

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

**IN THE MATTER OF THE APPLICATION OF KOCH
EXPLORATION COMPANY, LLC, CONOCOPHILLIPS
COMPANY, BURLINGTON RESOURCES OIL AND
GAS COMPANY LP AND ENERGEN RESOURCES
CORPORATION FOR APPROVAL OF A PILOT INCREASED
DENSITY WELL PROJECT IN THE BASIN-FRUITLAND COAL
GAS POOL, SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 14295

**CERTIFICATE OF MAILING
AND
COMPLIANCE WITH ORDER R-8054**

STATE OF NEW MEXICO)
)ss.
COUNTY OF BERNALILLO)

Earl E. DeBrine, Jr., being first duly sworn, hereby certifies that he is an attorney for the Applicant and responsible for notification in this matter and that the notice provisions of Division Rule 1207 (Order R-8054) have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested parties entitled to receive notice, that on March 19, 2009, he caused to be mailed by certified mail return-receipt requested the attached notice of this hearing and a copy of the application for the above referenced case, and a subsequent notice of this hearing on March 24, 2009, at least twenty days prior to the hearing of this case set for April 16, 2009 to the parties shown in said application and as evidenced by the attached copies of return receipt cards and/or receipts of certified mailing, and that pursuant to Division Rule 1207, notice have been given at the correct addresses provided by such rule.



EARL E. DeBRINE, JR.

SUBSCRIBED AND SWORN to before me this 22nd day of April, 2009, by Earl E. DeBrine, Jr.

(seal)



Notary Public

My commission expires: 06-28-2010



MODRALL SPERLING

L A W Y E R S

March 19, 2009

Earl E. DeBrine, Jr.
505.848.1800
Fax: 505.848.1891
edebrine@modrall.com

CERTIFIED MAIL - RETURN RECEIPT REQUESTED
7006 0810 0005 9130 3841

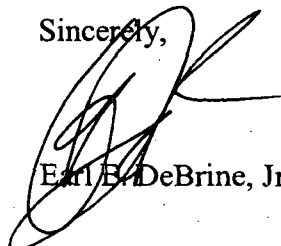
West Largo Corp.
Attn: John P. Garrett, President
8801 S. Yale Ave., Suite 240
Tulsa, OK 74137-3535

Re: *Application of Koch Exploration Company, LLC,
ConocoPhillips Company, Burlington Resources Oil & Gas
Company LP and Energen Resources Corporation for Approval
of an Increased Density Pilot Project in the Basin Fruitland
Coal Gas Pool, San Juan County, New Mexico, Case No. 14295*

Dear Mr. Garrett:

Enclosed is a conformed copy of the Application in the above-referenced matter. Please be advised that the case has been continued from the March 31, 2009 docket to the April 16, 2009 docket.

Sincerely,



Earl E. DeBrine, Jr.

EED/hta/K:\dox\client\83006\0002\W0949264.DOCX
Enclosures

Modrall Sperling
Roehl Harris & Sisk P.A.


Bank of America Centre
500 Fourth Street NW
Suite 1000
Albuquerque,
New Mexico 87102

PO Box 2168
Albuquerque,
New Mexico 87103-2168

Tel: 505.848.1800
www.modrall.com

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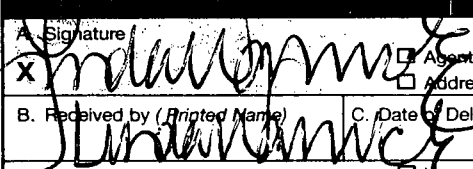
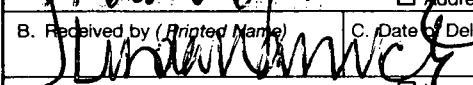
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Total Postage & Fees	\$526



83006-0002

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West Largo Corp	
Street, Apt. No., or PO Box No. John P. Garrett	
City, State, ZIP+4 Tulsa, OK	

PS Form 3800, June 2002 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature </p> <p>B. Received by (Printed Name) </p> <p>C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <p>West Largo Corp Attn: John P. Garrett, President 8801 S. Yale Ave., Ste. Tulsa, OK 74137-3535</p>	<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>
<p>2. Article Number (Transfer from service label)</p>	<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>

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

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IN THE MATTER OF THE APPLICATION OF KOCH
EXPLORATION COMPANY, LLC, CONOCOPHILLIPS
COMPANY, BURLINGTON RESOURCES OIL AND
GAS COMPANY LP AND ENERGEN RESOURCES
CORPORATION FOR APPROVAL OF A PILOT INCREASED
DENSITY WELL PROJECT IN THE BASIN-FRUITLAND COAL
GAS POOL, SAN JUAN COUNTY, NEW MEXICO.

