

CASE 13232: Readvertised

Application of Marbob Energy Corporation for an order authorizing the drilling of a well in the Potash Area, Eddy County, New Mexico. Applicant seeks an order authorizing the drilling of its proposed Pretty View Com Well No. 1 as a wildcat well to an approximate depth of 12,500 feet to test all formations to the base of the Morrow formation, Undesignated Northeast Dos Hermanos-Morrow Gas Pool. This well will be drilled at a standard gas well location in the SE/4 SW/4 (Unit N) of Section 2, Township 20 South, Range 30 East. Said location is within the Potash Area and approximately 15 miles northeast of Carlsbad, New Mexico.

CASE 13244: Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico. Applicant seeks approval of the Lacy J State Exploratory Unit for an area comprising 7680.00 acres of State of New Mexico lands in Sections 3 through 10 and 15 through 18, Township 12 South, Range 34 East, which is located approximately 15 miles northwest of Tatum, New Mexico.

CASE 13245: Application of Yates Petroleum Corporation for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the W/2 of Section 3, Township 18 South, Range 26 East, for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Undesignated Kennedy Farms-Morrow Gas Pool and the Undesignated Kennedy Farms-Upper Pennsylvanian Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard gas well location 1200 feet from the North line and 1800 feet from the East line (Unit B) of said Section 3. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and imposition of a 200% charge for risk involved in drilling said well. Said area is located approximately 15 miles west of Loco Hills, New Mexico.

CASE 13229: Continued from March 4, 2004, Examiner Hearing.

Application of Yates Petroleum Corporation for an unorthodox location, an exception to Division Rule 104.C (2) (b), and a retroactive approval date for any order issued in this case, Chaves County, New Mexico. Applicant seeks an exception to the applicable well location set-back requirements governing all formations or pools from the surface to the top of the Palma Mesa Siluro-Ordovician Gas Pool (82556) for its existing Hanlad "AKZ" State Well No. 2 (API No. 30-005-62911), located 330 feet from the South line and 1225 feet from the West line (Unit M) of Section 13, Township 8 South, Range 27 East (which well was the subject of Division Order No. R-9721, issued in Case No. 10489 on June 11, 1992, approving this well as an unorthodox gas well location in the Palma Mesa Siluro-Ordovician Gas Pool within a standard 320-acre deep gas spacing unit comprising the S/2 of Section 13), this well to be dedicated to the following described spacing and proration units: (i) the S/2 to form a standard 320-acre lay-down deep gas spacing unit for all formations and/or pools developed on 320-acre spacing within this vertical extent [see Division Rule 104.C(2)], which presently includes but not necessarily limited to the Palma Mesa-Pennsylvanian Gas Pool (82550); (ii) the SW/4 to form a standard 160-acre shallow gas spacing unit for any and all formations and/or pools developed on 160-acre spacing within this vertical extent [see Division Rule 104.C (3)], which presently includes but not necessarily limited to the Undesignated Pecos Slope-Abo Gas Pool (82730) [Rule 4 of the "Special Rules and Regulations for the Pecos Slope-Abo Gas Pool," as promulgated by Division Order No. R-9976-C, dated March 19, 1996]; and (iii) the SW/4 SW/4 (Unit M) to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within this vertical extent, which presently includes but not necessarily limited to the Southeast Acme-San Andres Pool (800) [see Division Rule 104.B (1)]. This well is located approximately eight miles southwest of Elkins, New Mexico. **APPLICANT FURTHER SEEKS** an exception to Division Rule 104.C (2) (b) in order to recomplete the Hanlad "AKZ" State Well No. 2 as an infill Pennsylvanian gas well within the same quarter section (SW/4 of Section 13) as an existing well producing from the Palma Mesa-Pennsylvanian Gas Pool. The S/2 of Section 13, being a standard 320-acre lay-down deep gas spacing unit in the Palma Mesa-Pennsylvanian Gas Pool is currently dedicated to the applicant's Hanlad "AKZ" State Well No. 1 (API No. 30-005-61493), located at a standard deep gas well location 660 feet from the South and West lines (Unit M) of Section 13. **FURTHERMORE**, applicant seeks an effective date for any order issued in this case is made retroactive to October 15, 2003.

