

Examiner Hearing – December 6, 2001

Docket No. 40-01

Page 6 of 9

| <u>API NO.</u> | <u>WELL NAME AND NO.</u> | <u>UNIT/SEC./TWP/RNG</u> | <u>FNS</u> | <u>FEW</u> |
|----------------|-------------------------------|--------------------------|------------|------------|
| 30-015-02784 | Cave Pool Unit #1 | O-33-16S-29E | 660S | 1780E |
| 30-015-02892 | Cave Pool Unit #3 | A-04-17S-29E | 985N | 987E |
| 30-015-02880 | Cave Pool Unit #12 | E-04-17S-29E | 1980N | 660E |
| 30-015-02881 | Cave Pool Unit #14 | G-04-17S-29E | 1980N | 1980E |
| 30-015-02875 | Cave Pool Unit #16 | E-03-17S-29E | 1973N | 330W |
| 30-015-02886 | Cave Pool Unit #19 | K-04-17S-29E | 1980S | 1880W |
| 30-015-02891 | Cave Pool Unit #30 | O-04-17S-29E | 990S | 2310E |
| 30-015-02927 | Cave Pool Unit #32 | A-09-17S-29E | 660N | 660E |
| 30-015-02926 | Cave Pool Unit #41 | E-08-17S-29E | 1650N | 330W |
| 30-015-02903 | Cave Pool Unit #51 | L-05-17S-29E | 1650S | 990W |
| 30-015-02912 | Cave Pool Unit #53 | H-07-17S-29E | 1650N | 330E |
| 30-015-25090 | Red Twelve Levers Federal #8Q | I-33-16S-29E | 1980S | 990E |
| 30-015-25152 | Red Twelve Levers Federal #12 | D-33-16S-29E | 660N | 660W |
| 30-015-24991 | Red Twelve State #4 | O-05-17S-29E | 990S | 2310E |
| 30-015-25055 | Red Twelve State #6 | K-05-17S-29E | 2310S | 1650E |
| 30-015-02889 | State #2 | C-04-17S-19E | 990N | 1980W |
| 30-015-24732 | Theos State #1 | G-05-17S-29E | 1650N | 1650E |

CASE 12781: In the matter of the hearing called by the Oil Conservation Division for an order creating and extending certain pools in Chaves and Eddy Counties, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico classified as an oil pool for Pennsylvanian production and designated as the Bear Canyon-Pennsylvanian Pool. The discovery well is the Yates Petroleum Corporation Oso "AVV" Federal Well No. 1 located in Unit M of Section 17, Township 19 South, Range 20 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 20 EAST, NMPM

Section 17: S/2

- (b) CREATE a new pool in Eddy County, New Mexico classified as an oil pool for Wolfcamp production and designated as the Brushy Draw-Wolfcamp Pool. The discovery well is the Texaco Exploration and Production, Inc. Yates "8" Federal Well No. 2 located in Unit K of Section 8, Township 26 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM

Section 8: SW/4

- (c) CREATE a new pool in Eddy County, New Mexico classified as a gas pool for Upper Pennsylvanian production and designated as the Mosley Canyon-Upper Pennsylvanian Gas Pool. The discovery well is the Nadel and Gussman Permian, LLC Rolling Rock State Well No. 2 located in Unit P of Section 31, Township 23 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 25 EAST, NMPM

Section 31: E/2

- (d) CREATE a new pool in Eddy County, New Mexico classified as a gas pool for Atoka production and

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 Lot 3 of Section 4, Township 17 South, Range 38 East, to form a non-standard 38.08-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent. The unit is to be dedicated to applicant's E.S. Schapp Well No. 1, to be drilled at an orthodox bottomhole location in Lot 3 of Section 4. 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 Preston Exploration, L.L.C. as operator of the well, and a charge for the risk involved in drilling and completing the well. The unit is located approximately 3½ miles northwest of Knowles, New Mexico.

CASE 12747: Continued from November 1, 2001, Examiner Hearing.

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 from the base of the Pictured Cliffs formation to the base of the Mesaverde formation in the N/2 of Section 25, Township 25 North, Range 3 West, for all formations and/or pools developed on 320-acre spacing, which includes but is not necessarily limited to the Mesaverde formation, Blanco-Mesaverde Gas Pool. Said unit is to be dedicated to applicant's proposed Naomi Well No. 2 to be drilled at a standard location in the NW/4 of said Section 25. 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 5 miles southwest of Lindrith, New Mexico.

CASE 12753: Continued from November 15, 2001, Examiner Hearing.

Application of David H. Arrington Oil & Gas, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the W/2 of Section 36, Township 16 South, Range 35 East, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the Undesignated South Shoe Bar-Morrow Gas Pool and Undesignated Shoe Bar-Mississippian Gas Pool. The unit is to be dedicated to applicant's Double Hackle Drake "36' State Well No. 1, to be drilled at an orthodox location in the NW/4 NW/4 of Section 36. 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 charge for the risk involved in drilling and completing the well. The unit is located approximately 6 miles southwest of Lovington, New Mexico.

CASE 12757: Continued from November 15, 2001, Examiner Hearing.

Application of the New Mexico Oil Conservation Division for an Order Requiring Marks and Garner Production Ltd. Co. to Properly Plug Seventeen (17) Wells, Authorizing the Division to Plug Said Wells in Default of Compliance by Marks and Garner Ltd. Co., Ordering a Forfeiture of Applicable Plugging Bond and Assessing Civil Penalties for False Production Reporting; Eddy County, New Mexico. The Applicant seeks an order requiring Marks and Garner Ltd. Co., the operator of seventeen (17) inactive wells in Eddy County, New Mexico to properly plug and abandon the same, authorizing the Division to plug said wells if the operator or its surety fails to do so, forfeiting Operator's plugging bond, and assessing civil penalties for false production reporting. The affected wells are the following: