



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

February 10, 1989

Penroc Oil Corporation
P.O. Box 5970
Hobbs, NM 88241

Attention: M.Y. Merchant,
President

Administrative Order NSP-1556

Dear Mr. Merchant:

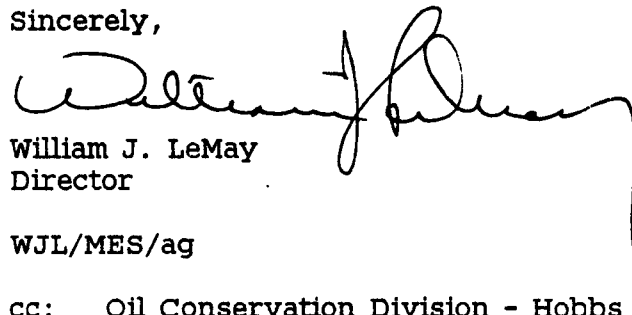
Reference is made to your application of January 17, 1989 for a 280-acre non-standard gas proration unit consisting of the following acreage in the Jalmat Gas Pool:

LEA COUNTY, NEW MEXICO
TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 20: NE/4, W/2 NW/4, AND SE/4 NW/4

It is my understanding that this unit is to be dedicated to your J.C. Johnson Well No. 4 located at a previously authorized unorthodox gas well location (pursuant to RULE 2(b)2 of the Special Rules and Regulations for the Jalmat Gas Pool as promulgated by Division Order No. R-8170, as amended 660 feet from the North and West lines (Unit D) of said Section 20.

By authority granted me under the provisions of the Special Rules and Regulations for the Jalmat Gas Pool, you are hereby authorized to operate the above-described acreage as a non-standard gas proration unit, with allowable to be assigned thereto in accordance with the pool rules, based upon the unit size of 280 acres.

Sincerely,



William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Hobbs
NM Oil and Gas Engineering Committee - Hobbs
Order Files: NSP-559, SD-87-1

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REMARKS: By Division Administrative Order NSP-559, dated August 28, 1961, authorization was given for the above-described well to be dedicated to a 320-acre non-standard gas spacing and proration unit in the Jalmat Gas Pool comprising the entire N/2 of said Section 20. On December 1, 1987, authorization was obtained by Order No. SD-87-1 to simultaneously dedicate Jalmat Gas Production from this 320-acre unit to both the J.C. Johnson Well Nos. 4 and 5 located in Units D and C, respectively, of said Section 20. Recently the No. 5 well was reclassified to an oil well in the Jalmat Gas Pool and was therefore reassigned a 40-acre oil spacing and proration unit, which has resulted in the necessity of this order. Both Division Administrative Orders NSP-559 and SD-87-1 are hereby held in abeyance until further notice.