

equipment and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a non-consent penalty for risk to be charged against carried working interests within the unit area upon such terms and conditions to be determined by the Division as just and reasonable.

Said unit area is located approximately 2 miles northeast of Hobbs, New Mexico.

Case No. 12811: Application of EnerQuest Resources, LLC. for approval of a waterflood project and qualification of the Project Area for the Recovered Oil Tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval of its East Hobbs (San Andres) Unit Waterflood Project by injection of water into the San Andres formation through 19 injection wells located in the following described area:

TOWNSHIP 18 SOUTH, RANGE 39 EAST, NMPM

Section 29: SW/4, SW/4 NW/4
 Section 30: S/2, S/2 N/2
 Section 31: N/2 N/2
 Section 32: N/2 NW/4

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the unit area without the necessity of further hearings and the adoption of any provisions necessary for such other matters as may be appropriate for said waterflood operations.

Said unit area is located approximately 2 miles northeast of Hobbs, New Mexico.

Case No. 12811: Continued from February 21, 2002, Examiner Hearing.

Application of the New Mexico Oil Conservation Division for an Order Requiring Operators to Bring Three Hundred Eighty-Eight (388) Wells into Compliance with Rule 201.B, and Assessing Appropriate Civil Penalties; Eddy, Chaves and Otero Counties, New Mexico. The Applicant seeks an order requiring the operators of 388 inactive wells located in Eddy, Chaves and Otero 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:

API #	County	Type	Last Production/ Injection	Well Name and Number	Operator	Location	Status
30-005-41867	CHAVES	O	NONE	DUNCAN FEDERAL #004Y	CIBOLA ENERGY CORP	2-18-09S-28E	SY
30-005-40841	CHAVES	O	04-1986	J.P. WHITE #001	CIBOLA ENERGY CORP	0-18-10S-28E	AY
30-005-40919	CHAVES	O	06-1983	WHITNEY #002	CIBOLA ENERGY CORP	J-34-10S-27E	AY
30-005-41763	CHAVES	G	09-1996	JAN STATE #001	ELK OIL CO	K-36-08S-26E	AY
30-005-41819	CHAVES	G	04-2000	MEREDITH STATE COM #001	ELK OIL CO	K-19-09S-27E	A
30-005-42012	CHAVES	G	02-2000	VIKING STATE COM #002	ELK OIL CO	G-19-09S-27E	A
30-005-41894	CHAVES	O	04-1998	LOUISE STATE #001	JALAPENO CORP	N-07-09S-28E	AY
30-005-41311	CHAVES	G	NONE	COMANCHE PQ FEDERAL #002Y	JOHN A YATES JR	D-26-10S-25E	SY

TOWNSHIP 25 SOUTH, RANGE 34 EAST, NMPM

Section 6:	Lots 6 and 7, E/2 SW/4, and W/2 SE/4
Section 7:	All
Section 8:	W/2 SW/4
Section 17:	SW/4 NE/4; W/2, and W/2 SE/4
Section 18:	All

The unit area is located approximately 19 miles northwest of Jal, New Mexico.

CASE 12844: Application of V-F Petroleum Inc. for compulsory pooling, and an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in the following described spacing and proration units in Section 22, Township 20 South, Range 30 East as follows: all of Section 22 for all formations and/or pools developed on 640-acre spacing which includes but is not necessarily limited to the Dos Hermanos-Morrow Gas Pool; the N/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated Golden Lane-Strawn Gas Pool; the NW/4 for all formations and/or pools developed on 160-acre spacing; and the SW/4 NW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated Dos Hermanos Yates-Seven Rivers Pool and the Undesignated P.C.A. (Yates) Pool. Said units are to be dedicated to its Hale Federal Com Well No. 3 to be directionally drilled from an unorthodox surface location 1450 feet from the South line and 660 feet from the West line to an unorthodox bottom hole location in the Morrow formation within 100 feet of a point 950 feet from the North line and 760 feet from the West line (no closer than 660 feet from the West line) of said Section 22 to a depth sufficient to test all formations from the surface 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, provisions governing subsequent operations on the pooled units, designation of applicant as operator of the well and a charge for risk involved in drilling the well. Said area is located approximately 17 miles South of Loco Hills, New Mexico.

CASE 12845: Application of EnerQuest Resources, LLC. for statutory unitization, Lea County, New Mexico. Applicant seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all mineral interests in the San Andres formation, East Hobbs-San Andres Pool, underlying 920 acres, more or less, of State and Fee lands in the following acreage:

TOWNSHIP 18 SOUTH, RANGE 39 EAST, NMPM

Section 29:	SW/4, SW/4 NW/4
Section 30:	S/2, S/2 N/2
Section 31:	N/2 N/2
Section 32:	N/2 NW/4

Said unit is to be designated the East Hobbs (San Andres) Unit.

Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the designation of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and