

DOCKET: EXAMINER HEARING - THURSDAY - SEPTEMBER 7, 2000

8:15 A.M. - 2040 South Pacheco
Santa Fe, New Mexico

Dockets Nos. 26-00 and 27-00 are tentatively set for September 21 and October 5, 2000. 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 12420: Continued from August 10, 2000, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the W/2 of Section 5, Township 17 South, Range 27 East, to form a standard 320-acre gas spacing and proration unit or units for all formations and/or pools developed on 320-acre spacing within that vertical extent, including, but not limited to the Undesignated Crow Flats Morrow Gas Pool. The units are to be dedicated to applicant's proposed Dog Canyon 5 Fed. Com. Well No. 1 to be drilled at a standard location 660 feet from the South and West lines of Section 5. 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 Nearburg Producing Company, L.L.C. as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 2 miles northeast of Artesia, New Mexico.

CASE 12382: Continued from August 10, 2000, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. 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 following described acreage in Section 21, Township 19 South, Range 28 East, and in the following manner: (a) the S/2 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 this vertical extent which presently includes the Undesignated South Millman-Atoka Gas Pool, Undesignated Winchester-Atoka Gas Pool, Undesignated South Millman-Morrow Gas Pool, Undesignated Winchester-Morrow Gas Pool, and Undesignated North Winchester-Morrow Gas Pool; (b) the SE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and (c) the SW/4 SE/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 this vertical extent which presently includes but is not necessarily limited to the East Millman Yates-Seven Rivers-Queen-Grayburg-San Andres Pool and the Undesignated North Winchester-Wolfcamp Pool. These units are to be dedicated to a single well to be drilled at a location considered to be standard for all three units 660 feet from the South line and 1650 feet from the East line (Unit O) of Section 21. 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 Nearburg Producing Company as the operator of the well and the three above-described units, and a charge for risk involved in drilling the well. Further, the East Millman Yates-Seven Rivers-Queen-Grayburg-San Andres Pool underlying the SW/4 SE/4 of Section 21 is currently dedicated to C.F.M. Oil Company's Monsanto State Well No. 1 (API No. 30-015-24252), located at a standard oil well location 986 feet from the South line and 1650 feet from the East line (Unit O) of Section 21. At the time of the hearing it will be necessary for the applicant to address certain issues created by the forced pooling of producing acreage currently operated by another operator. The proposed well location is approximately eleven miles east of Lakewood, New Mexico.

CASE 12439: Continued from August 24, 2000 Examiner Hearing.

Application of Arch Petroleum Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from 7100 feet subsurface to the base of the Ellenburger formation underlying the SW/4 SE/4 of Section 27, Township 23 South, Range 37 East, 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 that vertical extent, including but not limited to the Teague (Simpson) Pool. The unit is to be dedicated to applicant's E.C. Hill "A" Well No. 7, to be drilled at a location 540 feet from the South line and 1850 feet from the East line of Section 27. 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 1 1/2 miles south of Eunice, New Mexico.

CASE 12482: **Application of Chesapeake Operating, Inc. for pool creation and pool contraction, Lea County, New Mexico.** Applicant seeks an order contracting the lower vertical limits of the North Shoe Bar-Atoka Gas Pool to exclude the "Brunson Interval" and to redesignate the pool as the North Shoe Bar-Upper Atoka Gas Pool and the concomitant creation of a new gas pool consisting of the Brunson Interval of the Lower Atoka formation to be designated as the North Shoe Bar-Lower Atoka Gas Pool. The current pool boundaries are located within portions of Sections 2, 10 and 11 of Township 16 South, Range 35 East. This pool is located approximately 5 miles southwest of Lovington, New Mexico.

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CASE 12414: Continued from August, 24, 2000, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the W/2 which includes but is not necessarily limited to the Undesignated West Anderson Ranch-Pennsylvanian Gas Pool and the Undesignated Anderson Ranch-Morrow Gas Pool, in all formations developed on 160-acre spacing in the NW/4, in all formations developed on 80-acre spacing in the W/2 NW/4 which includes but is not necessarily limited to the Undesignated North Anderson Ranch-Wolfcamp Pool, and in all formations developed on 40-acre spacing in the NW/4 NW/4 which includes but is not necessarily limited to the Undesignated West Anderson Ranch-Grayburg Pool, all in Section 32, Township 15 South, Range 32 East. The unit is to be dedicated to its Anderson Ranch "32" State Com Well No. 1 to be drilled at a standard location 1650 feet from the North and West lines of Section 32 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, designation of Nearburg Producing Company as operator of the well and a charge for risk involved in drilling the well. The area is located approximately 7 miles North of Maljamar, New Mexico.

CASE 12396: Continued from August 10, 2000, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the E/2 of Section 12, Township 22 South, Range 25 East, to form a standard 320-acre gas spacing and proration unit for formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the undesignated Catclaw Draw-Wolfcamp Gas Pool, undesignated Hackberry Hills-Canyon Gas Pool, undesignated Hackberry Hills-Atoka Gas Pool, and Revelation-Morrow Gas Pool. Said spacing and proration unit is to be dedicated to Nearburg's proposed White Tip 12 Fed. Com. Well # 1, to be drilled at a standard location in the SE/4 (Unit P) of said Section 12. 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 Nearburg Producing Company, L.L.C., as operator of the well; and, a charge for risk involved in drilling said well. Said area is located approximately 7 miles southwest of Carlsbad, New Mexico.

CASE 12320: Continued from August 10, 2000, Examiner Hearing.

Application of Chevron U.S.A. Production Co. for Approval to convert the EMSU Wells No. 210, 212, 222, 252 and 258 to Injection in the Eunice Monument South Unit, Lea County, New Mexico. Applicant seeks approval to convert its EMSU Wells No. 210, 212, 222, 252 and 258 to injection in the Eunice Monument South Unit (EMSU). These wells are designed to improve recovery efficiency of the waterflood patterns and enhance production of the EMSU secondary recovery project. The wells are located in the following locations: No. 210 - Section 4, Unit K, Township 21 South, Range 36 East; No. 252 - Section 5, Unit I, Township 21 South, Range 36 East; No. 222 - Section 6, Unit O, Township 21 South, Range 36 East; No. 252 - Section 6, Unit W, Township 21 South, Range 36 East; No. 258 - Section 4, Unit U, Township 21 South, Range 36 East. Water will be injected into the unitized interval of the Eunice Monument Grayburg-San Andres Pool which has an upper limit of 100 feet below mean sea level or the top of the Grayburg formation, whichever is higher, to a lower limit of the base of the San Andres formation. Injection will occur at an expected maximum pressure rate of 1500 barrels of water per day and an expected maximum pressure of 750 pounds per square inch. This area is approximately one mile west-southwest of Oil Center, New Mexico

CASE 12483: Continued from August 10, 2000, Examiner Hearing.

Application of Mack Energy Corporation for an unorthodox well location, Lea County, New Mexico. Applicant seeks authorization to drill its proposed M. C. Federal Well No. 6 to test the Devonian formation, Maljamar-Devonian Pool and Wildcat Ellenberger formation at an unorthodox well location 2600 feet from the North line and 660 feet from the East line (Unit H) of Section 21, Township 17 South, Range 32 East. The SE/4 NE/4 of Section 21 will be dedicated to the well in the Devonian formation forming a standard 40-acre oil spacing and proration unit and the E/2 of Section 21 will be dedicated to the well in the Ellenberger formation forming a standard 320-acre gas spacing and proration unit. The units are located approximately 2.5 miles south of Maljamar, New Mexico.

CASE 12478: Continued from August 24, 2000, Examiner Hearing.

Application of Richardson Operating Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant seeks an exception to Division Rule 104.C (3), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, for its W. F. Federal "3" Well No. 2 (API No. 30-045-30168) recently drilled at an unorthodox Fruitland Sand/Pictured Cliffs gas well location 2495 feet from the South line and 1290 feet from the West line (Unit L) of Section 3, Township 29 North, Range 14 West. The SW/4 of Section 3 is to be dedicated to this well in order to form a standard 160-acre gas spacing and proration unit for the Undesignated Twin Mounds-Fruitland Sand-Pictured Cliffs Pool. This well is located approximately 3.5 miles east-northeast of Kirtland, New Mexico.

CASE 12484: **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 base of the Pictured Cliffs formation to the base of the Mesaverde formation in Lots 3, 4, S/2 NW/4, SW/4 (W/2 Equivalent) of Section 4, Township 25 North, Range 2 West. The units are to be dedicated to its Cougar Com "4" Well No. 2 to be drilled to a depth sufficient to test all formations to the base of the Mesaverde formation, Blanco-Mesaverde Gas Pool, at a standard location in the NW/4 NW/4 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 applicant as operator of the well and a charge for risk involved in drilling the well. The area is located approximately 9.5 miles north of Lindrith, New Mexico.

CASE 12485: **Application of Coleman Oil & Gas, Inc. for approval of a Pilot Project, including an exception to Rules 4 and 7 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, for the purposes of establishing a pilot program to determine the commercial feasibility for Fruitland Coal Gas wells, San Juan County, New Mexico.** Applicant seeks approval of a pilot project, including an exception from Rules 4 and 7 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, and authorization to drill one additional well in the NW/4 of Section 16, Township 24 North, Range 10 West, to temporarily increase the density from the maximum of one well per 320-acre gas spacing and proration unit to a maximum of two wells per gas spacing and proration unit for wells dedicated to the Basin-Fruitland Coal Gas Pool to effect a 160-acre five spot well pattern to determine commercial feasibility for Fruitland Coal Gas within the Project Area which includes the following described lands:

TOWNSHIP 24 NORTH, RANGE 10 WEST, NMPM

Section 9: S/2
Section 16: All
Section 17: E/2

The unit is located approximately 30 miles south of Bloomfield, New Mexico.

CASE 12486: **Application of Harvey E. Yates Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the W/2, in all formations developed on 160-acre spacing in the SW/4, in all formations developed on 80-acre spacing in the S/2 SW/4, and in all formations developed on 40-acre spacing in the SE/4 SW/4 of Section 8, Township 18 South, Range 29 East. The unit is to be dedicated to its Poco Loco 8 Federal Com Well No. 1 to be drilled at a standard location 860 feet from the South line and 1980 feet from the West line of Section 8 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 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 risk involved in drilling the well. The area is located approximately 6 miles southwest of Loco Hills, New Mexico.

