



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

May 31, 1996

Amerada Hess Corporation
P. O. Box 840
Seminole, Texas 79360
Attention: Randall L. Howell

Administrative Order NSL-3340-A(SD)

Dear Mr. Howell:

Reference is made to your application dated April 17, 1996 for an unorthodox Eumont gas well location within an existing non-standard 320.07-acre gas spacing and proration unit ("GPU") for said Eumont Gas Pool comprising Lots 1 and 2, S/2 NE/4, and NW/4 of Section 1, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico. Said GPU was authorized by Division Administrative Order NSP-367, dated April 25, 1957 and had dedicated thereon the J. R. Phillips Gas Com Well No. 3 (**API No. 30-025-04132**), located at a standard gas well location 1980 feet from the North and East lines (Unit G) of said Section 1.

By Division Administrative Order NSL-3340(SD), dated January 11, 1994, a second well, the J. R. Phillips Gas Com Well No. 4 (**API No. 30-025-32358**), drilled at an unorthodox gas well location 1090 feet from the South line and 1330 feet from the East line (Unit O) of said Section 1, was approved for the subject GPU.

It is our understanding that the subject well in this application, the J. R. Phillips Well No. 1 (**API No. 30-025-04130**), is currently a temporarily abandoned oil well in the Eunice Monument-Grayburg San Andres Pool and upon issuance of this order will be recompleted as a gas well 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, the aforementioned J. R. Phillips Well No. 1, located at an unorthodox Eumont gas well location 330 feet from the North and East lines (Lot 1/Unit A) of said Section 1 is hereby approved.

Also, you are hereby authorized to simultaneously dedicate Eumont Gas production from the J. R. Phillips Gas Com Well Nos. 3 and 4 with the J. R. Phillips Well No. 1. Furthermore, you are hereby permitted to produce the allowable assigned the subject GPU from all three wells in any proportion.

Administrative Order NSL-3340-A(SD)

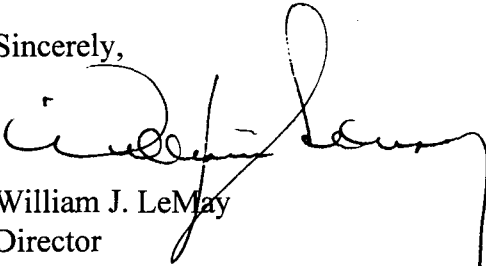
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Further, all applicable provisions of said previous Division Administrative Orders NSL-3340(SD) and NSP-367 shall remain in full force and effect until further notice.

Sincerely,

A handwritten signature in black ink, appearing to read 'William J. LeMay', with a long, sweeping horizontal stroke extending to the right.

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs
File: NSL-3340(SD)
NSP-367