



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:

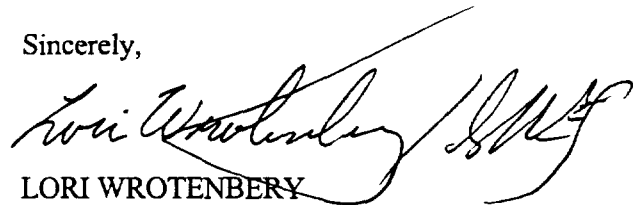
- (1) Gruy will be the operator of the proposed 120-acre non-standard GPU comprising the N/2 NE/4 and SW/4 NE/4 of Section 11 in which its Myers "B" Well No. 6 in Unit "A" is to be dedicated; and,
- (2) the remaining 40- acres comprising the SE/4 SE/4 (Unit H) of Section 11 is to be dedicated to Westbrook's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



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August 13, 2001

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Oil Conservation Division

Gruy Petroleum Management Company

Attention: Zeno Farris

P. O. Box 140907

Irving, Texas 75014-0907

Case 12724

RE: Administrative application of Gruy Petroleum Management Company for a location exception (application reference No. pKRV0-120152765) filed with the New Mexico Oil Conservation Division ("Division") on July 20, 2001 for its Myers "B" Well No. 8 (API No. 30-025-34768) located at an unorthodox infill Jalmat gas well location 2260 feet from the North line and 2310 feet from the East line (Unit G) of Section 11, Township 24 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, and for simultaneous dedication of gas production from two wells within a non-standard 120-acre gas spacing and proration unit (application pending the Division's administrative review process) comprising the N/2 NE/4 of Section 11.

Dear Mr. Farris:

The Division is in receipt of an objection from Lewis B. Burleson, Inc. to the location of Gruy's aforementioned Myers "B" Well No. 8, see copy of letter attached.

This application will therefore be set for hearing before a Division Hearing Examiner on the next available docket scheduled for September 6, 2001. I have prepared the following advertisement in this matter:

"Application of Gruy Petroleum Management Company for an unorthodox infill gas well location and simultaneous dedication, Lea County, New Mexico. Applicant seeks an exception to the well location requirements provided within the "Special Rules and Regulations for the Jalmat Gas Pool", as promulgated by Division Order No. R-8170, as amended, for an unorthodox Jalmat infill gas well location for its recently drilled Myers "B" Well No. 8 (API No. 30-025-34768) located 2260 feet from the North line and 2310 feet from the East line (Unit G) of Section 11, Township 24 South, Range 36 East. Further, the applicant, pursuant to the rules governing the Jalmat Gas Pool and the amended Stipulated Declaratory Judgement issued by the First Judicial District Court in Santa Fe County, New Mexico on July 11, 2001, seeks to simultaneously dedicate Jalmat gas production from the above-described Myers "B" Well No. 8 and its 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, to a non-standard 120-acre gas spacing and proration unit (application pending before the Division's administrative review process) comprising the N/2 NE/4 of Section 11. This unit is located approximately 14.5 miles south-southwest of Eunice, New Mexico".

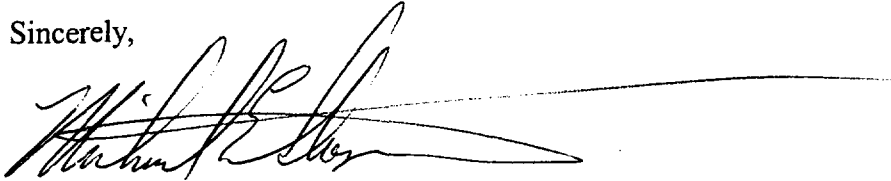
Gruy Petroleum Management Company

August 13, 2001

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Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 476-3465.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal flourish extending to the right.

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
Lewis L. Burleson, Inc., Attention: Steven L. Burleson - Midland, Texas
Kathy Valdes - OCD, Santa Fe
William F. Carr, Legal Counsel for Gruy Petroleum Management Company - Santa Fe
W. Thomas Kellahin, Legal Counsel for Lewis B. Burleson, Inc. - Santa Fe