CASE 12487: **Application of Texaco Exploration and Production Inc. for an unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks authorization to drill a well to the Wolfcamp formation, Undesignated Big Sinks-Wolfcamp Gas Pool, at an unorthodox well location 250 feet from the South line and 1980 feet from the East line (Unit O) of Section 3, Township 25 South, Range 31 East. Lots 1 and 2, the S/2 NE/4 and the SE/4 (E/2 Equivalent) of Section 3 is to be dedicated to the well forming a standard 319.38-acre gas spacing and proration unit. The unit is located approximately 32 miles southeast of Loving, New Mexico.

CASE 12417: **Continued from August 10, 2000 Examiner Hearing.**

Application of Saga Petroleum, L.L.C. 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 Devonian formation, Crossroads Siluro-Devonian Pool, underlying 800 acres, more or less, of fee lands in the following acreage:

Township 9 South, Range 36 East, N.M.P.M.

Section 27: N/2, SE/4
Section 34: E/2

The unit is to be designated the Crossroads Siluro-Devonian 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 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 provision for carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. The unit area is located approximately 6 miles east of Crossroads, New Mexico.

CASE 12418: Continued from August 10, 2000 Examiner Hearing.

Application of Saga Petroleum, L.L.C. for approval of a waterflood project for its Crossroads Siluro-Devonian Unit Area and qualification of said project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval of its Crossroads Siluro-Devonian Unit Waterflood Project for injection of water into the Devonian formation, Crossroads Siluro-Devonian Pool, through four injection wells located in the following described area:

Township 9 South, Range 36 East, N.M.P.M.

Section 27: N/2, SE/4

Section 34: E/2

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the project area without the necessity of further hearings and the adoption of such other provisions as are necessary for said waterflood operations. Applicant further seeks to qualify the project area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). The unit is located approximately 6 miles east of Crossroads, New Mexico.

CASE 12488: **Application of EOG Resources, Inc. for surface commingling and off lease storage and measurement, Lea County, New Mexico.** Applicant seeks authority to commingle in its Diamondtail "34" Battery located in Unit J of Section 34, Township 23 South, Range 32 East, production from the Triste Draw-Delaware Pool and the Triste Draw-Bone Spring Pool from the following leases and wells:

Federal Oil and Gas Lease No. NM 62225: (W/2, N/2 NE/4, Section 34, Township 23 South, Range 32 East):

Diamond "34" Federal Well No. 1 Unit F

Diamond "34" Federal Well No. 2 Unit B

Diamond "34" Federal Well No. 3 Unit N

Federal Oil and Gas Lease No. NM 94616: (S/2 NE/4, SE/4, Section 34, Township 23 South, Range 32 East):

Diamondtail "34" Federal Well No. 1 Unit J

Diamondtail "34" Federal Well No. 2 Unit O

Diamondtail "34" Federal Well No. 3 Unit G

Federal Oil and Gas Lease No. NM 94850: (All except NE/4 SW/4, Section 3, Township 24 South, Range 32 East):

Diamondtail "3" Federal Well No. 1 Unit B

The leases and wells are located approximately 30 miles northwest of Jal, New Mexico.

CASE 12441: Continued from August 24, 2000, Examiner Hearing.

Application of LG&E Natural Pipeline LLC for special rules for the Grama Ridge Morrow Gas Storage Unit, Lea County, New Mexico. Applicant seeks an order establishing special rules applicable to wells drilled and completed or recompleted in the Morrow formation within its Grama Ridge Morrow Gas Storage Unit and within each 320-acre spacing unit immediately adjacent to the Unit in the following described area:

Grama Ridge Morrow Gas Storage Agreement

Township 21 South, Range 34 East

Section 33: All

Section 34: All

Township 22 South, Range 34 East

Section 3: All

Section 4: All

Section 10: All

Acreage Adjacent to Unit

Township 21 South, Range 34 East

Section 26: NW/4, S/2

Section 27: All

Section 28: All

Section 29: E/2, SW/4

Section 32: All

Section 35: All

Township 22 South, Range 34 East

Section 2: All

Section 5: All

Section 8: N/2, SE/4

Section 9: All

Section 11: All

Section 14: N/2, SW/4

Section 15: All

Section 16: N/2, SE/4

The application requests the Division establish rules requiring operators of all newly drilled or recompleted wells in the Morrow formation to provide the operator of the Unit with information and data obtained during drilling, completion, and production to determine whether such wells are in communication with the unitized formation or would otherwise interfere with Unit operations. The special project rules would also include provisions requiring the operators of wells determined to be in communication with the Unitized Interval to demonstrate how such well may be produced without interfering with Unit operations or to take such other action determined to be appropriate. The Grama Ridge Morrow Gas Storage Unit is approximately 18 miles west of Eunice, New Mexico.

CASE 12489:

Application of Ray Westall-Operator for approval to convert the Taylor Federal Wells No. 2, 4 and 11 to injection on its Taylor Unit (A. C. Taylor Lease) in the Shugart (Yates-Seven Rivers-Queen-Grayburg) Pool, Eddy County, New Mexico. Applicant seeks approval to convert its Taylor Federal Wells 2, 4, and 11 to injection to improve the recovery efficiency of the waterflood patterns and enhance production of this waterflood project which was approved by the Division by order WFX-243 on September 19, 1966. The wells are located in Township 18 South, Range 31 East, NMPM, as follows: Well No. 2 – 1980 feet from the South and East lines of Section 12, Unit J; Well No. 4 – 1980 feet from the South line and 660 feet from the West line of Section 12, Unit L; and Well No. 11 – 660 feet from the North line and 1980 feet from the East line of Section 13, Unit B. Water will be injected into the Queen formation in the Shugart (Yates-Seven Rivers-Queen-Grayburg) Pool. Injection will occur at an expected maximum rate of 300 barrels of water per day per well and an expected pressure of 800 pounds per square inch. This area is located approximately 12 miles southeast of Loco Hills, New Mexico.

CASE 12462:

Continued from August 10, 2000, Examiner Hearing.

Application of Santa Fe Snyder Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval to produce its Outland State Unit Well No. 1 at an unorthodox gas well location 638 feet from the South line and 739 feet from the West line (Unit M) of Section 12, Township 21 South, Range 34 East, for production from the Morrow formation, Wilson-Morrow Gas Pool, to be dedicated to a standard 320-acre gas spacing and proration unit consisting of the W/2 of this section. This location is approximately 16 miles west-northwest of Eunice, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - AUGUST 10, 2000**8:15 A.M. - 2040 South Pacheco
Santa Fe, New Mexico**

Dockets Nos. 23-00 and 24-00 are tentatively set for August 24 and September 7, 2000. 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 12462: Continued from July 27, 2000, Examiner Hearing.

Application of Santa Fe Snyder Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval to produce its Outland State Unit Well No. 1 at an unorthodox gas well location 638 feet from the South line and 739 feet from the West line (Unit M) of Section 12, Township 21 South, Range 34 East, for production from the Morrow formation, Wilson-Morrow Gas Pool, to be dedicated to a standard 320-acre gas spacing and proration unit consisting of the W/2 of this section. This location is approximately 16 miles west-northwest of Eunice, New Mexico.

CASE 12464: Application of Chesapeake Operating, Inc. for approval of an unorthodox subsurface well location, Lea County, New Mexico. Applicant seeks approval to drill its Warehouse "10" Well No. 2 at a surface location 1196 feet from the North line and 2463 feet from the East line (Unit B) of Section 10, Township 16 South, Range 36 East, to an unorthodox subsurface location at the top of the Strawn formation within a 100 foot radius of a point 1842 feet from the North line and 2213 feet from the East line (Unit G) of this section and to dedicate the S/2 NE/4 of this section as a standard 80-acre oil proration and spacing unit to this well for production from the Northeast Lovington-Pennsylvanian Pool.

CASE 12420: Continued from July 13, 2000, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the W/2 of Section 5, Township 17 South, Range 27 East, to form a standard 320-acre gas spacing and proration unit or units for all formations and/or pools developed on 320-acre spacing within that vertical extent, including, but not limited to the Undesignated Crow Flats Morrow Gas Pool. The units are to be dedicated to applicant's proposed Dog Canyon 5 Fed. Com. Well No. 1 to be drilled at a standard location 660 feet from the South and West lines of Section 5. 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 Nearburg Producing Company, L.L.C. as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 2 miles northeast of Artesia, New Mexico.

CASE 12382: Continued from July 27, 2000, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. 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 following described acreage in Section 21, Township 19 South, Range 28 East, and in the following manner: (a) the S/2 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 this vertical extent which presently includes the Undesignated South Millman-Atoka Gas Pool, Undesignated Winchester-Atoka Gas Pool, Undesignated South Millman-Morrow Gas Pool, Undesignated Winchester-Morrow Gas Pool, and Undesignated North Winchester-Morrow Gas Pool; (b) the SE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and (c) the SW/4 SE/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 this vertical extent which presently includes but is not necessarily limited to the East Millman Yates-Seven Rivers-Queen-Grayburg-San Andres Pool and the Undesignated North Winchester-Wolfcamp Pool. These units are to be dedicated to a single well to be drilled at a location considered to be standard for all three units 660 feet from the South line and 1650 feet from the East line (Unit O) of Section 21. 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 Nearburg Producing Company as the operator of the well and the three above-described units, and a charge for risk involved in drilling the well. Further, the East Millman Yates-Seven Rivers-Queen-Grayburg-San Andres Pool underlying the SW/4 SE/4 of Section 21 is currently dedicated to C.F.M. Oil Company's Monsanto State Well No. 1 (API No. 30-015-24252), located at a standard oil well location 986 feet from the South line and 1650 feet from the East line (Unit O) of Section 21. At the time of the hearing it will be necessary for the applicant to address certain issues created by the forced pooling of producing acreage currently operated by another operator. The proposed well location is approximately eleven miles east of Lakewood, New Mexico.

CASE 12465: Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the E/2 of Section 19, Township 18 South, Range 28 East and in the following manner: a) E/2 to form a standard 320-acre gas spacing and proration unit or units for all formations and/or pools developed on 320-acre spacing within that vertical extent, including the undesignated North Illinois Camp Morrow Gas Pool and the undesignated South Empire Morrow Gas Pool; b) NE/4 for all 160 acre formations; c) N/2 NE/4 for all 80 acre formations and d) NW/4 NE/4 for all 40 acre formations, including the Artesia-Queen-Grayburg-San Andres pool. The units are to be dedicated to applicant's proposed Pathfinder 19 State Com. No. 1 Well to be drilled at a standard location 660 feet from the North line and 1,980 feet from the East line of Section 19. 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 Nearburg Producing Company, L.L.C. as operator of the well and a charge for risk involved in drilling the well. The proposed well location is approximately 10 miles southeast of Artesia, New Mexico.

