me under the provisions of these rules, regulations, and directives, the two above-described non-standard GPU's within the Jalmat Gas Pool in Section 11 are hereby approved with allowables to be assigned thereto in accordance with Rule 5 of the rules governing the Jalmat Gas Pool based upon the respective unit sizes.

It is further ordered that the operator of each of the above-described units shall file, within 20-days from the date of this order, a new OCD Form C-102 for each well with the Division reflecting the above-described acreage changes.

At this time Division Order Nos. R-619 and Division Administrative Order SD-91-04 are hereby placed in abeyance until further notice.

Sincerely,



LORI WROTENBERY
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
William F. Carr, Legal Counsel for Gruy Petroleum Management Company - Santa Fe
File: SD-91-04
Case No. 12724