



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

January 18, 1996

Conoco, Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705-4500

Attention: Jerry Hoover

Administrative Order NSL-3619(SD)

Dear Mr. Hoover:

Reference is made to your application dated November 30, 1995, supplemented by your letter dated January 12, 1996, for an unorthodox Eumont gas well location in an existing non-standard 320.64-acre gas spacing and proration unit ("GPU") for said Eumont Gas Pool comprising Lots 1 through 4, the S/2 N/2, and the SE/4 of Section 2, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico. Said GPU was authorized by Division Order No. R-5759, dated June 29, 1978 which also approved the simultaneous dedication of said GPU to the State "J-2" Well No. 7 (API No. 30-025-08746), located at an unorthodox gas well location 1980 feet from the South and East lines (Unit J) of said Section 2, the State "J-2" Well No. 9 (API No. 30-025-08748), located at an unorthodox gas well location 1980 feet from the North and East lines (Unit G) of said Section 2, and to the State "J-2" Well No. 12 (API No. 30-025-08750), located at an unorthodox gas well location 660 feet from the North line and 990 feet from the West line (Lot 4/Unit D) of said Section 2. In 1988 operations on the State "J-2" Well No. 9 was transferred to Chevron U.S.A. Inc., renamed the Arrowhead Grayburg Unit Well No. 156, Eumont gas production ceased and the well was recompleted as an oil well in the Arrowhead-Grayburg Pool.

In 1994 two additional wells were drilled and completed in the Eumont Gas Pool and included in the subject GPU. The State "J-2" Well No. 14 (API No. 30-025-32412), located at an unrecognized unorthodox gas well location for this particular GPU 910 feet from the North line and 1980 feet from the East line (Lot 2/Unit B) of said Section 2 and the State "J-2" Well No. 15 (API No. 30-025-32411), also at an unrecognized unorthodox gas well location for this particular GPU 1780 feet from the North line and 2080 feet from the West line (Unit F) of said Section 2.

A fifth well for this GPU, the State "J-2" Well No. 16 (API No. 30-025-32994), located at a standard gas well location 2200 feet from the North line and 990 feet from the East line (Unit H) of said Section 2, was drilled and completed last year.

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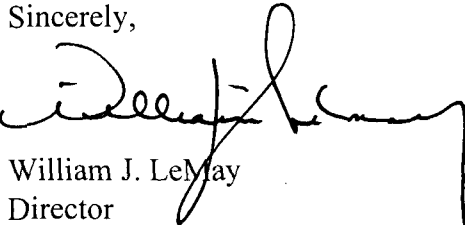
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It is our understanding that the sixth well for this GPU, the State "J-2" Well No. 17, is to be drilled at an unorthodox gas well location 1340 feet from the South line and 990 feet from the East line (Unit I) of said Section 2.

By authority granted me under the provisions of Rule 2(c) of the Special Rules and Regulations for the Eumont Gas Pool, as promulgated by Division Order No. R-8170, as amended, the above-described unorthodox Eumont gas well location for said State "J-2" Well No. 17 is hereby approved. Also, Conoco, Inc. is authorized to simultaneously dedicate Eumont Gas production from the State "J-2" Well No. 17 with the State "J-2" Well Nos. 7, 12, 14, 15, and 16. Furthermore, Conoco, Inc. is hereby permitted to produce the allowable assigned the subject GPU from all three wells in any proportion.

The Division Director retains authority to enter any further orders or proclamations deemed necessary to assure the protection of correlative rights and the prevention of waste.

Sincerely,



William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
W. Thomas Kellahin - Santa Fe