CASE 12466: **Application of Gothic Production Corporation for compulsory pooling, Chaves 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 of Section 28, Township 5 South, Range 25 East, to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent, including the Pecos Slope-Abo Gas Pool. The unit is to be dedicated to the McClellan MOC Fed. Com. Well No. 22, to be drilled at an orthodox gas well location in Section 28. 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 18.5 miles north of east of U.S. Highway 70 at the Pecos River Bridge.

CASE 12467: **Application of NM&O Operating Company for compulsory pooling, Rio Arriba County, New Mexico.** Applicant seeks an order pooling all mineral interests from the base of the Pictured Cliffs formation to the base of the Dakota formation underlying the E/2 of Section 4, Township 25 North, Range 2 West. The unit is to be dedicated to the Dewey-Bartlett Well No. 1, to be recompleted in the Basin-Dakota Gas Pool at an orthodox location in the NE/4 SE/4 of Section 4. Also to be considered will be the cost of recompleting 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 recompleting the well. The well is located approximately 9 miles North of Lindrith, New Mexico.

CASE 12439: **Continued from July 27, 2000 Examiner Hearing.**

Application of Arch Petroleum Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from 7100 feet subsurface to the base of the Ellenburger formation underlying the SW/4 SE/4 of Section 27, Township 23 South, Range 37 East, 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 that vertical extent, including but not limited to the Teague (Simpson) Pool. The unit is to be dedicated to applicant's E.C. Hill "A" Well No. 7, to be drilled at a location 540 feet from the South line and 1850 feet from the East line of Section 27. 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 11 1/2 miles south of Eunice, New Mexico.

CASE 12468: **Application of Ocean Energy Resources, Inc. for an exception to Division Rule 104.C (2) (b), Eddy County, New Mexico.** Applicant seeks an exception to Division Rule 104.C (2) (b), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, for its proposed Derrick Federal Com. Well No. 3 to be drilled as an infill Morrow gas well 3300 feet from the South line and 1980 feet from the West line (Lot 14/Unit M) of irregular Section 5, Township 16 South, Range 28 East, Diamond Mound-Morrow Gas Pool. The existing 270.20-acre stand-up non-standard gas spacing and proration unit (approved by Division Administrative Order NSP-1160, dated October 30, 1979) comprising Lots 3 through 6 and 11 through 14 of irregular Section 5 is currently dedicated to the applicants Derrick Federal Com. Well No. 1 (API No. 30-015-23057), located 2160 feet from the North line and 1980 feet from the West line (Lot 11/Unit K) of irregular Section 5, which was considered to be a standard gas well location at the time it was drilled (1980). The applicant proposes to drill its Derrick Federal Com. Well No. 3 within the same quarter section (equivalent) as the initial Morrow gas well, its Derrick Federal Com. Well No. 1, for the existing 270.20-acre non-standard unit. This unit is located approximately 14 miles northeast of Artesia, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 12386: **Continued from July 13, 2000, Examiner Hearing.**

Application of Threshold Development Company for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation, underlying the following described acreage in Section 16, Township 24 South, Range 33 East, and in the following manner: (a) the W/2 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 this vertical extent which presently includes the Undesignated Johnson Ranch-Wolfcamp Gas Pool; (b) the NW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and (c) the NE/4 NW/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 this vertical extent. These three units are to be dedicated to a single well, the proposed Johnson Ranch State "16" Well No. 1, to be drilled within the NE/4 NW/4 of Section 16 at a location considered to be standard for all three units. 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 the operator of the well and units, and a charge for risk involved in drilling the well. The proposed well location is approximately four miles west-northwest of the junction of New Mexico State Road 128 and the Delaware Basin Road.

CASE 12429: Continued from July 13, 2000, Examiner Hearing

Application of Concho Resources, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the W/2 including but not limited to the South Carlsbad-Morrow Gas Pool, in all formations developed on 160-acre spacing in the NW/4, and in all formations developed on 80-acre spacing in the W/2 NW/4 of Section 14, Township 23 South, Range 26 East. The units are to be dedicated to its Beretta 14 State Com Well No. 1 to be drilled at a standard location 1980 feet from the North line and 660 feet from the West line of Section 14 to a depth sufficient to test all formations from the surface to the base of the Morrow formation, South Carlsbad-Morrow Gas 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 of the well and a charge for risk involved in drilling said well. The area is located approximately 1 mile South of Carlsbad, New Mexico.

CASE 12469: **Application of Paladin Energy Corp. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 40-acre spacing in the NE/4 SE/4 of Section 34, Township 16 South, Range 38 East. The unit is to be dedicated to its W. W. Hamilton "A" Well No. 2 to be drilled at a standard location in the NE/4 SE/4 of Section 34 to a depth sufficient to test all formations from the surface to the base of the Devonian formation. 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 risk involved in drilling the well. The area is located approximately 10 miles North of Hobbs, New Mexico.

CASE 12396: Continued from July 13, 2000, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the E/2 of Section 12, Township 22 South, Range 25 East, to form a standard 320-acre gas spacing and proration unit for formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the undesignated Catclaw Draw-Wolfcamp Gas Pool, undesignated Hackberry Hills-Canyon Gas Pool, undesignated Hackberry Hills-Atoka Gas Pool, and Revelation-Morrow Gas Pool. Said spacing and proration unit is to be dedicated to Nearburg's proposed White Tip 12 Fed. Com. Well # 1, to be drilled at a standard location in the SE/4 (Unit P) of said Section 12. 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 Nearburg Producing Company, L.L.C., as operator of the well; and, a charge for risk involved in drilling said well. Said area is located approximately 7 miles southwest of Carlsbad, New Mexico.

CASE 12414: Continued from July 27, 2000, Examiner Hearing

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the W/2 which includes but is not necessarily limited to the Undesignated West Anderson Ranch-Pennsylvanian Gas Pool and the Undesignated Anderson Ranch-Morrow Gas Pool, in all formations developed on 160-acre spacing in the NW/4, in all formations developed on 80-acre spacing in the W/2 NW/4 which includes but is not necessarily limited to the Undesignated North Anderson Ranch-Wolfcamp Pool, and in all formations developed on 40-acre spacing in the NW/4 NW/4 which includes but is not necessarily limited to the Undesignated West Anderson Ranch-Grayburg Pool, all in Section 32, Township 15 South, Range 32 East. The unit is to be dedicated to its Anderson Ranch "32" State Com Well No. 1 to be drilled at a standard location 1650 feet from the North and West lines of Section 32 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, designation of Nearburg Producing Company as operator of the well and a charge for risk involved in drilling the well. The area is located approximately 7 miles North of Maljamar, New Mexico.

CASE 12470: **Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 40-acre spacing in the NE/4 SE/4 of Section 13, Township 19 South, Range 33 East, which includes but is not necessarily limited to the Undesignated Tonto (Seven Rivers) Pool, the Undesignated Tonto-Wolfcamp Pool, the Undesignated East Gem-Bone Spring Pool and the Undesignated East Gem-Delaware Pool. The unit is to be dedicated to the Panama "13" Well No. 2 to be drilled at a standard location 1650 feet from the South line and 990 feet from the East line of Section 13 to a depth sufficient to test all formations from the surface to the base of the Bone Spring formation. 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 Nearburg Producing Company as operator of the well and a charge for risk involved in drilling the well. The area is located approximately 11 miles northeast of Halfway, New Mexico.

CASE 12411: Continued from July 13, 2000 Examiner Hearing.

Application of EnerQuest Oil & Gas, L.L.C. 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 SW/4 of Section 18, Township 20 South, Range 39 East, including but not limited to the Blinbery formation, Blinbery Oil and Gas Pool. The unit is to be dedicated to its McCasland "18" Fee Well No. 1 located at a standard location in the SW/4 of Section 18 which has been drilled and completed in the Blinbery 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 EnerQuest Resources, L.L.C. as operator of the well and a charge for risk involved in drilling the well. The area is located approximately 4 miles southeast of Nadine, New Mexico.

CASE 12471: **Application of EnerQuest Oil & Gas, L.L.C. for amendment of Division Order No. R-10986, Lea County, New Mexico.** Applicant seeks amendment of Division compulsory pooling Order No. R-10986 to increase the acreage pooled to include the SW/4 of Section 18, Township 20 South, Range 39 East, and to accurately identify the working interest which is subject to the pooling order. The area is located approximately 4 miles southeast of Nadine, New Mexico.

CASE 12452: **Continued from July 13, 2000, 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 developed on 320-acre spacing from the base of the Pictured Cliffs Formation to the base of the Mesaverde formation in the E/2 of Section 4, Township 25 North, Range 2 West. The units are to be dedicated to its Cougar Com "4" Well No. 1A to be re-entered and drilled to a depth sufficient to test all formations to the base of the Mesaverde formation, Blanco-Mesaverde Gas Pool, at a standard location in the NE/4 SE/4 of Section 4. 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 the well. The area is located approximately 9 miles north of Lindrith, New Mexico.

CASE 12472: **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 base of the Pictured Cliffs formation to the base of the Mesaverde formation in the N/2 of Section 10, Township 25 North, Range 2 West. The units are to be dedicated to its Elk Com 10 Well No. 1-A to be drilled to a depth sufficient to test all formations to the base of the Mesaverde formation, Blanco-Mesaverde Gas Pool, at a standard location in the NW/4 of Section 10. 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, the designation of applicant as operator of the well and a charge for risk involved in drilling the well. The area is located approximately 7 miles north northeast of Lindrith, New Mexico

CASE 12473: **Application of Harvey E. Yates Company for a non-standard gas spacing and proration unit and an unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks an exception to the Special Pool Rules and Regulations for the McMillan-Morrow Gas Pool for (1) a 318.22 acre non-standard gas spacing and proration unit comprised of Lots 1 and 2, E/2 NW/4, and NE/4 (N/2 equivalent) of Section 7, Township 20 South, Range 27 East, and (2) an unorthodox well location 1980 feet from the North line and 660 feet from the West line of Section 7 for its Turner Federal "7" Deep Well No. 1 which it proposes to drill to test the Morrow formation, McMillan-Morrow Gas Pool. The unit is located approximately 6 miles east of Seven Rivers, New Mexico.

