Examiner Hearing – June 24, 2004 Docket No. 17-04 Page 3 of 6

CASE 13290: Application of Nearburg Exploration Company, L.L.C. for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations from the surface to the base of the Morrow formation in the following described spacing and proration units located in the E/2 of Section 34, Township 19 South, Range 25 East, for all formations and/or pools developed on 320-acre spacing, which includes but is not necessarily limited to the Cemetery-Morrow Gas Pool, the Undesignated North Cemetery-Atoka Gas Pool, and the Undesignated Ross Ranch-Upper Pennsylvanian Gas Pool. Said unit is to be dedicated to its Wertheim "34" Well No. 1 to be re-entered at a standard location 1980 feet from the South line and 660 feet from the East line of said Section 34 and drilled to a depth sufficient to test all formations from the surface to the base of the Morrow formation. 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, provisions governing subsequent operations on the pooled unit, designation of Nearburg Producing Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 14 miles south of Artesia, New Mexico.

CASE 13279: Continued from June 10, 2004, Examiner Hearing

Application of Coleman Oil & Gas, Inc. for an exception to Rule 7(d) of the Special Pool Rules and Regulations for Basin-Fruitland Coal Gas Pool to authorize the simultaneous dedication of the W/2 of Section 18, Township 26 North, Range 11 West, NMPM, to four existing coal gas wells, San Juan County, New Mexico. Applicant seeks an exception to Rule 7(d) of the Special Pool Rules and Regulations for the Basin-Fruitland Coal Gas Pool, to authorize the simultaneous dedication of the W/2 of Section 18, Township 26 North, Range 11 West, to the following four existing coal gas wells:

- * Ricky Well No. 1 (API No. 30-045-25976) located 790 feet from the North line and 875 feet from the West line (Unit D);
- * Ricky Well No. 1R (API No. 30-045-31165) located 765 feet from the North line and 830 feet from the West line (Unit D);
- * Ricky Well No. 2 (API No. 30-045-25977) located 1850 feet from the South line and 790 feet from the West line (Unit L); and
- * Ricky Well No. 2R (API No. 30-045-31166) located 1845 feet from the South line and 745 feet from the West line (Unit L)..

Applicant seeks authorization to conduct a one year production test on these wells by segregating in individual wellbores and separately producing coal gas stringers in these wells to determine the economic viability of producing the upper coal interval in this portion of the pool and to determine the feasibility of producing these intervals in these existing coal gas wells without completing and commingling the production from all stringers in individual wellbores. Said spacing unit is located approximately 30 miles southeast of Farmington, New Mexico.

CASE 13291: Application of Marbob Energy Corporation for an Order Rescinding Special Pit Closure Stipulations and Conditions, Eddy County, New Mexico. Applicant seeks an order rescinding the Special Stipulations and conditions imposed by the Oil Conservation Division in approving Division Form C-144 for the Nichols "30" State Com Well No. 1 located 1370 feet from the North line and 1500 feet from the East Line of Section 30, Township 18 South, Range 28 East. Said well is located approximately 15 miles south-southeast of Artesia, New Mexico.

CASE 13270: Continued from June 10, 2004, Examiner Hearing

Application of Yates Petroleum Corporation for an Order Rescinding Approval of a Change of Operator, Eddy County, New Mexico. Applicant seeks rescission of the approval of a change of operator for C. W. Trainer for the Vandiver Com State Well No. 1 (API No. 30-015-20783) located 990 feet from the South line and 660 feet from the West line (Unit M) of Section 18, Township 18 South, Range 26 East. This well is located approximately 6 miles South of Artesia, New Mexico.