CASE NO. _____

APPLICATION

Koch Exploration Company, LLC, ("KEC"), ConocoPhillips Company ("COP"), Burlington Resources Oil and Gas Company LP ("Burlington") and Energen Resources Corporation ("Energen") (collectively "Applicants") by and through their attorneys, Modrall, Sperling, Roehl, Harris & Sisk, P.A., hereby make application to the Oil Conservation Division for an order approving a Pilot Increased Density Project to allow the drilling of eight additional infill wells within the existing standard spacing proration units as further described and located in Township 29 North, Range 9 West, NMPM in San Juan County, New Mexico.

In support of this application, Applicants state:

1. KEC is the operator of the original and one infill well drilled and completed in the Fruitland Coal formation, Basin-Fruitland Coal Gas Pool in each of the following standard 320 acre± spacing and proration units:

Township 29 North, Range 9 West

a. Section 21: W/2

(1) A. B. Geren Well No. 1 (API No. 30-045-27401)
475' FSL & 1,060' FWL

- (2) A. B. Geren Well No. 1-A (API No. 30-045-31392)
920' FNL & 1,575' FWL

b. Section 29: E/2

- (1) A. B. Geren Well No. 6 (API No. 30-045-27362)
965' FNL & 1,690' FEL
- (2) A. B. Geren Well No. 6A (API No. 30-045-31388)
1,175' FSL & 1,345' FEL

c. Section 32: E/2

- (1) Aggie State 32 No. 1 (API No. 30-045-28090)
2,070' FNL & 810' FEL
- (2) Aggie State 32 No. 1A (API No. 30-045-32360)
1,840' FSL & 1,475' FEL

See Locator map attached as Exhibit "A."

2. COP and Burlington are the operators of the original and one infill well drilled and completed in the Fruitland Coal formation, Basin-Fruitland Coal Gas Pool in each of the following standard 320 acre± spacing and proration units:

Township 29 North, Range 9 West

a. Section 20: E/2

- (1) Hamner No. 9S (API No. 30-045-34497)
310' FSL & 1,222' FEL
- (2) Hamner No. 9 (API No. 30-045-23421)
1020' FNL & 1,090' FEL

b. Section 33: W/2

- (1) San Juan No. 23S (API No. 30-045-33603)
2,265' FNL & 1,705' FWL
- (2) San Juan No. 23 (API No. 30-045-07654)
1,738' FSL & 826' FWL

See Locator map attached as Exhibit "A."

3. Energen is the operator of the original and one infill well drilled and completed in the Fruitland Coal formation, Basin-Fruitland Coal Gas Pool in each of the following standard 320 acre± spacing and proration units:

Township 29 North, Range 9 West

a. Section 28: W/2

(1) 2 Federal 29-9-28 No.2 (API No. 30-045-28740)
1,000' FSL & 810 FWL

(2) 3 Federal 29-9-28 No. 3 (API No. 30-045-32096)
1,780' FNL & 1,950' FWL

See Locator map attached as Exhibit "A."

4. Each of the above-referenced spacing units is located within the low-productivity area of the Basin-Fruitland Coal Gas Pool defined by Rule 7(c) of the Special Rules and Regulations for the Pool, promulgated by Order R-8768-F dated July 17, 2003.

5. Rule 7(d) of the pool rules for the low-productivity area within the Basin-Fruitland Coal Gas pool provides as follows:

Rule 7(d) Well Density

(3) Well density within the low productivity area: "No more than two (2) wells per standard 320 acre gas spacing unit may be located in the "*Low-Productivity Area*" of the Pool as follows:

(i) The *optional in-fill well* drilled on an existing spacing unit shall be located in the quarter section not containing the *initial Fruitland Coal Gas Well*;

6. Applicants seek authorization for a pilot project to drill up to eight additional Basin Fruitland Coal Gas infill wells, one well per quarter-section, in the following acreage:
Township 29 North, Range 9 West, NMPM, Section 20: SE/4, Section 21: SW/4, Section 28:

W/2, Section 29: E/2, Section 32: NE/4 and Section 33: NW/4. Applicants further propose that in each of the referenced units, the additional coal gas wells be simultaneously dedicated with the original and infill wells identified in paragraphs 1, 2 and 3, above.

7. Applicants believe that there are significant reserves of gas within the subject spacing units which will not be produced by existing wells and therefore desire to drill additional wells as a pilot project to determine the feasibility of recovering a greater percentage of Basin-Fruitland Coal Gas through the drilling of additional infill wells to prevent waste and increase the ultimate recovery of gas from the reservoirs.

8. In undertaking the pilot project, Applicants would conduct pressure, production and other tests to determine whether the drilling of additional wells at a greater density than allowed under Rule 7(d) would result in the greatest economic recovery of gas and associated hydrocarbons from the reservoir.