CASE 12320: **Continued from July 13, 2000, Examiner Hearing.**

Application of Chevron U.S.A. Production Co. for Approval to convert the EMSU Wells No. 210, 212, 222, 252 and 258 to Injection in the Eunice Monument South Unit, Lea County, New Mexico. Applicant seeks approval to convert its EMSU Wells No. 210, 212, 222, 252 and 258 to injection in the Eunice Monument South Unit (EMSU). These wells are designed to improve recovery efficiency of the waterflood patterns and enhance production of the EMSU secondary recovery project. The wells are located in the following locations: No. 210 - Section 4, Unit K, Township 21 South, Range 36 East; No. 252 - Section 5, Unit I, Township 21 South, Range 36 East; No. 222 - Section 6, Unit O, Township 21 South, Range 36 East; No. 252 - Section 6, Unit W, Township 21 South, Range 36 East; No. 258 - Section 4, Unit U, Township 21 South, Range 36 East. Water will be injected into the unitized interval of the Eunice Monument Grayburg-San Andres Pool which has an upper limit of 100 feet below mean sea level or the top of the Grayburg formation, whichever is higher, to a lower limit of the base of the San Andres formation. Injection will occur at an expected maximum pressure rate of 1500 barrels of water per day and an expected maximum pressure of 750 pounds per square inch. This area is approximately one mile west-southwest of Oil Center, New Mexico

CASE 12417: **Continued from July 13, 2000 Examiner Hearing.**

Application of Saga Petroleum, L.L.C. 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 Devonian formation, Crossroads Siluro-Devonian Pool, underlying 800 acres, more or less, of fee lands in the following acreage:

Township 9 South, Range 36 East, N.M.P.M.

Section 27: N/2, SE/4

Section 34: E/2

The unit is to be designated the Crossroads Siluro-Devonian 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 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 provision for carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. The unit area is located approximately 6 miles east of Crossroads, New Mexico.

CASE 12418: Continued from July 13, 2000 Examiner Hearing.

Application of Saga Petroleum, L.L.C. for approval of a waterflood project for its Crossroads Siluro-Devonian Unit Area and qualification of said project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval of its Crossroads Siluro-Devonian Unit Waterflood Project for injection of water into the Devonian formation, Crossroads Siluro-Devonian Pool, through four injection wells located in the following described area:

Township 9 South, Range 36 East, N.M.P.M.

Section 27: N/2, SE/4

Section 34: E/2

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the project area without the necessity of further hearings and the adoption of such other provisions as are necessary for said waterflood operations. Applicant further seeks to qualify the project area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). The unit is located approximately 6 miles east of Crossroads, New Mexico.

CASE 12441: Continued from July 27, 2000, Examiner Hearing.

Application of LG&E Natural Pipeline LLC for special rules for the Grama Ridge Morrow Gas Storage Unit, Lea County, New Mexico. Applicant seeks an order establishing special rules applicable to wells drilled and completed or recompleted in the Morrow formation within its Grama Ridge Morrow Gas Storage Unit and within each 320-acre spacing unit immediately adjacent to the Unit in the following described area:

Grama Ridge Morrow Gas Storage Agreement

Township 21 South, Range 34 East

Section 33: All

Section 34: All

Township 22 South, Range 34 East

Section 3: All

Section 4: All

Section 10: All

Acreage Adjacent to Unit

Township 21 South, Range 34 East

Section 26: NW/4, S/2

Section 27: All

Section 28: All

Section 29: E/2, SW/4

Section 32: All

Section 35: All

Township 22 South, Range 34 East

Section 2: All

Section 5: All

Section 8: N/2, SE/4

Section 9: All

Section 11: All

Section 14: N/2, SW/4

Section 15: All

Section 16: N/2, SE/4

The application requests the Division establish rules requiring operators of all newly drilled or recompleted wells in the Morrow formation to provide the operator of the Unit with information and data obtained during drilling, completion, and production to determine whether such wells are in communication with the unitized formation or would otherwise interfere with Unit operations. The special project rules would also include provisions requiring the operators of wells determined to be in communication with the Unitized Interval to demonstrate how such well may be produced without interfering with Unit operations or to take such other action determined to be appropriate. The Grama Ridge Morrow Gas Storage Unit is approximately 18 miles west of Eunice, New Mexico.

CASE 12086: Consolidated – Continued from April 6, 2000, Examiner Hearing.

Application of Yates Petroleum Corporation and Hanley Petroleum Inc. for allowable reduction and the escrow of production proceeds, Lea County, New Mexico. Applicants seek an order (1) reducing the depth bracket allowable for wells in the West Lovington-Strawn Pool to a level that will only permit operators to avoid lease terminations for failure of wells to produce in paying quantities; (2) providing for termination of the reduced depth bracket allowable for the pool when the West Lovington Strawn Unit is expanded to protect the correlative rights of each owner in the pool pursuant to a ratified statutory unitization order of the Oil Conservation Commission; and (3) requiring Gillespie-Crow, Inc. to escrow all payments received for production from the unit, and less payments for royalties and taxes thereon, from the date of the order until the unit has been expanded pursuant to a ratified statutory unitization order of the Commission to include all lands affected by the pressure maintenance project being conducted in the pool. The unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

CASE 12086: Consolidated - Continued from April 6, 2000, Examiner Hearing.

Application of Energen Resources Corporation for allowable reduction and the escrow of production proceeds, Lea County, New Mexico. Applicants seek an order (1) reducing the depth bracket allowable for wells in the West Lovington-Strawn Pool to a level that will only permit operators to avoid lease terminations for failure of wells to produce in paying quantities; (2) providing for termination of the reduced depth bracket allowable for the pool when the West Lovington Strawn Unit is expanded to protect the correlative rights of each owner in the pool pursuant to a ratified statutory unitization order of the Oil Conservation Commission; and (3) requiring Gillespie-Crow, Inc. to escrow all payments received for production from the unit, and Snyder "C" Well No. 4, and the Snyder "EC" Com Well No. 1, less payments for royalties and taxes thereon, from the date of the order until the unit has been expanded pursuant to a ratified statutory unitization order of the Commission to include all lands affected by the pressure maintenance project being conducted in the pool. The unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - JULY 13, 2000

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 21-00 and 22-00 are tentatively set for July 27 and August 10, 2000. 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 12439: Continued from June 29, 2000 Examiner Hearing.

Application of Arch Petroleum Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from 7100 feet subsurface to the base of the Ellenburger formation underlying the SW/4 SE/4 of Section 27, Township 23 South, Range 37 East, 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 that vertical extent, including but not limited to the Teague (Simpson) Pool. The unit is to be dedicated to applicant's E.C. Hill "A" Well No. 7, to be drilled at a location 540 feet from the South line and 1850 feet from the East line of Section 27. 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 11 1/2 miles south of Eunice, New Mexico.

CASE 12431: Continued from June 15, 2000, Examiner Hearing - This Case Will Be Dismissed.

Application of Fuel Products, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the E/2 which includes but is not limited to the Undesignated North Illinois Camp-Morrow Gas Pool, in all formations developed on 160-acre spacing in the SE/4, in all formations developed on 80-acre spacing in the E/2 SE/4, and in all formations developed on 40-acre spacing in the NE/4 SE/4 which includes but is not necessarily limited to the Undesignated Empire-Abo Pool and the Artesia Queen-Grayburg-San Andres Pool, all in Section 18, Township 18 South, Range 28 East. Said units are to be dedicated to a well to be drilled at a standard location in the NE/4 SE/4 of Section 18 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, designation of applicant as operator of the well and a charge for risk involved in drilling the well. The area is located approximately 10 miles Southeast of Artesia, New Mexico.

CASE 12446: **Application of Fuel Products, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests underlying the E/2 of Section 18, Township 18 South, Range 28 East, in the following manner: all formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the Undesignated North Illinois Camp-Morrow Gas Pool; all formations developed on 160-acre spacing underlying the SE/4; and all formations developed on 40-acre spacing underlying the SE/4 SE/4, which includes, but is not necessarily limited to, the Undesignated Empire-Abo Pool, the Undesignated Artesia Queen-Grayburg-San Andres Pool, and the undesignated Red Lake Queen-Grayburg-San Andres Pool. Said spacing and proration units are to be dedicated to Fuel Products' proposed Illinois Camp 18 State Well No. 1, to be drilled at a standard location in the SE/4 (Unit P) of Section 18. 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 the well. The area is located approximately 10 miles Southeast of Artesia, New Mexico.

CASE 12420: Continued from June 15, 2000, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the W/2 of Section 5, Township 17 South, Range 27 East, to form a standard 320-acre gas spacing and proration unit or units for all formations and/or pools developed on 320-acre spacing within that vertical extent, including, but not limited to the Undesignated Crow Flats Morrow Gas Pool. The units are to be dedicated to applicant's proposed Dog Canyon 5 Fed. Com. Well No. 1 to be drilled at a standard location 660 feet from the South and West lines of Section 5. 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 Nearburg Producing Company, L.L.C. as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 2 miles northeast of Artesia, New Mexico.

CASE 12427: Readvertised

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the E/2 of Section 18, Township 18 South, Range 28 East and in the following manner: (a.) the E/2 to form a standard 320-acre gas spacing and proration unit or units for all formations and/or pools developed on 320-acre spacing within that vertical extent, which presently includes the undesignated North Illinois Camp Morrow Gas Pool; (b.) NE/4 for all 160-acre formations; (c.) N/2 NE/4 for all 80-acre formations and (d.) NW/4 NE/4 for all 40 acre formations, including the undesignated Empire-Abo pool and the Artesia-Queen-Grayburg-San Andres Pool. The units are to be dedicated to its proposed Pathfinder 18 State Com. No. 1 Well to be drilled at a standard location 660 feet from the North line 1,980 feet from the East line of Section 18. 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 Nearburg Producing Company, L.L.C. as operator of the well and a charge for risk involved in drilling the well. The proposed well location is approximately 10 miles southeast of Artesia, New Mexico.

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CASE 12447: Application of OXY USA, Inc. to rescind Division Order R-4949 which adopted the special pool rules for the North Burton Flats-Wolfcamp Gas Pool, Eddy County, New Mexico. Applicant seeks an order rescinding the special pool rules order for the North Burton Flats-Wolfcamp Gas Pool so that all existing and future wells and their respective spacing and proration units which are now subject to this order will be governed by the provisions of Division General Rules including Rule 104. The current boundaries of the pool include all or portions of Sections 3, 4, 9, 10, 11, 12, 14, 15, 16, 19, 20, 21, 23, 28 through 33, Township 20 South, Range 28 East. This pool is located approximately 8 miles north-northeast of Carlsbad, New Mexico.