CASE 13236: Continued from March 18, 2004, Examiner Hearing.

Application of Preston Exploration, L.L.C. for compulsory pooling, Eddy County New Mexico. Applicant seeks an order pooling all mineral interests in the Strawn formation, (Eagle Creek Strawn Gas Pool), Atoka and Morrow formations, (Eagle Creek East Atoka-Morrow Gas Pool) and the Pennsylvanian formation (Eagle Creek Permo-Pennsylvanian Gas Pool) underlying the N/2 of Section 29, Township 17 South, Range 26 East to form standard 320-acre gas spacing and proration units for any and all formations and/or pools developed on 320-acre spacing within that vertical

extent. The units are to be dedicated to applicant's Roughneck Red 29 Com Well No. 1 to be located at a standard gas well location 1480 feet from the North line and 1980 feet from the West line of said Section 29. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The units are to be located approximately 8 miles southeast of Artesia, New Mexico.

CASE 13246: Application of Preston Exploration, L.L.C. for Compulsory Pooling, Eddy County, New Mexico.

Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N/2 of Section 3, Township 18 South, Range 26 East, to form standard 320-acre gas spacing and proration units for any and all formations and/or pools developed on 320-acre spacing within that vertical extent including, but not limited to the undesignated Kennedy Farms-Morrow Gas Pool. The unit is to be dedicated to applicant's Uncle Buck "3" Well No. 1 to be located at a standard gas well location 1200 feet from the North line and 1800 feet from the East line of said Section 3. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is to be located approximately 6 miles east of Atoka, New Mexico.

CASE 13217: Continued from March 18, 2004, Examiner Hearing.

Application of Concho Resources Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 21, Township 21 South, Range 35 East, and in the following manner: The W/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated North Grama Ridge-Wolfcamp Gas Pool and Undesignated South Osudo-Morrow Gas Pool; the NW/4 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent, including the Undesignated North San Simon-Yates Associated Pool and Undesignated South Osudo-Wolfcamp Pool; and the SW/4 NW/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent, including the Undesignated North San Simon-Yates Associated Pool. The units are to be dedicated to applicant's San Simon State Com. Well No. 2, to be located at an orthodox location in the SW/4 NW/4 of Section 21. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The units are located approximately 7 miles southwest of Oil Center, New Mexico.

CASE 13163: Continued from February 19, 2003, Examiner Hearing.

Application of the New Mexico Oil Conservation Division for an Order Requiring Saba Energy of Texas, Inc., to Properly Plug Six Wells, Imposing Civil Penalties in Event of Failure to Comply, Authorizing the Division to Plug Said Wells in Default of Compliance by Operator, and Ordering a Forfeiture of Applicable Security, if Any, Lea County, New Mexico. The Applicant seeks an order requiring Saba Energy of Texas, Inc., the operator of six inactive wells in Lea County, New Mexico, to properly plug and abandon the same, imposing civil penalties in event of failure to comply, authorizing the Division to plug said well or wells if the operator fails to do so, forfeiting Operator's plugging security, if any, and providing for such other relief as the Director deems appropriate. The affected wells are the following:

Harton State #1	API # 30-025-28540	UL H, Section 7, T13S, R36E
Morris #1	API # 30-025-29247	UL D, Section 8, T13S, R36E
Fern Guye #1	API #30-025-34488	UL M, Section 5, T13S, R36E
Saba State #1	API #30-025-33726	UL I, Section 7, T13S, R36E
San Simon 5 State #1	API #30-025-27564	UL E, Section 5, T22S, R35E
San Simon 5 State #2	API #30-025-28480	UL G, Section 5, T22S, R35E