9. Each of the referenced spacing units is comprised of a single lease or is otherwise the subject of a communitization agreement. None of the spacing units is located within the boundaries of a federal township exploratory or development unit. Each of the proposed well locations conforms to the provisions of Rule 7(a) of the Special Pool Rules for the Basin-Fruitland Coal Gas Pool and none of the surface or bottom hole locations will be located closer than 660 feet to the outer boundary of a spacing unit or closer than 10 feet to any interior quarter-quarter section line or subdivision inner boundary.

10. Approval of this Application authorizing the drilling of additional Fruitland Coal Gas wells on each of the spacing units will: (a) allow the Division to determine optimal well densities for ensuring the greatest ultimate recovery of gas and associated hydrocarbons; (b)

allow the production of additional coal bed methane reserves that would otherwise go unrecovered; and (c) allow for more efficient drainage of the formation.

11. Approval of this Application will further be in the interests of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE Koch Exploration Company, LLC, ConocoPhillips Company, Burlington Resources Oil and Gas Company LP and Energen Resources Corporation request that this Application be set for hearing before one of the Division's examiners on March 19, 2009, and that after a Notice of Hearing as required by law, the Division enter its order granting this Application and providing such further relief as the Division deems appropriate.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

By: 

Earl E. DeBrine, Jr.

Attorneys for Applicants

Post Office Box 2168

Bank of America Centre

500 Fourth Street NW, Suite 1000

Albuquerque, New Mexico 87103-2168

Telephone: 505.848.1800

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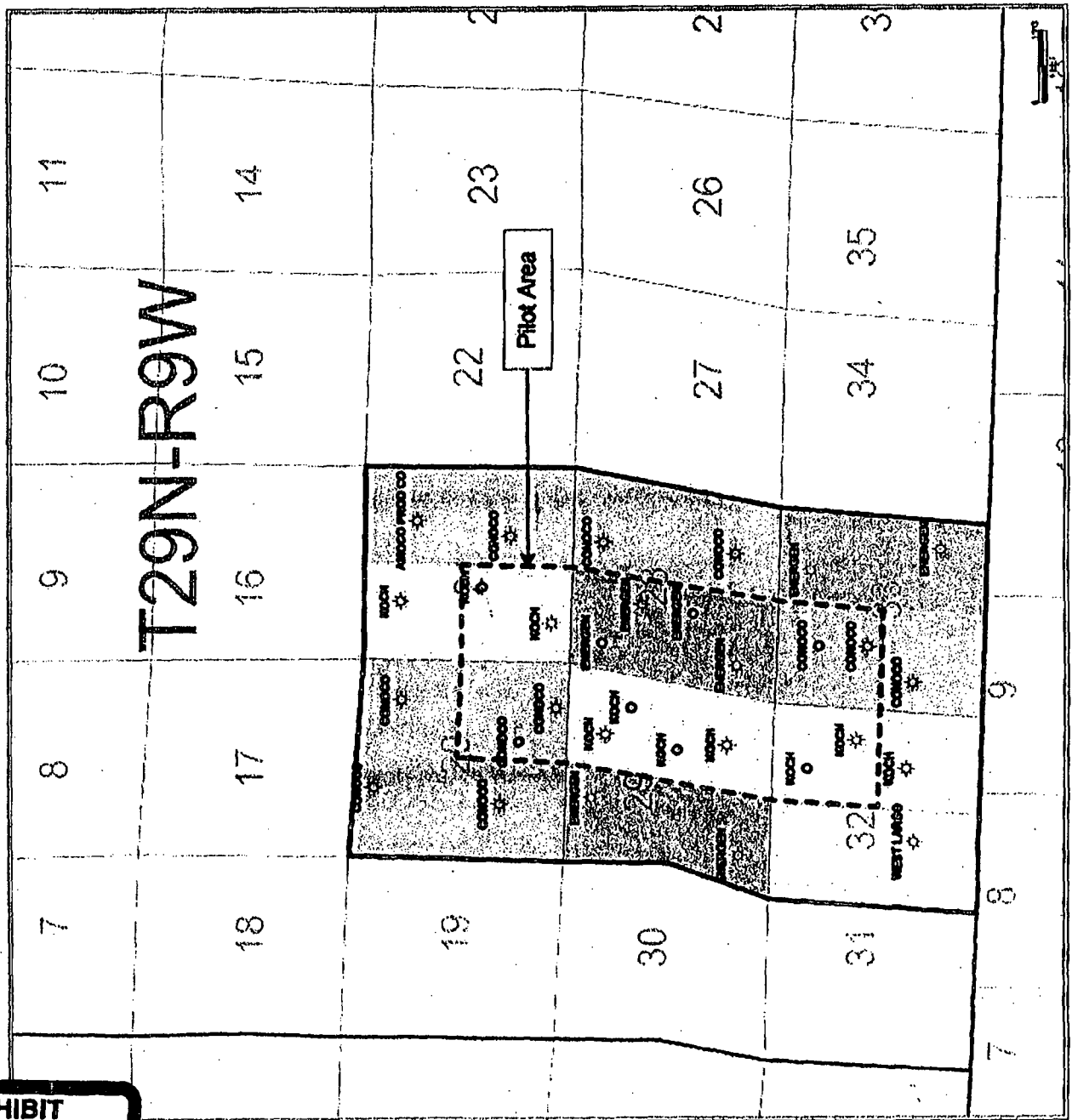
SIMMONS INCREASED DENSITY PILOT PROGRAM

Fruitland Coal Formation

San Juan County, New Mexico

EXHIBIT

A



NOTICE OF HEARING

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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on **March 31, 2009** in the Oil Conservation Division Hearing Room at 1220 South St. Francis Drive, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by **March 21, 2009**. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO: All named parties and persons having any right, title, interest or claim in the following cases and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

CASE 14293: *Application of the New Mexico Oil Conservation Division for a Compliance Order against M-T Petroleum, Inc.* The Applicant seeks an order finding that the operator is in violation of 19.15.8.9 NMAC, 19.15.25.10 NMAC, 19.15.25.11 NMAC and 19.15.29.11 NMAC as to one well, assessing penalties, requiring operator to properly plug and abandon said well by a date certain, and in the event of non-compliance authorizing the division to complete the plugging and abandonment of the well and forfeit the applicable financial assurance. The affected well is the Kimbrough #003, 30-025-31190, 2-7-17S-37E, located outside Knowles in Lea County, New Mexico.

CASE 14294: *Application of the New Mexico Oil Conservation Division for a Compliance Order against Yeso Energy, Inc.* The Applicant seeks an order finding that the operator is in violation of 19.15.7.24 NMAC, 19.15.8.9 NMAC, and 19.15.25 NMAC, requiring operator to properly plug and abandon all the wells it operates in New Mexico by a date certain, and in the event of non-compliance authorizing the division to plug and abandon the wells and forfeit the applicable financial assurance. The affected wells are: Connie C State #001, 30-015-25366, G-25-19S-28E; Connie C State #002, 30-015-02301, H-25-19S-28E; Connie C State #003, 30-015-25587, K-25-19S-28E; Connie C State #004, 30-015-25648, B-25-19S-28E; Connie C State #017, 30-015-02302, D-25-19S-28E (the Connie C State wells are located approximately 15 miles Northeast of Carlsbad in Eddy County); Dalton Federal #001, 30-015-25259, H-29-17S-29E (located near Loco Hills in Eddy County); Dow B 28 Federal #001, 30-015-28676, P-28-17S-31E (located approximately 5 miles Southeast of Maljamar in Lea County); Gulf McKay Federal #001, 30-025-25471, N-34-18S-32E (located approximately 12 miles Southeast of Maljamar in Lea County); Laguna Grande #001, 30-015-21636, I-28-23S-29E (located approximately 5 miles Southeast of Loving in Eddy County); Lambchop 20 #1, 30-015-27220, B-20-24S-25E (located approximately 5 miles Northwest of Whites City in Eddy County); Morgan Federal #001, 30-005-20667, 3-6-10S-30E (located approximately 15 miles Northwest

of Caprock in Chaves County); and Shirley Kay State #001, 30-015-25855, B-32-19S-31E (located approximately 15 miles South of Maljamar in Lea County).

CASE 14295: *Application of Koch Exploration Company, LLC, ConocoPhillips Company, Burlington Resources Oil & Gas Company LP and Energen Resources Corporation for an Increased Density Pilot Project in the Basin-Fruitland Coal Gas Pool, San Juan County, New Mexico.* Applicant seeks an order approving an Increased Density Pilot Project to allow the drilling of additional infill wells within six standard spacing and proration units located in Township 29 North, Range 9 West NMPM in San Juan County, New Mexico in order to determine the proper well density and well requirements for Basin-Fruitland Coal gas wells in this area:

Township 29 North, Range 9 West

Section 20: E/2
Section 21: W/2
Section 28: W/2
Section 29: E/2
Section 32: E/2
Section 33: W/2

Each of the above-referenced spacing units is located within the low-productivity area of the Basin-Fruitland Coal Gas Pool defined by Rule 7(C) of the Special Rules and Regulations for the Pool, promulgated by Order R-8768-F. These units are located approximately two miles Southeast of Blanco, New Mexico.

CASE 14296: *Application of Nearburg Producing Company for an extension of the temporary abandonment status of one well, Eddy County, New Mexico.* Applicant seeks an order extending the temporary abandonment status of the Parino Well No. 1 (API No. 30-015-23049), located 1980 feet from the South line and 660 feet from the East line of Section 23, Township 19 South, Range 25 East, NMPM, until March 16, 2010. The unit is located approximately 4-1/2 miles Northwest of Seven Rivers, New Mexico.

CASE 14297: *Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.* Applicant seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the N/2 of Section 11, Township 17 South, Range 29 East, NMPM, to form a standard 320-acre gas spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent, including the Undesignated Grayburg-Morrow Gas Pool. The unit will be dedicated to the proposed Orca "11" Fed. Com. Well No. 1, to be drilled at an orthodox location in the NE/4 NW/4 of Section 11. 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 located approximately 4-1/2 miles Northwest of Loco Hills, New Mexico.

CASE 14298: *Application of Mewbourne Oil Company 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 following described acreage in Section 29, Township 22 South, Range 26 East, NMPM, and in the following manner: The E/2 to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including Undesignated Southeast Carlsbad-Wolfcamp Gas Pool, Northeast Sheep Draw-Strawn Gas Pool, Undesignated East McKittrick Hills-Atoka Gas Pool, Undesignated South Happy Valley-Atoka Gas Pool, and Southeast Happy Valley-Morrow Gas Pool; the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical extent; and the NE/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Southeast Happy Valley-Delaware Pool, Undesignated Southeast Happy Valley-Bone Spring Pool, and Undesignated Southeast Happy Valley-Wolfcamp Pool. The units are to be dedicated to the proposed Huckleberry Draw "29" Com. Well No. 1, to be drilled at an orthodox location in the NE/4 NE/4 of 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 located approximately 6 miles Southwest of Carlsbad, New Mexico.

CASE 14299: *Application of Mewbourne Oil Company for compulsory pooling and three non-standard well units, Eddy 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 1, Township 22 South, Range 25 East, NMPM, and in the following manner: Lots 5-12 (the N/2) to form a non-standard 344.34-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the Undesignated Catclaw Draw-Wolfcamp Gas Pool, Undesignated Hackberry Hills-Canyon Gas Pool, Undesignated Catclaw Draw-Strawn Gas Pool, Undesignated Hackberry Hills-Atoka Gas Pool, Undesignated Revelation-Atoka Gas Pool, Undesignated Revelation-Morrow Gas Pool, and Undesignated Happy Valley-Morrow Gas Pool; Lots 7-10 (the NW/4) to form a non-standard 176.05-acre gas spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical extent; and Lot 9 (the SW/4 NW/4) to form a non-standard 44.43-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Happy Valley-Bone Spring Pool. The units are to be dedicated to the proposed Hackberry Hills "1" Fed. Well No. 1, to be drilled at an orthodox location in Lot 9 of Section 1. 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 West of Carlsbad, New Mexico.

CASE 14300: *Application of Chesapeake Operating, Inc. for special rules and regulations for the Southwest Willow Lake Delaware Pool, Eddy County, New Mexico.* Applicant seeks establishment of special rules and regulations for the Southwest Willow Lake Delaware Pool, including a special depth bracket allowable of 800 barrels of oil per day and a limiting gas: oil ratio of 2000 cubic feet of gas for each barrel of oil produced, effective January 1, 2009. The pool is located in Sections 3, 4, 9, 10 and 15 of Township 25 South, Range 28 East, NMPM, Eddy County. Said area is located approximately 3 miles South of Malaga, New Mexico.

CASE 14301: Application of Chesapeake Operating, Inc. for special rules and regulations for the Lost Tank Delaware Pool, Lea County, New Mexico. Applicant seeks establishment of special rules and regulations for the Lost Tank Delaware Pool, including a special depth bracket allowable of 400 barrels of oil per day and a limiting gas: oil ratio of 2000 cubic feet of gas for each barrel of oil produced, effective January 1, 2009. The pool is located in Sections 24, 25, 34, 36 and 36 of Township 21 South, Range 31 East; Sections 17, 18, 19, 30 and 31 of Township 21 South, Range 32 East; Sections 1 and 2, Township 22 South, Range 31 East; and Section 6, Township 22 South, Range 32 East, NMPM, Lea County. Said area is located approximately 45.3 miles East of Hobbs, New Mexico.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 4th day of March 2009.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Mark E. Fesmire, P. E.
Division Director

