



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

December 11, 2006

Ronnie Westbrook
Vice President
John H. Hendrix Corporation
P.O. Box 3040
Midland, Texas 79702-4412

RE: **Mexico No. 1 (API No. 30-025-06163)**
330 feet FNL & 330 feet FEL
Sec. 18, R-20-S, T-37-E, Lea County, NM

Administrative Order NSL-5526
NSP-1908

Dear Mr. Westbrook:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS0-630042396 for non-standard location [NSL], and pTDS0630042443 for non-standard proration unit [NSP]**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on October 25, 2006; and

(b) the Division's records pertinent to John H. Hendrix Corporation's request.

John H. Hendrix Corporation requests to recomplete its Mexico No. 1 at an unorthodox Eumont gas well location, 330 feet from the North line and 330 feet from the East line (Unit A) of Section 18, Township 20 South, Range 37 East, N.M.P.M., in Lea County, New Mexico. The N/2NE/4 of Section 18 will be dedicated to this well to form a non-standard 80-acre spacing and proration unit in the Eumont (Yates, Seven Rivers, and Queen) Gas Pool. John H. Hendrix also requests approval of this non-standard unit. The Eumont Gas pool is governed by special pool rules in Order No. R-8170-P, issued in Case No. 12563, which provide that:

(a) a standard gas spacing unit in the Eumont Gas Pool shall be 6400 acres, more or less, and shall consist of a single governmental section; and

(b) a gas well shall be located no closer than 660 feet to any outer boundary of its assigned gas spacing unit, and no closer than 330 feet to any governmental quarter-quarter section line or subdivision inner boundary.

Your application has been duly filed under the provisions of Division Rules 104.D, 104.F, 1210.A(2) and Order No. R-8170-P.

It is our understanding that the well cannot drain more than 80 acres because when it is recompleted in the Eumont gas Pool, the well is expected to produce approximately 100 Mcf of gas per day, and that John H. Hendricx Corporation does not have enough acreage (640 acres) to dedicate to the well.

It is also our understanding that the well was previously completed as an oil well at a standard oil well location in the Grayburg-San Andres Pool. This location is unorthodox when the well is recompleted as a gas well in the Eumont Gas Pool.

Pursuant to the authority granted under the provisions of Division Rules 104.D(2)(b), 104.F(2), and Order No. R-8170-P, the above-described non-standard 80-acre Eumont gas spacing and proration unit, and the above-described unorthodox gas well location are hereby approved.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P.E.
Director

MEF/re

cc: New Mexico Oil Conservation Division - Hobbs