CASE 12448: Application of Chesapeake Operating, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval to produce its Boyce "15" Well No. 3 at an unorthodox gas well location 2310 feet from the North line and 341 feet from the East line (Unit H) of Section 15, Township 16 South, Range 35 East, NMPM, for production from the Townsend-Morrow Gas Pool to be dedicated to a 320-acre gas spacing and proration unit consisting of the E/2 of this section. This location is located approximately 5 miles west of Lovington, New Mexico.

CASE 12449: This Case Will Be Continued to July 27, 2000.

Application of Santa Fe Snyder Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage within Section 18, Township 23 South, Range 34 East, in the following manner: the E/2 of this section to form a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within this vertical extent, including but not limited to the Antelope Ridge-Morrow Gas Pool; the NE/4 of this section to form a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre gas spacing within this vertical extent; and the SE/4 NE/4 of this section to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within this vertical extent. The units are to be dedicated to its Paloma Blanco "18" Federal Well No. 1 to be drilled and completed at a standard well location in Unit H of this section. Also to be considered will be the costs of drilling and completing the well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of the applicant as the operator of the well and a charge for risk involved in this well. This unit is located approximately 22 miles southwest of Eunice, New Mexico.

CASE 12426: Continued from June 1, 2000, Examiner Hearing.

Application of Southwest Royalties, Inc. for a non-standard gas spacing and proration unit and an unorthodox gas well location, Lea County, New Mexico. Applicant seeks exceptions to Rules 3 and 6 of the "Special Rules and Regulations for the Scarborough Yates-Seven Rivers Pool", as promulgated by Division Order No. R-2999, in order to: (i) establish a non-standard 280-acre gas spacing and proration unit comprising the S/2 NE/4, NE/4 SE/4, and S/2 SE/4 of Section 30, Township 26 South, Range 37 East (which is located approximately seven miles south of Jal, New Mexico) within the Scarborough Yates-Seven Rivers Pool; and (ii) to dedicate thereon its existing Eaves "B" Well No. 20 (API No. 30-025-32274) located at an unorthodox gas well location 1414 feet from the South line and 429 feet from the East line (Unit I) of Section 30.

CASE 12450: Application of Ocean Energy Resources, Inc. for a non-standard oil spacing and proration unit, Lea County, New Mexico. Applicant seeks an order approving a non-standard oil spacing and proration unit in the South Big Dog-Strawn Pool comprised of the NW/4 SE/4 of Section 2, Township 16 South, Range 35 East. The unit will be dedicated to its Townsend "2" State Well No. 11, to be located at an orthodox oil well location. The unit is located approximately 4½ miles west of Lovington, New Mexico.

CASE 12382: Continued from June 15, 2000, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. 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 following described acreage in Section 21, Township 19 South, Range 28 East, and in the following manner: (a) the S/2 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 this vertical extent which presently includes the Undesignated South Millman-Atoka Gas Pool, Undesignated Winchester-Atoka Gas Pool, Undesignated South Millman-Morrow Gas Pool, Undesignated Winchester-Morrow Gas Pool, and Undesignated North Winchester-Morrow Gas Pool; (b) the SE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and (c) the SW/4 SE/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 this vertical extent which presently includes but is not necessarily limited to the East Millman Yates-Seven Rivers-Queen-Grayburg-San Andres Pool and the Undesignated North Winchester-Wolfcamp Pool. These units are to be dedicated to a single well to be drilled at a location considered to be standard for all three units 660 feet from the South line and 1650 feet from the East line (Unit O) of Section 21. 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 Nearburg Producing Company as the operator of the well and the three above-described units, and a charge for risk involved in drilling the well. Further, the East Millman Yates-Seven Rivers-Queen-Grayburg-San Andres Pool underlying the SW/4 SE/4 of Section 21 is currently dedicated to C.F.M. Oil Company's Monsanto State Well No. 1 (API No. 30-015-24252), located at a standard oil well location 986 feet from the South line and 1650 feet from the East line (Unit O) of Section 21. At the time of the hearing it will be necessary for the applicant to address certain issues created by the forced pooling of producing acreage currently operated by another operator. The proposed well location is approximately eleven miles east of Lakewood, New Mexico.

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CASE 12451: **Application of Nearburg Exploration Company, L.L.C. 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 of Section 8, Township 19 South, Range 31 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 Shugart-Morrow Gas Pool. The unit is to be dedicated to its Red Cloud Fed. Com. Well No. 1, to be drilled at a location 1650 feet from the North line and 660 feet from the East line of Section 8. 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 Nearburg Producing Company as operator of the well, and a charge for the risk involved in drilling and completing the well. The units are located approximately 12½ miles southeast of Loco Hills, New Mexico.

CASE 12353: **Continued from June 1, 2000, Examiner Hearing.**

Application of Southwestern Energy Production Company 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 N/2 of Section 10, Township 17 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 the Undesignated South Shoe Bar-Atoka Gas Pool, the Undesignated South Shoe Bar-Morrow Gas Pool, and the Undesignated South Shoe Bar-Mississippian Gas Pool. The unit is to be dedicated to its South Shoe Bar "10" State Com. Well No. 4 to be drilled at an orthodox location in the NE/4 NW/4 of Section 10. 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 risk involved in drilling and completing the well. The unit is located approximately 8 ½ miles southwest of Lovington, New Mexico.

CASE 12386: **Continued from June 1, 2000, Examiner Hearing.**

Application of Threshold Development Company for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation, underlying the following described acreage in Section 16, Township 24 South, Range 33 East, and in the following manner: (a) the W/2 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 this vertical extent which presently includes the Undesignated Johnson Ranch-Wolfcamp Gas Pool; (b) the NW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and (c) the NE/4 NW/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 this vertical extent. These three units are to be dedicated to a single well, the proposed Johnson Ranch State "16" Well No. 1, to be drilled within the NE/4 NW/4 of Section 16 at a location considered to be standard for all three units. 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 the operator of the well and units, and a charge for risk involved in drilling the well. The proposed well location is approximately four miles west-northwest of the junction of New Mexico State Road 128 and the Delaware Basin Road.

CASE 12452: **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 base of the Pictured Cliffs Formation to the base of the Mesaverde formation in the E/2 of Section 4, Township 25 North, Range 2 West. The units are to be dedicated to its Cougar Com "4" Well No. 1A to be re-entered and drilled to a depth sufficient to test all formations to the base of the Mesaverde formation, Blanco-Mesaverde Gas Pool, at a standard location in the NE/4 SE/4 of Section 4. 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 the well. The area is located approximately 9 miles north of Lindrith, New Mexico.

CASE 12453: **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 base of the Pictured Cliffs Formation to the base of the Mesaverde formation in Lots 3, 4, S/2 NW/4, SW/4 (W/2 Equivalent) of Section 4, Township 25 North, Range 2 West. The units are to be dedicated to its Cougar Com "4" Well No. 2 to be drilled to a depth sufficient to test all formations to the base of the Mesaverde formation, Blanco-Mesaverde Gas Pool, at a standard location in the NW/4 NW/4 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 applicant as operator of the well and a charge for risk involved in drilling the well. The area is located approximately 9.5 miles north of Lindrith, New Mexico.

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CASE 12369: Continued from June 15, 2000, Examiner Hearing

Application Concho 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 Mississippian formation underlying the N/2 of Section 10, township 17 South, Range 35 East, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within this vertical extent, including the Undesignated North Shoe Bar-Atoka Gas Pool, Undesignated South shoe Bar-Morrow Gas Pool, Undesignated Shoe Bar-Mississippian Gas Pool, and Undesignated South Shoe Bar-Mississippian Gas Pool. This unit is to be dedicated to its proposed South Shoebar 10 State Com Well No. 2 (API No. 30-025-34783) to be drilled at a standard gas well location in the SW/4 NW/4 (Unit E) of Section 10. 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 risk involved in drilling the well. The area is located approximately 8 miles southwest of Lovington, New Mexico.

CASE 12429: Continued from June 15, 2000, Examiner Hearing

Application of Concho Resources, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the W/2 including but not limited to the South Carlsbad-Morrow Gas Pool, in all formations developed on 160-acre spacing in the NW/4, and in all formations developed on 80-acre spacing in the W/2 NW/4 of Section 14, Township 23 South, Range 26 East. The units are to be dedicated to its Beretta 14 State Com Well No. 1 to be drilled at a standard location 1980 feet from the North line and 660 feet from the West line of Section 14 to a depth sufficient to test all formations from the surface to the base of the Morrow formation, South Carlsbad-Morrow Gas 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 of the well and a charge for risk involved in drilling said well. The area is located approximately 1 mile South of Carlsbad, New Mexico.

CASE 12449: Continued from June 29, 2000 Examiner Hearing.

Application of Saga Petroleum, L.L.C. 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 Devonian formation, Crossroads Siluro-Devonian Pool, underlying 800 acres, more or less, of fee lands in the following acreage:

Township 9 South, Range 36 East, N.M.P.M.

Section 27: N/2, SE/4

Section 34: E/2

The unit is to be designated the Crossroads Siluro-Devonian 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 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 provision for carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. The unit area is located approximately 6 miles east of Crossroads, New Mexico.

CASE 12418: Continued from June 29, 2000 Examiner Hearing.

Application of Saga Petroleum, L.L.C. for approval of a waterflood project for its Crossroads Siluro-Devonian Unit Area and qualification of said project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval of its Crossroads Siluro-Devonian Unit Waterflood Project for injection of water into the Devonian formation, Crossroads Siluro-Devonian Pool, through four injection wells located in the following described area:

Township 9 South, Range 36 East, N.M.P.M.

Section 27: N/2, SE/4

Section 34: E/2

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the project area without the necessity of further hearings and the adoption of such other provisions as are necessary for said waterflood operations. Applicant further seeks to qualify the project area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). The unit is located approximately 6 miles east of Crossroads, New Mexico.