S E A L



MODRALL SPERLING

L A W Y E R S

March 24, 2009

Earl E. DeBrine, Jr.
505.848.1800
Fax: 505.848.1891
edebrine@modrall.com

CERTIFIED MAIL - RETURN RECEIPT REQUESTED
7003 3110 0001 2320 7389

West Largo Corp.
Attn: John P. Garrett, President
8801 S. Yale Ave., Suite 240
Tulsa, OK 74137-3535

Re: *Application of Koch Exploration Company, LLC,
ConocoPhillips Company, Burlington Resources Oil & Gas
Company LP and Energen Resources Corporation for Approval
of an Increased Density Pilot Project in the Basin Fruitland
Coal Gas Pool, San Juan County, New Mexico, Case No. 14295*

Dear Mr. Garrett:

Enclosed is a copy of the Docket for March 31, 2009, which indicates that the above-referenced matter has been continued to the April 16, 2009 docket.

Sincerely,

for Earl E. DeBrine, Jr.

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Enclosure

Modrall Sperling
Roehl Harris & Sisk P.A.

Bank of America Centre
500 Fourth Street NW
Suite 1000
Albuquerque,
New Mexico 87102

PO Box 2168
Albuquerque,
New Mexico 87103-2168

Tel: 505.848.1800
www.modrall.com

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 City, State, ZIP+4 Tulsa, OK

PS Form 3800, June 2002 See Reverse for Instructions

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<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <i>[Signature]</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>[Signature]</i> C. Date of Delivery <i>[Date]</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:</p>
<p>1. Article Addressed to:</p> <p>West Largo Corp. Attn: John P. Garrett, President 8801 S. Yale Ave. Ste. 240 Tulsa, OK 74137-3535</p>	<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>
<p>2. Article Number (Transfer from service label)</p> <p>7003 3110 0001 2320 7389</p>	<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>

DOCKET: EXAMINER HEARING - TUESDAY - MARCH 31, 2009

8:15 A.M. - 1220 South St. Francis

Santa Fe, New Mexico

Docket Nos. 12-09 and 13-09 are tentatively set for April 16, 2009 and April 30, 2009. Applications for hearing must be filed at least 30 days in advance of hearing date. OCD Rule 1211.B requires parties who intend to present evidence at an adjudicatory hearing to file a pre-hearing statement no later than the Thursday before the hearing, and serve a copy on opposing counsel of record. If the OCD does not receive a pre-hearing statement from the applicant by the close of business on the Thursday before the hearing, the hearing may be continued or dismissed by order of the examiner. If a protesting party fails to submit a timely pre-hearing statement, the hearing may be continued at the applicant's request. The following cases will be heard by an Examiner.

*Locator Key for Cases**Case 14162 - No. 3**Case 14269 - No. 12**Case 14271 - No. 13**Case 14282 - No. 6**Case 14293 - No. 1**Case 14294 - No. 2**Case 14295 - No. 4**Case 14296 - No. 5**Case 14297 - No. 7**Case 14298 - No. 8**Case 14299 - No. 9**Case 14300 - No. 10**Case 14301 - No. 11*

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

1. **CASE 14293: Application of the New Mexico Oil Conservation Division for a Compliance Order against M-T Petroleum, Inc.** The Applicant seeks an order finding that the operator is in violation of 19.15.8.9 NMAC, 19.15.25.10 NMAC, 19.15.25.11 NMAC and 19.15.29.11 NMAC as to one well, assessing penalties, requiring operator to properly plug and abandon said well by a date certain, and in the event of non-compliance authorizing the division to complete the plugging and abandonment of the well and forfeit the applicable financial assurance. The affected well is the Kimbrough #003, 30-025-31190, 2-7-17S-37E, located outside Knowles in Lea County, New Mexico.
2. **CASE 14294: Application of the New Mexico Oil Conservation Division for a Compliance Order against Yeso Energy, Inc.** The Applicant seeks an order finding that the operator is in violation of 19.15.7.24 NMAC, 19.15.8.9 NMAC, and 19.15.25 NMAC, requiring operator to properly plug and abandon all the wells it operates in New Mexico by a date certain, and in the event of non-compliance authorizing the division to plug and abandon the wells and forfeit the applicable financial assurance. The affected wells are: Connie C State #001, 30-015-25366, G-25-19S-28E; Connie C State #002, 30-015-02301, H-25-19S-28E; Connie C State #003, 30-015-25587, K-25-19S-28E; Connie C State #004, 30-015-25648, B-25-19S-28E; Connie C State #017, 30-015-02302, D-25-19S-28E (the Connie C State wells are located approximately 15 miles Northeast of Carlsbad in Eddy County); Dalton Federal #001, 30-015-25259, H-29-17S-29E (located near Loco Hills in Eddy County); Dow B 28

