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Via Fax

Michael E. Stogner  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Dear Stogner:

Please dismiss Case 11889 (application of Leonard Resource Investment Corporation). Thank you.

Very truly yours,

James Bruce

Attorney for Leonard Resource  
Investment Corporation

cc: W. Thomas Kellahin (via fax)

**CASE 11889:** (Continued from December 18, 1997, Examiner Hearing.)

**Application of Leonard Resource Investment Corporation for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the SE/4 SE/4 of Section 14, Township 20 South, Range 38 East, to form a standard 40-acre oil spacing and proration unit for all formations and/or pools spaced on 40 acres within said vertical extent, including but not limited to the Undesignated House-San Andres Pool, Undesignated South House-Blinberry Pool, Undesignated East Warren-Tubb Pool, Undesignated House-Drinkard Pool, and Undesignated D-K Abo Pool. Said unit is to be dedicated to applicant's Bull Durham Well No. 1, to be drilled at an orthodox oil well location 330 feet from the South line and 660 feet from the East line of said Section 14. Also to be considered will be the cost of drilling 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 south-southwest of Hobbs, New Mexico.

**CASE 11917:** **Application of Oil Conservation Division to order Paramount Petroleum, Inc. to plug 18 wells in San Juan County, New Mexico.** In the matter of the hearing called by the Oil Conservation Division ("Division") to permit the operator, Paramount Petroleum, Inc. and all other interested parties to appear and show cause why eighteen wells in Sections 19, 20, 29 and 34 (Units A, G, I, C, K and E in Section 29; Units K and M in Section 20; Units I and C in Section 19; and Units D, B, F, H, L, J, P and N in Section 34) Township 29 North, Range 13 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug said wells, the Division seeks an order directing the operator to pay the costs of such plugging, declaring a forfeiture of the plugging bond, if any, covering said wells, and assessing fines on the operator if it fails to plug said wells. Said wells are located approximately 2 miles southwest and 3 miles south of Farmington, New Mexico.

**CASE 11918:** In the matter of the hearing called by the Oil Conservation Division for an order creating and extending certain pools in Eddy County, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Anderson-Wolfcamp Pool. The discovery well is the Mack Energy Corporation White Oak State Well No. 1 located in Unit P of Section 23, Township 17 South, Range 28 East, NMPM. Said pool would comprise:

**TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM**

Section 23: E/2

Section 24: All

- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Abo production and designated as the East Cedar Lake-Abo Pool. The discovery well is the Texaco Exploration & Production Inc. Skelly Unit Well No. 903 located in Unit P of Section 22, Township 17 South, Range 31 East, NMPM. Said pool would comprise:

**TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM**

Section 22: SE/4

- (c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the East Dagger Draw-Strawn Gas Pool. The discovery well is the Nearburg Production Company Anderson Com Well No. 1 located in Unit B of Section 10, Township 20 South, Range 25 East, NMPM. Said pool would comprise:

**TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM**

Section 10: N/2

- (d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Southeast Hackberry-Morrow Gas Pool. The discovery well is the Bass Enterprises Production Company Big Eddy Unit Well No. 122 located in Unit F of Section 4, Township 20 South, Range 31 East, NMPM. Said pool would comprise:

**TOWNSHIP 20 SOUTH, RANGE 31 EAST, NMPM**

Section 4: N/2

- (e) EXTEND the Southeast Big Sinks-Delaware Pool in Eddy County, New Mexico, to include therein:

**TOWNSHIP 26 SOUTH, RANGE 31 EAST, NMPM**

Section 10: E/2

Section 11: W/2

Section 14: NW/4

Section 15: NE/4

**CASE 11869:** (Continued from December 18, 1997, Examiner Hearing.)

**Application of Charles B. Gillespie, Jr. for compulsory pooling and a non-standard oil spacing and proration unit, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying Lots 17 and 18 of Section 6, Township 16 South, Range 36 East, to form a non-standard 73.12-acre oil spacing and proration unit for any formations and/or pools developed on 80-acre spacing within said vertical extent, including the Undesignated Northeast Shoe Bar-Strawn Pool. Said unit is to be dedicated to a well to be drilled at an orthodox location 990 feet from the South line and 874 feet from the West line (Unit M) of Section 6. 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 3 miles west of Lovington, New Mexico.