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CASE 12454: **Application of EOG Resources, Inc. for compulsory pooling and a non-standard spacing and proration unit, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from a depth of 3100 feet through the top 100 feet of the Mississippian Chester formation underlying the N/2 equivalent of Section 7, Township 17 South, Range 29 East in the following manner: the N/2 equivalent to form a non-standard 292.32-acre spacing and proration unit for any formations and/or pools developed on 320-acre spacing which include but are not necessarily limited to the Undesignated South Empire-Morrow Gas Pool and the Undesignated North Empire-Atoka Gas Pool; and the NW/4 equivalent for any formations and/or pools developed on 160-acre spacing. Applicant proposes to dedicate these pooled units to its Warp Speed "7" Federal Com Well No. 1 to be drilled at a standard location 1980 feet from the North line and 800 feet from the West line (Unit F) of Section 7. 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 the well. The area is located approximately 7 miles Northwest of Loco Hills, New Mexico.

CASE 12411: **Continued from June 29, 2000 Examiner Hearing.**

Application of EnerQuest Oil & Gas, L.L.C. 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 SW/4 of Section 18, Township 20 South, Range 39 East, including but not limited to the Blinebry formation, Blinebry Oil and Gas Pool. The unit is to be dedicated to its McCasland "18" Fee Well No. 1 located at a standard location in the SW/4 of Section 18 which has been drilled and completed in the Blinebry 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 EnerQuest Resources, L.L.C. as operator of the well and a charge for risk involved in drilling the well. The area is located approximately 4 miles southeast of Nadine, New Mexico.

CASE 12414: **Readvertised**

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the W/2 which includes but is not necessarily limited to the Undesignated West Anderson Ranch-Pennsylvanian Gas Pool and the Undesignated Anderson Ranch-Morrow Gas Pool, in all formations developed on 160-acre spacing in the NW/4, in all formations developed on 80-acre spacing in the W/2 NW/4 which includes but is not necessarily limited to the Undesignated North Anderson Ranch-Wolfcamp Pool, and in all formations developed on 40-acre spacing in the NW/4 NW/4 which includes but is not necessarily limited to the Undesignated West Anderson Ranch-Grayburg Pool, all in Section 32, Township 15 South, Range 32 East. The unit is to be dedicated to its Anderson Ranch "32" State Com Well No. 1 to be drilled at a standard location 1650 feet from the North and West lines of Section 32 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, designation of Nearburg Producing Company as operator of the well and a charge for risk involved in drilling the well. The area is located approximately 7 miles North of Maljamar, New Mexico.

CASE 12396: **Continued from June 15, 2000, Examiner Hearing.**

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the E/2 of Section 12, Township 22 South, Range 25 East, to form a standard 320-acre gas spacing and proration unit for formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the undesignated Catclaw Draw-Wolfcamp Gas Pool, undesignated Hackberry Hills-Canyon Gas Pool, undesignated Hackberry Hills-Atoka Gas Pool, and Revelation-Morrow Gas Pool. Said spacing and proration unit is to be dedicated to Nearburg's proposed White Tip 12 Fed. Com. Well # 1, to be drilled at a standard location in the SE/4 (Unit P) of said Section 12. 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 Nearburg Producing Company, L.L.C., as operator of the well; and, a charge for risk involved in drilling said well. Said area is located approximately 7 miles southwest of Carlsbad, New Mexico.

CASE 12397: **Continued from June 15, 2000, Examiner Hearing.**

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the W/2 of Section 19 Township 17 South, Range 28 East, NMPM, which includes but is not necessarily limited to the Undesignated Logan Draw-Morrow Gas Pool. Said units are to be dedicated to its Mandalay "19" State Com Well No. 1 to be drilled at a standard location 990 feet from the North line and 1650 feet from the West line of said Section 19 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, designation of Nearburg Producing Company, L.L.C. as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 11 miles east of Artesia, New Mexico.

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CASE 12413: Continued from June 15, 2000, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the N/2 which includes but is not necessarily limited to the Undesignated North Quail Ridge-Morrow Gas Pool and the Undesignated East Gem-Morrow Gas Pool, in all formations developed on 160-acre spacing in the NE/4 which includes but is not necessarily limited to the Undesignated Quail Ridge-Yates Gas Pool, and in all formations developed on 40-acre spacing in the SW/4 NE/4 which includes but is not necessarily limited to the Undesignated Tonto (Seven Rivers) Pool, the Undesignated Tonto Wolfcamp Pool, the Undesignated Southeast Buffalo-Bone Spring Pool and the Undesignated East Gem-Delaware Pool, all in Section 13 Township 19 South, Range 33 East. The unit is to be dedicated to its Stetson "13" Federal Com Well No. 1 to be drilled at a standard location 1650 feet from the North and East lines of said Section 13 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, designation of Nearburg Producing Company as operator of the well and a charge for risk involved in drilling said well. The area is located approximately 11 miles northeast of Halfway, New Mexico.

CASE 12414: Continued from June 15, 2000, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the W/2, which includes but is not necessarily limited to the Undesignated West Anderson Ranch-Pennsylvanian Gas Pool and the Undesignated Anderson Ranch-Morrow Gas Pool, in Section 32, Township 15 South, Range 32 East. The unit is to be dedicated to its Anderson Ranch "32" State Com Well No. 1 to be drilled at a standard location 990 feet from the North and West lines of Section 32 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 the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Nearburg Producing Company as operator of the well and a charge for risk involved in drilling the well. The area is located approximately 7 miles North of Maljamar, New Mexico.

CASE 12384: Continued from June 15, 2000, Examiner Hearing.

Application of Louis Dreyfus Natural Gas for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from a depth of 4,000 feet to the base of the Morrow formation, underlying the following described acreage in Section 34, Township 17 South, Range 28 East, and in the following manner: (a) the W/2 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 this vertical extent which presently includes the Empire-Pennsylvanian Gas Pool; (b) the NW/4 to form a standard 160-acre gas spacing and proration unit for all formations developed on 160-acre spacing within said vertical extent; and (c) the SW/4 NW/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 this vertical extent which presently includes the Undesignated Empire-Wolfcamp Pool. These three units are to be dedicated to a single well, the proposed Geronimo "34" State Com. Well No. 1, to be drilled within the SW/4 NW/4 (Unit E) of Section 34 at a location considered to be standard for all three units. 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 the applicant as the operator of the well and units, and a charge for risk involved in drilling the well. The proposed well location is approximately one-quarter mile southwest of the junction of U. S. Highway No. 82 and New Mexico State Road No. 360.

CASE 12455: **Application of Nearburg Exploration Company, L.L.C. for compulsory pooling and an unorthodox oil well location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in the following described spacing and proration units in Section 7, Township 22 South, Range 26 East as follows: the W/2 for all formations and/or pools developed on 320-acre spacing which include but are not necessarily limited to the Undesignated Happy Valley-Morrow Gas Pool, the Undesignated Revelation-Morrow Gas Pool, and the Undesignated Hackberry Hills-Atoka Gas Pool; the SW/4 for all formations and/or pools developed on 160-acre spacing; and the NE/4 SW/4 for all formations and/or pools developed on 40-acre spacing which include but are not necessarily limited to the Undesignated Happy Valley Bone Spring Pool. The units are to be dedicated to its White Tip "7" Federal Com Well No. 2 to be drilled at a location 1592 feet from the South line and 1389 feet from the West line of Section 7 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. The well location is standard in formations and pools developed on 320-acre or 160-acre spacing but unorthodox for 40-acre oil well spacing and proration units. 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 Nearburg Producing Company as operator of the well and a charge for risk involved in drilling the well. The area is located approximately 14 miles Southwest of Carlsbad, New Mexico.

CASE 12313: Reopened

Application of David H. Arrington Oil and Gas, Inc. for compulsory pooling, directional drilling of a horizontal well and a nonstandard spacing unit, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation, Northeast Lovington-Pennsylvanian Pool, underlying the following described acreage in Section 10, Township 16 South, Range 37 East in the following manner: (a) the NW/4 SW/4 for any formation and/or pools developed on 40-acre spacing and (b) the SW/4 in order to form a 160-acre Project Area, as defined by Division Rule 111.A(7), by combining two standard 80-acre oil spacing and proration units in order to accommodate a horizontally drilled wellbore. The applicant proposes to vertically drill its H&L Variance "10" Well No. 1 at a surface location 2130 feet from the South line and 330 feet from the West line (Unit L) of Section 10 to an approximate depth of 11,600 feet, kick-off, and then drill horizontally in an easterly direction a lateral distance of 1400 feet through the Strawn formation. The applicable drilling window or producing area [see Division Rule 111.A(7)] for the proposed wellbore is to be standard for any 40-acre unit and 80-acre units per the outer setback requirements for 80-acre units in the subject pool. Also to be considered will the cost of drilling and completing this wellbore 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. The location of the proposed well is approximately six miles east of Lovington, New Mexico.

CASE 12320: Reopened

Application of Chevron U.S.A. Production Co. for Approval to convert the EMSU Wells No. 210, 212, 222, 252 and 258 to Injection in the Eunice Monument South Unit, Lea County, New Mexico. Applicant seeks approval to convert its EMSU Wells No. 210, 212, 222, 252 and 258 to injection in the Eunice Monument South Unit (EMSU). These wells are designed to improve recovery efficiency of the waterflood patterns and enhance production of the EMSU secondary recovery project. The wells are located in the following locations: No. 210 - Section 4, Unit K, Township 21 South, Range 36 East; No. 252 - Section 5, Unit I, Township 21 South, Range 36 East; No. 222 - Section 6, Unit O, Township 21 South, Range 36 East; No. 252 - Section 6, Unit W, Township 21 South, Range 36 East; No. 258 - Section 4, Unit U, Township 21 South, Range 36 East. Water will be injected into the unitized interval of the Eunice Monument Grayburg-San Andres Pool which has an upper limit of 100 feet below mean sea level or the top of the Grayburg formation, whichever is higher, to a lower limit of the base of the San Andres formation. Injection will occur at an expected maximum pressure rate of 1500 barrels of water per day and an expected maximum pressure of 750 pounds per square inch. This area is approximately one mile west-southwest of Oil Center, New Mexico

CASE 12438: Readvertised

Application of the Oil Conservation Division for an order requiring Salado Operating, L.L.C. to properly plug four wells, Eddy County, New Mexico. Applicant seeks an order requiring Salado Operating L.L.C. to appear and show cause why four (4) wells located in Section 2, Township 16 South, Range 30 East, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug these wells, the Division seeks an order (i) requiring operator to properly plug these wells; (ii) authorizing the Division to plug these wells; (iii) ordering a forfeiture of the plugging bond, and (iv) assessing fines for failure to comply with the order. *In The Absence of Objection, This Case Will be Taken Under Advisement.*