Federal #001, 30-015-28676, P-28-17S-31E (located approximately 5 miles Southeast of Maljamar in Lea County); Gulf McKay Federal #001, 30-025-25471, N-34-18S-32E (located approximately 12 miles Southeast of Maljamar in Lea County); Laguna Grande #001, 30-015-21636, I-28-23S-29E (located approximately 5 miles Southeast of Loving in Eddy County); Lambchop 20 #1, 30-015-27220, B-20-24S-25E (located approximately 5 miles Northwest of Whites City in Eddy County); Morgan Federal #001, 30-005-20667, 3-6-10S-30E (located approximately 15 miles Northwest of Caprock in Chaves County); and Shirley Kay State #001, 30-015-25855, B-32-19S-31E (located approximately 15 miles South of Maljamar in Lea County).

3. **CASE 14162:** (Continued from the March 5, 2009 Examiner Hearing.)
Application of Merrion Oil and Gas, Corp. for compulsory pooling in San Juan County, New Mexico. Merrion Oil and Gas, Corp. seeks an order pooling all unleased and uncommitted mineral interest and all uncommitted working interest owners in the Basin Fruitland Coal Pool in the W/2 of Section 9, Township 29N, Range 13W, NMPM, forming a standard 320 acre spacing unit for said Pool. The spacing unit will be dedicated to the drilling of the Glade Park 1 well in the NW/4 and the Glade Park 2 well in the SW/4. Also to be considered will be the cost of drilling and completing both wells and the allocation of cost thereof, as well as the actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. This spacing unit is located inside the city limits of Farmington, New Mexico.
4. ~~CASE 14187~~ **CASE 14295:** (This case will be continued to the April 16, 2009 Examiner Hearing.)
Application of Koch Exploration Company, LLC, ConocoPhillips Company, Burlington Resources Oil & Gas Company LP and Energen Resources Corporation for an Increased Density Pilot Project in the Basin-Fruitland Coal Gas Pool, San Juan County, New Mexico. Applicant seeks an order approving an Increased Density Pilot Project to allow the drilling of additional infill wells within six standard spacing and proration units located in Township 29 North, Range 9 West NMPM in San Juan County, New Mexico in order to determine the proper well density and well requirements for Basin-Fruitland Coal gas wells in this area:

Township 29 North, Range 9 West

Section 20 E/2; Section 21 W/2; Section 28 W/2; Section 29 E/2; Section 32 E/2; Section 33 W/2

Each of the above-referenced spacing units is located within the low-productivity area of the Basin-Fruitland Coal Gas Pool defined by Rule 7(C) of the Special Rules and Regulations for the Pool, promulgated by Order R-8768-F. These units are located approximately two miles Southeast of Blanco, New Mexico.

5. **CASE 14296:** **Application of Nearburg Producing Company for an extension of the temporary abandonment status of one well, Eddy County, New Mexico.** Applicant seeks an order extending the temporary abandonment status of the Parino Well No. 1 (API No. 30-015-23049), located 1980 feet from the South line and 660 feet from the East line of Section 23, Township 19 South, Range 25 East, NMPM, until March 16, 2010. The unit is located approximately 4-1/2 miles Northwest of Seven Rivers, New Mexico.
6. **CASE 14282:** (Continued from the March 5, 2009 Examiner Hearing.)
Application of Synergy Operating, LLC for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Fruitland

Coal formation underlying the W/2 of Section 8, Township 29 North, Range 13 West, NMPM, to form a standard 320-acre gas spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent, including the Basin-Fruitland Coal Gas Pool. The unit is to be dedicated to the Airport 29-13-8 Well No. 113; to be located at an orthodox location in the NW/4 NW/4 of Section 8. 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 located approximately 1/2 mile West of Farmington, New Mexico.

