



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

October 25, 2000

Lori Wrotenbery

Director

Oil Conservation Division

C. W. Trainer

c/o Oil Reporters & Gas Services, Inc.

1008 West Broadway

Hobbs, New Mexico 88240

Attention: Gaye Heard

Re: *Administrative application dated October 6, 2000 for an exception to Rule 3 of the "Special Rules and Regulations for the East Morton-Wolfcamp Pool", as promulgated by Division Order No. R-4111, issued in Case No. 4502 and dated March 2, 1971, in order to reduce the acreage previously dedicated to the Gulf State Com. Well No. 1 (API No. 30-025-23525), located 660 feet from the North and East lines (Lot 1/Unit A) of Section 4, Township 15 South, Range 35 East, NMPM, Lea County, New Mexico, being the 83.49 acres comprising Lots 1 and 2 (N/2 NE/4 equivalent) of Section 4, by deleting therefrom Lot 2 to create a non-standard 41.66-acre oil spacing and proration unit (Lot 1 of Section 4) for the East Morton-Wolfcamp Pool.*

Dear Ms. Heard:

Your application as filed is not in compliance with the required provisions of Division Rules 104.D (2) and 1207.A (3) (see copies attached). Being incomplete, this application is hereby denied.

Should C. W. Trainer, as operator of this well and its corresponding standard lay-down 83.49-acre oil spacing and proration unit within the East Morton-Wolfcamp Pool wish to pursue this matter further, you will be required to include the following: (i) notification to the New Mexico State Land Office; (ii) a detailed explanation as to why the communitization agreement for Lots 1 and 2 in Section 4 is neither adequate, acceptable, or applicable; and (iii) a land plat that identifies all mineral interest in both Lots 1 and 2 of Section 4 and shows their interest ownership in each quarter-quarter section.

Should you need additional information concerning this communitization agreement, its renewal, or general information concerning the combining of acreage in order to form a standard spacing and proration unit: (i) please refer to Sections 70-2-17 and 70-2-18, NMSA 1978; and (ii) since all of Section 4 is a "State" section, you may contact the New Mexico State Land Office in Santa Fe at (505) 827-5759.

Thank you for your cooperation in this matter.

Sincerely,

Michael E. Stogner

Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
Kathy Valdes, NMOCD - Santa Fe
Ms. Lori Wrotenbery, Director - NMOCD, Santa Fe