CASE 12456: Application of the Oil Conservation Division for an order requiring Strata Production Company to properly plug one well, Eddy County, New Mexico. Applicant seeks an order requiring Strata Production Company to appear and show cause why one (1) well located in Section 32, Township 19 South, Range 29 East, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug these wells, the Division seeks an order (i) requiring operator to properly plug these wells; (ii) authorizing the Division to plug these wells; (iii) ordering a forfeiture of the plugging bond, and (iv) assessing fines for failure to comply with the order. *In The Absence of Objection, This Case Will be Taken Under Advisement.*

CASE 12457: Application of the Oil Conservation Division for an order requiring Jack J. Grynberg to properly plug five wells, Chaves County, New Mexico. Applicant seeks an order requiring Jack J. Grynberg to appear and show cause why five (5) wells located in Sections 16 and 32, Township 5 South, Range 24 East, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug these wells, the Division seeks an order (i) requiring operator to properly plug these wells; (ii) authorizing the Division to plug these wells; (iii) ordering a forfeiture of the plugging bond, and (iv) assessing fines for failure to comply with the order. *In The Absence of Objection, This Case Will be Taken Under Advisement.*

CASE 12458: Application of the Oil Conservation Division for an order requiring D. W. Berry to properly plug one well in Chaves County and one well in Eddy County, New Mexico. Applicant seeks an order requiring D. W. Berry to appear and show cause why one (1) well located in Section 8, Townships 17 South, Range 28 East, and one (1) well located in Section 2, Township 15 South, Range 29 East, Chaves County, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug these wells, the Division seeks an order (i) requiring operator to properly plug these wells; (ii) authorizing the Division to plug these wells; (iii) ordering a forfeiture of the plugging bond, and (iv) assessing fines for failure to comply with the order. *In The Absence of Objection, This Case Will be Taken Under Advisement.*

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CASE 12459: **Application of the Oil Conservation Division for an order requiring I. T. Properties to properly plug one well, Eddy County, New Mexico.** Applicant seeks an order requiring I. T. Properties to appear and show cause why one (1) well located in Section 23, Township 19 South, Range 28 East, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug these wells, the Division seeks an order (i) requiring operator to properly plug these wells; (ii) authorizing the Division to plug these wells; (iii) ordering a forfeiture of the plugging bond, and (iv) assessing fines for failure to comply with the order. *In The Absence of Objection, This Case Will be Taken Under Advisement.*

CASE 12460: **Application of the Oil Conservation Division for an order requiring Stephens & Johnson Operating Co. to properly plug two wells, Eddy County, New Mexico.** Applicant seeks an order requiring Stephens & Johnson Operating Co. to appear and show cause why two (2) wells located in Sections 12 and 13, Township 19 South, Range 28 East, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug these wells, the Division seeks an order (i) requiring operator to properly plug these wells; (ii) authorizing the Division to plug these wells; (iii) ordering a forfeiture of the plugging bond, and (iv) assessing fines for failure to comply with the order. *In The Absence of Objection, This Case Will be Taken Under Advisement.*

DOCKET: EXAMINER HEARING - THURSDAY - JUNE 29, 2000

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 19-00 and 20-00 are tentatively set for July 13 and July 27, 2000. 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 12439: **Application of Arch Petroleum Inc. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from 7100 feet subsurface to the base of the Ellenburger formation underlying the SW/4 SE/4 of Section 27, Township 23 South, Range 37 East, 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 that vertical extent, including but not limited to the Teague (Simpson) Pool. The unit is to be dedicated to applicant's E.C. Hill "A" Well No. 7, to be drilled at a location 540 feet from the South line and 1850 feet from the East line of Section 27. 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 11½ miles south of Eunice, New Mexico.

CASE 12407: **Continued from June 15, 2000, Examiner Hearing.**

Application of Southwestern Energy Production Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 18, Township 23 South, Range 34 East, and in the following manner: the E/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools spaced on 320-acre spacing within that vertical extent, including but not limited to the Undesignated West Antelope Ridge-Atoka Gas Pool and Undesignated North Bell Lake-Morrow Gas Pool; the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; and the SE/4 NE/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 that vertical extent, including but not limited to the Undesignated North Bell Lake-Delaware Pool and Undesignated North Bell Lake-Bone Spring Pool. The units are to be dedicated to its Paloma Blanco "18" Fed. Com. Well No. 1, to be drilled at a location 1980 feet from the North line and 660 feet from the East line of Section 18. 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 the operator of the well and a charge for risk involved in drilling and completing the well. The units are located approximately 20 miles southwest of Oil Center, New Mexico.

CASE 12440: **Application of Shahara Oil LLC for approval of a tertiary recovery project for the Grayburg Jackson Premier Sand Unit, unorthodox oil well and injection well locations within that unit, and qualification of that project for the recovered oil tax rate pursuant to the New Mexico Enhanced Oil Recovery Act, Eddy County, New Mexico.** Applicant seeks approval of a tertiary recovery project using micro-emulsion flooding for enhanced recovery of oil in the Grayburg-Jackson Pool within the Grayburg-Jackson Premier Sand Unit covering the following described lands in Eddy County, New Mexico:

Township 17 South, Range 30 East, N.M.P.M.

Section 27: W/2, W/2 SE/4, SE/4 SE/4

Section 28: E/2 NE/4, SE/4

Section 33: N/2 NE/4

Section 34: N/2 N/2

Section 35: NW/4 NW/4

Applicant also seeks approval of one new producing oil well (MA No. 7) to be located 1330 feet from the North line and 1310 feet from the East line (Unit H), Section 28, and conversion of an existing well bore (MA No. 2) to an injection well 2615 feet from the North line and 1297 feet from the East line (Unit H), Section 28, and qualification of that project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act". The unit is located approximately 1 mile southeast of Loco Hills, New Mexico.

CASE 12441: **Application of LG&E Natural Pipeline LLC for special rules for the Grama Ridge Morrow Gas Storage Unit, Lea County, New Mexico.** Applicant seeks an order establishing special rules applicable to wells drilled and completed or recompleted in the Morrow formation within its Grama Ridge Morrow Gas Storage Unit and within each 320-acre spacing unit immediately adjacent to the Unit in the following described area:

Grama Ridge Morrow Gas Storage Agreement

Township 21 South, Range 34 East

Section 33: All

Section 34: All

Township 22 South, Range 34 East

Section 3: All

Section 4: All

Section 10: All

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Acreege Adjacent to Unit

Township 21 South, Range 34 East

Section 26: NW/4, S/2

Section 27: All

Section 28: All

Section 29: E/2, SW/4

Section 32: All

Section 35: All

Township 22 South, Range 34 East

Section 2: All

Section 5: All

Section 8: N/2, SE/4

Section 9: All

Section 11: All

Section 14: N/2, SW/4

Section 15: All

Section 16: N/2, SE/4

The application requests the Division establish rules requiring operators of all newly drilled or recompleted wells in the Morrow formation to provide the operator of the Unit with information and data obtained during drilling, completion, and production to determine whether such wells are in communication with the unitized formation or would otherwise interfere with Unit operations. The special project rules would also include provisions requiring the operators of wells determined to be in communication with the Unitized Interval to demonstrate how such well may be produced without interfering with Unit operations or to take such other action determined to be appropriate. The Grana Ridge Morrow Gas Storage Unit is approximately 18 miles west of Eunice, New Mexico.

CASE 12442:

Application of Santa Fe Snyder Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests underlying Lot 9 through Lot 16 (middle third equivalent) of Irregular Section 1, Township 21 South, Range 34 East to form a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within this vertical extent. The unit is to be dedicated to its State "R" Well No. 2 to be drilled and completed at a standard well location 3300 feet from the South line and 990 feet from the West line of this section. 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 the applicant as the operator of the well and a charge for risk involved in this well. This unit is located approximately 17 miles west of Eunice, New Mexico.

CASE 12419:

Continued from June 1, 2000, Examiner Hearing.

Application of Marathon Oil Company for amendment of surface commingling Division Order R-11112-A, Eddy County, New Mexico. Applicant seeks to amend Division Order R-11112-A to permit surface commingling of North Turkey Track-Morrow Gas and Travis-Upper Pennsylvanian Gas Pool production from the Jose Guerrero '34' State lease, S/2 of Section 34, Township 18 South, Range 28 East. The production will be metered on lease prior to being commingled at the Buchanan Central Tank Battery located in the NE/4 SE/4 of Section 33, Township 18 South, Range 28 East. Said lease is approximately 18 miles northeast of Carlsbad, New Mexico.

CASE 12368:

Continued from May 18, 2000, Examiner Hearing.

Application of Harvey E. Yates Company for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 9000 feet subsurface to the base of the Morrow formation underlying Lots 3 and 4, the S/2 NW/4, and the SW/4 (W/2 equivalent) of Section 5, Township 18 South, Range 31 East, to form a standard 319.96-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated North Shugart-Morrow Gas Pool. The unit is to be dedicated to a well to be drilled at a standard gas well location in the SW/4 of Section 5. 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 risk involved in drilling and completing the well. The unit is located approximately six miles southeast of Loco Hills, New Mexico.

CASE 12443:

Application of Yates Petroleum Corporation for approval of a Unit Agreement, Chaves County, New Mexico. Applicant seeks approval of the Tres Canal State Exploratory Unit for an area comprising 3200 acres of State and fee lands in Sections 23, 25, 26, 27, 34, and 35 of Township 8 South, Range 33 East, which is located approximately 12 miles northwest of Crossroads, New Mexico.

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CASE 12444:

Application of Marbob Energy Corporation for amendment of the Special Rules and Regulations for the Lusk-Morrow Gas Pool, Eddy and Lea Counties, New Mexico. Applicant seeks amendment of the Special Rules and Regulations for the Lusk-Morrow Gas Pool to provide for up to four infill wells on each 640-acre spacing unit and well location requirements which provide for wells to be located no closer than 660 feet to a quarter section line nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. The Lusk-Morrow Gas Pool is located in Sections 1, 24 and 25 of Township 19 South, Range 31 East, Eddy County, New Mexico and Sections 9, 10, 15, 16 18, 19, 20, 21, 27, 28, 29, 30, and 32 of Township 19 South, Range 32 East, Lea County, New Mexico. Said pool is located approximately 14 miles south-southeast of Maljamar, New Mexico.

Continued from June 15, 2000, Examiner Hearing.

