Examiner Hearing – March 7, 2002 Docket No. 07-02 Page 7 of 13

The unit area is approximately five miles northeast of Loco Hills, New Mexico.

CASE 12821: Continued from February 21, 2002, Examiner Hearing.

Application of D.J. Simmons, Inc. for Compulsory Pooling, Rio Arriba County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Mesaverde formation in the E/2 of Section 25, Township 25 North, Range 3 West, for all formations and/or pools developed on 320-acre spacing, including, but not necessarily limited to, the Mesaverde formation, Blanco-Mesaverde Gas Pool. Said unit is to be dedicated to Applicant's Bishop Federal 25-1 well to be drilled at a standard location in the NE/4 of said Section 25 to a depth sufficient to test all formations in the pooled intervals, as well as the Chacra formation and the Gallup-Dakota formation, West Lindrith Gallup-Dakota Oil Pool. 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 and a charge for the risk involved in drilling said well. The units are located approximately 5 miles southwest of Lindrith, New Mexico.

CASE 12802: Continued from February 21, 2002, Examiner Hearing.

Application of D.J. Simmons, Inc. for Compulsory Pooling, Rio Arriba County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Gallup-Dakota formation in the SE/4 of Section 25, Township 25 North, Range 3 West, for all formations and or pools developed on 160 acre spacing, including, but not necessarily limited to, the Pictured Cliffs, Chacra, and the Gallup-Dakota formations. Said units are to be dedicated to Applicant's Bishop Federal 25-2 well to be drilled at a standard location in the NW/4 SE/4 of said Section 25 to a depth sufficient to test all formations in the pooled intervals, including the Gallup-Dakota formation, West Lindrith Gallup-Dakota Oil Pool. 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 and a charge for the risk involved in drilling said well. The units are located approximately 5 miles southwest of Lindrith, New Mexico.

CASE 12809: Continued from February 7, 2002, Examiner Hearing.

Application for Order Shutting In Well, Terminating Allowables and Assessing Civil Penalties, Lea County, New Mexico. Applicant seeks an order shutting in the Corbin-Abo Well No. 1 (API No. 30-025-01337), operated by Agua, Inc. n/k/a Petro-Thermo, Inc. located 1980 feet from the North line and 1980 feet from the East line (Unit G) of Section 31. Township 17 South, Range 33 East, in Lea County, New Mexico, which is presently permitted as a salt water disposal well, and terminating injection authority with respect to said well, until such time as the operator provides renewed financial assurance in accordance with NMSA 1978 Section 70-2-14, and reimburses the State of New Mexico for cost incurred in excess of available financial assurance in plugging another well formerly operated by the operator.

CASE 12758-A: Continued from February 7, 2002, Examiner Hearing.

Application of the New Mexico Oil Conservation Division for an Order Requiring Operators to Bring One Hundred Forty-Seven (147) Wells into Compliance with Rule 201.B, and Assessing Appropriate Civil Penalties; Lea, Roosevelt and Chaves Counties, New Mexico. The Applicant seeks an order requiring the operators of 147 inactive wells located in Lea, Roosevelt and Chaves Counties, New Mexico, to bring said wells into compliance with OCD Rule 201.B by either restoring said wells to production or beneficial use, plugging and abandoning said wells or securing Division approval for temporary abandonment thereof. The affected wells are the following: