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FAX COVER SHEET

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CITY: Santa Fe, New Mexico

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MEMO: Rand: Enclosed are letters dismissing Case 11786 (Home-Stake Royalty) and continuing Case 11794 (Chi Energy).

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August 5, 1997

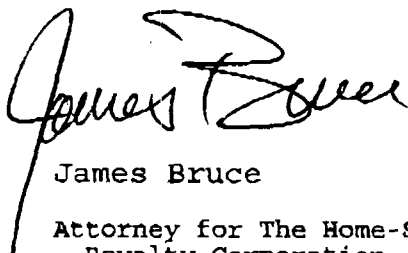
Via Fax

David Catanach  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Dear Mr. Catanach:

Please dismiss Case 11,786 (Application of The Home-Stake Royalty Corporation). Thank you.

Very truly yours,



James Bruce  
Attorney for The Home-Stake  
Royalty Corporation

**DOCKET: EXAMINER HEARING - THURSDAY - AUGUST 7, 1997**

8:15 AM - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos 26-97 and 27-97 are tentatively set for August 21, 1997 and September 4, 1997. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

**CASE 11819:** (Continued from July 24, 1997, Examiner Hearing.)

**Application of Mewbourne Oil Company for compulsory pooling and an unorthodox gas well location, 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 35, Township 23 South, Range 26 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including the North Black River-Atoka Gas Pool and the South Carlsbad-Morrow Gas Pool. Said unit is to be dedicated to its Black River "35" State Com Well No. 1, located 760 feet from the North line and 1650 feet from the West line (Unit C) of said Section 35. Said location is unorthodox as to the Morrow formation only. 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 a charge for risk involved in drilling said well. Said unit is located approximately 9 miles northeast of Whites City, New Mexico.

**CASE 11786:** (Continued from July 10, 1997, Examiner Hearing.)

**Application of the Home-Stake Royalty Corporation for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Fusselman and Montoya formations underlying the NE/4 NE/4 of Section 29, Township 21 South, Range 37 East, to form a standard 40-acre oil spacing and proration unit for Undesignated Wantz-Fusselman Pool and the Undesignated Cary-Montoya Pool. Said unit is to be dedicated to the applicant's Eunice Dome Well No. 1, to be drilled at an orthodox oil well location. 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 a charge for risk involved in drilling said well. Said unit is located approximately 2 miles northwest of Eunice, New Mexico.

**CASE 11751:** (Continued from July 10, 1997, Examiner Hearing.)

**Application of NM&O Operating Company for compulsory pooling, Rio Arriba County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Mesaverde formation (Undesignated Blanco-Mesaverde Gas Pool) underlying the S/2 of Section 26, Township 25 North, Range 2 West. Said unit is to be dedicated to applicant's Gavilan Well No. 2, recompleted at an orthodox location in said Section 26. Also to be considered will be the cost of recompleting 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 a charge for risk involved in recompleting said well. Said area is located approximately 4.5 miles north-northeast of Lindrith, New Mexico.

**CASE 11804:** (Readvertised)

**Application of Yates Petroleum Corporation for simultaneous dedication, Eddy County, New Mexico.** Applicant seeks the simultaneous dedication of its Martin ARH Well No. 1 with its Big Buck Pounds Com Well No. 1 to the S/2 of Section 27, Township 17 South, Range 26 East, for Morrow production. Said well is to be drilled at an orthodox location 1980 feet from the South line and 1980 feet from the East line (Unit I) of said Section 27 to test any and all formations to the base of the Morrow formation. Said unit is located approximately 2 miles southeast of Artesia, New Mexico.

**CASE 11821:** (Continued from July 24, 1997, Examiner Hearing.)

**Application of Paloma 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 Strawn formation underlying the following described acreage in Section 28, Township 16 South, Range 37 East, and in the following manner: the W/2 SW/4 thereby forming a standard 80-acre oil spacing and proration unit for any and all pools developed on 80-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated West Knowles-Drinkard Pool and the Undesignated West Casey-Strawn Pool; and the SW/4 SW/4 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 said vertical extent which presently includes but is not necessarily limited to the Lovington-Grayburg San Andres Pool, Undesignated Lovington-Paddock Pool, Lovington-Abo Pool, and the Undesignated East Lovington-Upper Pennsylvanian (Cisco and Canyon formations) Pool. Said units are to be dedicated to the plugged and abandoned Shell Oil Company Home Stake Well No. 1 (T.D. - 12,125 feet) located at a standard oil well location 660 feet from the South and West lines (Unit M) of said Section 28. Also to be considered will be the costs of re-entering and the recompletion of said well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in the re-entry of said well. The location of this wellbore is approximately 7 miles north-northwest of Humble City, New Mexico.

**CASE 11822:** **Application of McElvain Oil & Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing from the surface to the base of the Mesaverde formation, Blanco-Mesaverde Gas Pool, underlying Lots 3 through 4, S/2 NW/4, SW/4 (W/2 equivalent) of Section 3, Township 25 North, Range 2 West. Said unit is to be dedicated to its Elk Com Well No. 1 to be drilled at a standard location in the NW/4 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 a charge for risk involved in drilling said well. Said area is located approximately 8 miles north of Lindrieth, New Mexico.

**CASE 11789:** (Reopened - Continued from July 10, 1997, Examiner Hearing)

**Application of Apache Corporation for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 160-acre spacing in the SE/4; in all formations developed on 80-acre spacing in the S/2 SE/4; and in all formations developed on 40-acre spacing in the SW/4 SE/4 of Section 28, Township 16 South, Range 38 East. Said units are to be dedicated to its Maltese Falcon "28" Well No. 1 to be drilled at a standard location in the SE/4 of said Section 28. 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 a charge for risk involved in drilling said well. Said area is located approximately 13 miles north of Hobbs, New Mexico.

**CASE 11823:** **Application of Yates Petroleum Corporation for nine unorthodox gas well locations, Chaves County, New Mexico.** Applicant seeks approval of the following unorthodox gas well locations in the Pecos Slope-Abo Gas Pool:

Township 5 South, Range 24 East:

Monaghan QY Federal No. 13 - Section 34, 2310' FNL and 990' FWL

Township 5 South, Range 25 East:

McClellan MB Federal No. 6 - Section 31, 330' FSL and 1300' FWL

McClellan MB Federal No. 7 - Section 31, 330' FSL and 1300' FEL

Jamie Com. No. 2 - Section 33, 1980' FSL and 330' FEL

Township 6 South, Range 25 East:

Cottonwood Ranch MK State No. 5 - Section 36, 2160' FNL and 330' FEL

Township 7 South, Range 25 East:

Spool SU Com. No. 7 - Section 14, 1980' FNL and 2180' FEL

Savage Federal No. 5 - Section 4, 1300' FNL and 2310' FEL

Conejo RH State No. 5 - Section 2, 1500' FNL and 2310' FWL

Township 7 South, Range 26 East:

Leeman OC Federal No. 5 - Section 18, 2310' FSL and 2130' FEL

Said area is located approximately 10 to 18 miles north of the intersection of Highway US 70 and the Pecos River, New Mexico.

**CASE 11805:** (Continued from July 10, 1997, Examiner Hearing.)

**Application of Penwell Energy, Inc. 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 for all formations developed on 320-acre spacing; the NW/4 for all formations developed on 160-acre spacing; the N/2 NW/4 for all formations developed on 80-acre spacing; and the NE/4 NW/4 for all formations developed on 40-acre spacing, all in Section 28, Township 23 South, Range 26 East. Said units are to be dedicated to its Frontier Hills "28" State Com Well No. 1 to be drilled as a wildcat well at a standard location 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 28 to test any and all formations 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 10 miles southwest of Carlsbad, New Mexico.