7. **CASE 14297:** *Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.* Applicant seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the N/2 of Section 11, Township 17 South, Range 29 East, NMPM, to form a standard 320-acre gas spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent, including the Undesignated Grayburg-Morrow Gas Pool. The unit will be dedicated to the proposed Orca "11" Fed. Com. Well No. 1, to be drilled at an orthodox location in the NE/4 NW/4 of Section 11. 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 located approximately 4-1/2 miles Northwest of Loco Hills, New Mexico.
8. **CASE 14298:** *Application of Mewbourne Oil Company 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 following described acreage in Section 29, Township 22 South, Range 26 East, NMPM, and in the following manner: The E/2 to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including Undesignated Southeast Carlsbad-Wolfcamp Gas Pool, Northeast Sheep Draw-Strawn Gas Pool, Undesignated East McKittrick Hills-Atoka Gas Pool, Undesignated South Happy Valley-Atoka Gas Pool, and Southeast Happy Valley-Morrow Gas Pool; the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical extent; and the NE/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Southeast Happy Valley-Delaware Pool, Undesignated Southeast Happy Valley-Bone Spring Pool, and Undesignated Southeast Happy Valley-Wolfcamp Pool. The units are to be dedicated to the proposed Huckleberry Draw "29" Com. Well No. 1, to be drilled at an orthodox location in the NE/4 NE/4 of 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 located approximately 6 miles Southwest of Carlsbad, New Mexico.
9. **CASE 14299:** *Application of Mewbourne Oil Company for compulsory pooling and three non-standard well units, Eddy 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 1, Township 22 South, Range 25 East, NMPM, and in the following manner: Lots 5-12 (the N/2) to form a non-standard 344.34-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the Undesignated Catclaw Draw-Wolfcamp Gas Pool, Undesignated Hackberry Hills-Canyon Gas Pool, Undesignated Catclaw Draw-Strawn Gas Pool, Undesignated Hackberry Hills-Atoka Gas Pool,

Undesignated Revelation-Atoka Gas Pool, Undesignated Revelation-Morrow Gas Pool, and Undesignated Happy Valley-Morrow Gas Pool; Lots 7-10 (the NW/4) to form a non-standard 176.05-acre gas spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical extent; and Lot 9 (the SW/4 NW/4) to form a non-standard 44.43-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Happy Valley-Bone Spring Pool. The units are to be dedicated to the proposed Hackberry Hills "1" Fed. Well No. 1, to be drilled at an orthodox location in Lot 9 of Section 1. 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 West of Carlsbad, New Mexico.

10. **CASE 14300:** (This case will be continued to the April 16, 2009 Examiner Hearing.)
Application of Chesapeake Operating, Inc. for special rules and regulations for the Southwest Willow Lake Delaware Pool, Eddy County, New Mexico. Applicant seeks establishment of special rules and regulations for the Southwest Willow Lake Delaware Pool, including a special depth bracket allowable of 800 barrels of oil per day and a limiting gas: oil ratio of 2000 cubic feet of gas for each barrel of oil produced, effective January 1, 2009. The pool is located in Sections 3, 4, 9, 10 and 15 of Township 25 South, Range 28 East, NMPM, Eddy County. Said area is located approximately 3 miles South of Malaga, New Mexico.
11. **CASE 14301:** (This case will be continued to the April 16, 2009 Examiner Hearing.)
Application of Chesapeake Operating, Inc. for special rules and regulations for the Lost Tank Delaware Pool, Lea County, New Mexico. Applicant seeks establishment of special rules and regulations for the Lost Tank Delaware Pool, including a special depth bracket allowable of 400 barrels of oil per day and a limiting gas: oil ratio of 2000 cubic feet of gas for each barrel of oil produced, effective January 1, 2009. The pool is located in Sections 24, 25, 34, 36 and 36 of Township 21 South, Range 31 East; Sections 17, 18, 19, 30 and 31 of Township 21 South, Range 32 East; Sections 1 and 2, Township 22 South, Range 31 East; and Section 6, Township 22 South, Range 32 East, NMPM, Lea County. Said area is located approximately 45.3 miles East of Hobbs, New Mexico.
12. **CASE 14269:** (Continued from the March 5, 2009 Examiner Hearing.)
Application of Cimarex Energy Co. for cancellation of two applications for permit to drill issued to COG Operating LLC, Chaves County, New Mexico. Cimarex Energy Co. seeks an order canceling applications for permit to drill issued to COG Operating LLC for the proposed Taurus State Com. Well No. 2, a horizontal Wolfcamp well located in the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 10, Township 15 South, Range 31 East, N.M.P.M. (API No. 30-005-27995), and the proposed Taurus Fed. Well No. 1, a horizontal Wolfcamp well located in the S $\frac{1}{2}$ S $\frac{1}{2}$ of Section 10, Township 15 South, Range 31 East, N.M.P.M. (API No. 30-005-28000). The well units are located approximately 16 miles north-northeast of Loco Hills, New Mexico.
13. **CASE 14271:** (Continued from the March 19, 2009 Examiner Hearing.)
Application of Vanguard Permian, LLC for a non-standard gas spacing and proration unit and an unorthodox gas well location, Lea County, New Mexico. Applicant seeks an order approving a non-standard gas spacing and proration unit in the Queen formation (Byers-Queen Gas Pool) comprised of the N $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 32, Township 18 South, Range 38 East, NMPM, and an unorthodox gas well location in the Queen formation for the State A Well No. 7, located 760 feet from the North line and 500 feet from the East line of Section 32. The well unit is located approximately 2-1/2 miles west-northwest of the intersection of State Highway 18 with U.S. Highway 62/180.