

February 28, 2006

**BY HAND-DELIVERY**

Mark E. Fesmire, P.E.  
Director  
Oil Conservation Division  
New Mexico Energy, Minerals and  
Natural Resources Department  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

*Case 13682*

2006 FEB 28 PM 2 02

Re: Application of Huntington Energy, L.L.C. for compulsory pooling, Rio Arriba County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the application of Huntington Energy, L.L.C. in the above-referenced case as well as a copy of a legal advertisement. Huntington Energy, L.L.C. requests that this matter be placed on the docket for the March 30, 2006 Examiner hearings.

Very truly yours,

*Ocean Winds Dry for*  
William F. Carr

Enclosures

cc: Mr. Carl E. Sherrill  
Huntington Energy, L.L.C.

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

**IN THE MATTER OF THE AMENDED APPLICATION OF HUNTINGTON ENERGY,  
L.L.C. FOR COMPULSORY POOLING, RIO ARRIBA COUNTY, NEW MEXICO.**

CASE NO. 13682

2006 FEB 28 PM 2:02

**APPLICATION**

Huntington Energy, L.L.C., ("Huntington") through its undersigned attorneys, hereby files this application to the Oil Conservation Division pursuant to the provisions of NMSA 1978 § 70-2-17(C), for an order pooling all mineral interests from the base of the Mesaverde formation through the base of the Dakota formation in the following described acreage in Section 2, Township 25 North, Range 7 West, NMPM: the W/2 to form a standard 320-acre spacing and proration unit for all formations developed on a 320-acre spacing within that vertical extent which includes but is not necessarily limited to the Basin- Dakota Gas Pool; the NW/4 to form a standard spacing and proration unit for all formations developed on 160-acre spacing within that vertical extent; and the SE/4 NW/4 to form a standard spacing and proration unit for all formations developed on 40-acre spacing within that vertical extent, and in support thereof states:

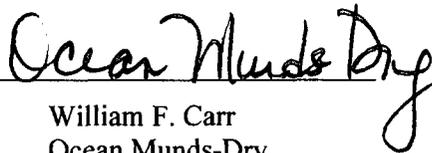
1. Huntington is a working interest owner in the W/2 of said Section 2 and has the right to drill thereon.
2. Huntington proposes to dedicate the above-referenced spacing and proration unit to its Canyon Largo Unit Well No. 473 to be drilled at an unorthodox well location 1350 feet from the North and West lines of said Section 2 to a depth sufficient to test all formations from the base of the Mesaverde formation to the base of the Dakota formation.
3. Huntington has sought and been unable to obtain a voluntary agreement for the development of these lands from those interest owners identified on Exhibit A to this Application.
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.
5. In order to permit Huntington the opportunity to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Huntington Energy, L.L.C. should be designated the operator of the well to be drilled.

WHEREFORE, Huntington Energy, L.L.C. requests that this amended application be set for hearing before an Examiner of the Oil Conservation Division on March 30, 2006 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing units,

- B. designating Huntington Energy, L.L.C. operator of this spacing unit and the well to be drilled thereon,
- C. authorizing Huntington Energy, L.L.C. to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a 200% penalty for the risk assumed by Huntington Energy, L.L.C. in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,  
HOLLAND & HART LLP

By: 

William F. Carr  
Ocean Munds-Dry  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR HUNTINGTON  
ENERGY, L.L.C.

**EXHIBIT A**

**Application of Huntington Energy, L.L.C.  
for compulsory pooling,  
Rio Arriba County, New Mexico  
Section 2: Unit Letter F  
Township 25 North, Range 7 West, NMPM  
Rio Arriba County, New Mexico.**

**Canyon Largo Unit Well No. 473**

Astin Corporation  
1000 North Central Expressway  
Suite 1540  
Dallas, Texas 75231-4161

ConocoPhillips Company  
Mid-America – San Juan  
600 North Dairy Ashford  
Houston, Texas 77079  
Attention: Tom Scarborough

Dugan Production Corp.  
Post Office Box 420  
Farmington, New Mexico 87499  
Attention: Skip Fraker

Leland Production Petroleum, Inc.  
2101 McKinney Ave.  
Dallas, Texas 75201

William G. Mennen  
Address Unknown

William G. Mennen  
7079 Fairway Place  
Carmel, California 93923-9585

CASE 13682:

**Application of Huntington Energy, L.L.C. for compulsory pooling, Rio Arriba County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all mineral interests from the base of the Mesaverde formation through the base of the Dakota formation in the following described acreage in Section 2, Township 25 North, Range 7 West, NMPM: the W/2 to form a standard 320-acre spacing and proration unit for all formations developed on a 320-acre spacing within that vertical extent which includes but is not necessarily limited to the Basin Dakota Gas Pool; the NW/4 to form a standard spacing and proration unit for all formations developed on 160-acre spacing within that vertical extent; and the SE/4 NW/4 to form a standard spacing and proration unit for all formations developed on 40-acre spacing within that vertical extent. Said units are to be dedicated to its Canyon Largo Unit well No. 473 to be drilled at an unorthodox well location 1350 feet from the North and West lines of said Section 2 to an approximate depth of 7500 feet. 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 Huntington Energy, L.L.C. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 20 miles southeast of Blanco, New Mexico.



March 2, 2006

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

TO ALL AFFECTED INTEREST OWNERS:

Re: Case No. 13682: Application of Huntington Energy, L.L.C. for compulsory pooling, Rio Arriba County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Huntington Energy, L.L.C. has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order pooling all mineral interests from the base of the Mesaverde formation to the base of the Dakota formation in the following described acreage in irregular Section 2, Township 25 North, Range 7 West, NMPM: the W/2 to form a standard 320-acre spacing and proration unit for all formations developed on a 320-acre spacing within that vertical extent which includes but is not necessarily limited to the Basin-Dakota Gas Pool; the NW/4 to form a standard spacing and proration unit for all formations developed on 160-acre spacing within that vertical extent; and the SE/4 NW/4 to form a standard spacing and proration unit for all formations developed on 40-acre spacing within that vertical extent. Said units are to be dedicated to Huntington's proposed Canyon Largo Unit Well No. 473 to be drilled an unorthodox well location 1350 feet from the North and West lines of said Section 2 to a depth sufficient to test all formations from the base of the Mesaverde formation to the base of the Dakota formation.

This application has been set for hearing before a Division Examiner on March 30, 2006. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.



Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement three days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

Ocean Munds-Dry

ATTORNEY FOR HUNTINGTON ENERGY L.L.C.

cc: Carl E. Sherrill  
Huntington Energy, L.L.C.