**CASE 11913:** **Application of Yates Petroleum Corporation for authorization to drill within the Potash Area as defined by Order No. R-111-P, Eddy County, New Mexico.** Applicant seeks approval to drill its Jacque "AQJ" State Well No. 1 at a point located 330 feet from the South line and 330 feet from the West line (Unit M) of Section 34, Township 21 South, Range 31 East. Applicant seeks to test the Delaware and intermediate formations by drilling its proposed well to a depth of 8,150 feet. Said location is approximately 13 miles northeast of the intersection of Highways 31 and 128.

**CASE 11914:** **Application of Yates Petroleum Corporation for authorization to drill within the Potash Area as defined by Order No. R-111-P, Eddy County, New Mexico.** Applicant seeks approval to drill its Jacque "AQJ" State Well No. 2 at a point located 1650 feet from the South line and 330 feet from the West line (Unit L) of Section 34, Township 21 South, Range 31 East. Applicant seeks to test the Delaware and intermediate formations by drilling its proposed well to a depth of 8,150 feet. Said location is approximately 13 miles northeast of the intersection of Highways 31 and 128.

**CASE 11915:** **Application of Yates Petroleum Corporation for authorization to drill within the Potash Area as defined by Order No. R-111-P, Eddy County, New Mexico.** Applicant seeks approval drill its Jacque "AQJ" State Well No. 3 at a point located 330 feet from the South line and 1650 feet from the West line (Unit N) of Section 34, Township 21 South, Range 31 East. Applicant seeks to test the Delaware and intermediate formations by drilling its proposed well to a depth of 8,150 feet. Said location is approximately 13 miles northeast of the intersection of Highways 31 and 128.

**CASE 11916:** **Application of Yates Petroleum Corporation for authorization to drill within the Potash Area as defined by Order No. R-111-P, Eddy County, New Mexico.** Applicant seeks approval to drill its Jacque "AQJ" State Well No. 4 at a point located 990 feet from the North line and 330 feet from the West line (Unit D) of Section 34, Township 21 South, Range 31 East. Applicant seeks to test the Delaware and intermediate formations by drilling its proposed well to a depth of 8,150 feet. Said location is approximately 13 miles northeast of the intersection of Highways 31 and 128.

**CASE 11013:** (Continued from December 18, 1997, Examiner Hearing. Readvertised and Reopened by the Division for a Show Cause Hearing)

**Application of Baber Well Servicing Company and/or Pronghorn Management Corporation for an unorthodox oil well location, Lea County, New Mexico.** Applicant seeks approval for its New Mexico "BZ" State NCT-5 Well No. 5 (API No. 30-025-32362), drilled at an unorthodox oil well location 40 feet from the North line and 750 feet from the West line (Unit D) of Section 29, Township 21 South, Range 35 East, as an infill well on an existing 40-acre standard oil spacing and proration unit in the North San Simon-Yates Associated Pool comprising the NW/4 NW/4 of said Section 29, which is dedicated to the Pronghorn Management Corporation New Mexico "BZ" State NCT-5 Well No. 1 (API No. 30-025-03521), located at a standard oil well location 660 feet from the North and East lines (Unit D) of said Section 29. Said 40-acre unit is located approximately 8.5 miles west-southwest of Oil Center, New Mexico. **FURTHER, the operator** of said 40-acre unit **shall appear and show cause why:** (i) the New Mexico "BZ" State NCT-5 Well No. 5 should not be plugged and abandoned; (ii) it commenced producing said well without proper authorization; (iii) the offset interests' correlative rights were not violated by the past production; and (iv) a civil penalty should not be assessed or other restrictions imposed for any violations committed by the operator.

**CASE 11882:** (Continued from December 18, 1997, Examiner Hearing.)

**Application of Xeric Oil & Gas Corporation for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the SE/4 SE/4 of Section 14, Township 20 South, Range 38 East, forming a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing, including but not necessarily limited to the D-K-Abo Pool. Said unit is to be dedicated to its Hall Well No. 1 to be drilled and completed at a standard well location in Unit P of said Section 14. Also to be considered will be the costs of drilling and completing 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 risk involved in drilling said well. Said unit is located approximately 10 miles southeast of Hobbs, New Mexico.