Application of Saga Petroleum, L.L.C. 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 Devonian formation, Crossroads Siluro-Devonian Pool, underlying 800 acres, more or less, of fee lands in the following acreage:

Township 9 South, Range 36 East, N.M.P.M.

Section 27: N/2, SE/4

Section 34: E/2

The unit is to be designated the Crossroads Siluro-Devonian 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 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 provision for carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. The unit area is located approximately 6 miles east of Crossroads, New Mexico.

CASE 12418:

Continued from June 15, 2000, Examiner Hearing.

Application of Saga Petroleum, L.L.C. for approval of a waterflood project for its Crossroads Siluro-Devonian Unit Area and qualification of said project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval of its Crossroads Siluro-Devonian Unit Waterflood Project for injection of water into the Devonian formation, Crossroads Siluro-Devonian Pool, through four injection wells located in the following described area:

Township 9 South, Range 36 East, N.M.P.M.

Section 27: N/2, SE/4

Section 34: E/2

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the project area without the necessity of further hearings and the adoption of such other provisions as are necessary for said waterflood operations. Applicant further seeks to qualify the project area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). The unit is located approximately 6 miles east of Crossroads, New Mexico.

CASE 12377:

Continued from May 18, 2000, Examiner Hearing.

Application of Concho Resources, 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 following described acreage in Section 10, Township 17 South, Range 27 East, and in the following manner: (a) the S/2 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 this vertical extent which presently includes the Undesignated Logan Draw-Atoka Gas Pool, Undesignated Logan Draw-Morrow Gas Pool, and Undesignated Crow Flats-Morrow Gas Pool; and (b) the SE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within this vertical extent which presently includes the Undesignated Empire-Grayburg Gas Pool. Both units are to be dedicated to a single well, its proposed Woody "10" Federal Com. Well No. 1, to be drilled within the SE/4 SE/4 (Unit P) of Section 10 at a location considered to be standard for these two units. 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 the operator of this well and the two above-described units, and a charge for risk involved in drilling the well. The proposed well location is approximately 1.5 miles northeast of Riverside, New Mexico.

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CASE 12405: Continued from May 18, 2000, Examiner Hearing.

Application of Lynx Petroleum Consultants, 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 following described acreage in Section 13, Township 19 South, Range 31 East, in the following manner: (i) the N/2 to form a standard 320-acre gas spacing and proration unit for all formations and/or pool developed on 320-acre spacing within that vertical extent, including the Undesignated Lusk-Atoka Gas Pool; and (ii) the NE/4 to form a standard 160-acre gas spacing and proration unit for all formations and/or pools developed on 160-acre spacing within that vertical extent, including the Undesignated Lusk-Strawn Pool. The units are to be dedicated to applicant's Trapper 13 Federal Well No. 1, located 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 13. 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 units are located approximately 14 miles southeast of Loco Hills, New Mexico.

CASE 12411: Continued from June 15, 2000, Examiner Hearing.

Application of EnerQuest Oil & Gas, L.L.C. 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 SW/4 of Section 18, Township 20 South, Range 39 East, including but not limited to the Blinebry formation, Blinebry Oil and Gas Pool. The unit is to be dedicated to its McCasland "18" Fee Well No. 1 located at a standard location in the SW/4 of Section 18 which has been drilled and completed in the Blinebry 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 EnerQuest Resources, L.L.C. as operator of the well and a charge for risk involved in drilling the well. The area is located approximately 4 miles southeast of Nadine, New Mexico.

CASE 12445: 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 Bone Spring production and designated as the Northwest Hackberry-Bone Spring Pool. The discovery well is the Santa Fe Snyder Corporation Hackberry "19" Federal Well No. 1 located in Unit F of Section 19, Township 19 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 19: NW/4

- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Happy Valley-Wolfcamp Pool. The discovery well is the Penroc Oil Corporation PFI Amoco "19" Federal Well No. 1 located in Unit K of Section 19, Township 22 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM

Section 19: SW/4

Section 29: NW/4

Section 30: N/2

- (c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Southeast Henshaw-Wolfcamp Pool. The discovery well is the Texaco Exploration and Production Inc. Skelly Unit Well No. 902 located in Unit E of Section 15, Township 17 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 15: NW/4

- (d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Loco Hills-Strawn Gas Pool. The discovery well is the EOR Resources, Inc. Oak Lake "14" Federal Well No. 1 located in Unit B of Section 14, Township 17 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Section 14: E/2

- (e) EXTEND the Fren-Morrow Gas Pool in Eddy County, New Mexico, to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 2: All

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- (f) EXTEND the Grayburg-Atoka Gas Pool in Eddy County, New Mexico, to include:
TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 33: E/2
- (g) EXTEND the North Illinois Camp-Morrow Gas Pool in Eddy County, New Mexico, to include:
TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 36: N/2
- (h) EXTEND the Mosley Canyon-Strawn Gas Pool in Eddy County, New Mexico, to include:
TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMPM
Section 14: S/2 and NE/4
- (i) EXTEND the South Paduca-Wolfcamp Gas Pool in Eddy County, New Mexico, to include:
TOWNSHIP 25 SOUTH, RANGE 31 EAST, NMPM
Section 11: N/2
- (j) EXTEND the Red Lake-Glorieta-Yeso Pool in Eddy County, New Mexico, to include:
TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 7: N/2
- (k) EXTEND the North Shugart-Morrow Gas Pool in Eddy County, New Mexico, to include:
TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 8: W/2
- (l) EXTEND the North Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, to include:
TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 19: N/2
- (m) EXTEND the Winchester-Morrow Gas Pool in Eddy County, New Mexico, to include:
TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 28: N/2
- (n) EXTEND the North Winchester-Wolfcamp Pool in Eddy County, New Mexico, to include:
TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 23: SW/4
Section 26: NW/4

IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

DOCKET: EXAMINER HEARING - THURSDAY - JUNE 15, 2000

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 18-00 and 19-00 are tentatively set for June 29 and July 13, 2000. 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 12420: Continued from June 1, 2000, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the W/2 of Section 5, Township 17 South, Range 27 East, to form a standard 320-acre gas spacing and proration unit or units for all formations and/or pools developed on 320-acre spacing within that vertical extent, including, but not limited to the Undesignated Crow Flats Morrow Gas Pool. The units are to be dedicated to applicant's proposed Dog Canyon 5 Fed. Com. Well No. 1 to be drilled at a standard location 660 feet from the South and West lines of Section 5. 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 Nearburg Producing Company, L.L.C. as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 2 miles northeast of Artesia, New Mexico.

CASE 12421: Continued from June 1, 2000, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the E/2 of Section 19, Township 17 South, Range 27 East, to form a standard 320-acre gas spacing and proration unit or units for all formations and/or pools developed on 320-acre spacing within that vertical extent, including, but not limited to the Undesignated Jennings Spring Wolfcamp Gas Pool, Undesignated Logan Draw Cisco Canyon Gas Pool, Undesignated Hart Draw Atoka Gas Pool, and the Undesignated Logan Draw Morrow Gas Pool. The units are to be dedicated to applicant's proposed Logan Draw 19 Fed. Com. Well No. 1 to be drilled at a standard location 810 feet from the South line and 740 feet from the East line of Section 19. 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 Nearburg Producing Company, L.L.C. as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 10 miles southeast of Artesia, New Mexico.

CASE 12427: **Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests underlying the E/2 of Section 18, Township 18 South, Range 28 East in the following manner: (a.) the E/2 to form a standard 320-acre gas spacing and proration unit or units for all formations and/or pools developed on 320-acre spacing within that vertical extent, which presently includes the undesignated North-Illinois Camp Morrow Gas Pool; (b.) SE/4 for all 160-acre formations; (c.) S/2 SE/4 for all 80-acre formations and (d.) SW/4 SE/4 for all 40-acre formations, including the undesignated Empire-Abo Pool and the Artesia-Queen-Grayburg-San Andres Pool. The units are to be dedicated to its proposed Pathfinder 18 State Com. No. 1 Well to be drilled at a standard location 990 feet from the South line and 1980 feet from the East line of Section 18. 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 Nearburg Producing Company, L.L.C. as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 10 miles southeast of Artesia, New Mexico.

CASE 12393: Continued from May 18, 2000, Examiner Hearing.

Application of Santa Fe Snyder Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage within Section 17, Township 23 South, Range 34 East, in the following manner: the N/2 of this section to form a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within this vertical extent, including but not limited to the Antelope Ridge-Morrow Gas Pool; the NW/4 of this section to form a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre gas spacing within this vertical extent; and the SW/4 NW/4 of this section to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within this vertical extent. This unit(s) is to be dedicated to its Paloma Blanco "17" Federal Well No. 1 to be drilled and completed at a standard well location in Unit E of this section. 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 the applicant as the operator of the well and a charge for risk involved in this well. This unit is located approximately 22 miles southwest of Eunice, New Mexico.

CASE 12382: Continued from June 1, 2000, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. 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 following described acreage in Section 21, Township 19 South, Range 28 East, and in the following manner: (a) the S/2 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 this vertical extent which presently includes the Undesignated South Millman-Atoka Gas Pool, Undesignated Winchester-Atoka Gas Pool, Undesignated South Millman-Morrow Gas Pool, Undesignated Winchester-Morrow Gas Pool, and Undesignated North Winchester-Morrow Gas Pool; (b) the SE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and (c) the SW/4 SE/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 this vertical extent which presently includes but is not necessarily limited to the East Millman Yates-Seven Rivers-Queen-Grayburg-San Andres Pool and the Undesignated North Winchester-Wolfcamp Pool. These units are to be dedicated to a single well to be drilled at a location considered to be standard for all three units 660 feet from the South line and 1650 feet from the East line (Unit O) of Section 21. 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 Nearburg Producing Company as the operator of the well and the three above-described units, and a charge for risk involved in drilling the well. Further, the East Millman Yates-Seven Rivers-Queen-Grayburg-San Andres Pool underlying the SW/4 SE/4 of Section 21 is currently dedicated to C.F.M. Oil Company's Monsanto State Well No. 1 (API No. 30-015-24252), located at a standard oil well location 986 feet from the South line and 1650 feet from the East line (Unit O) of Section 21. At the time of the hearing it will be necessary for the applicant to address certain issues created by the forced pooling of producing acreage currently operated by another operator. The proposed well location is approximately eleven miles east of Lakewood, New Mexico.

CASE 12423: Readvertised

Application of Southwestern Energy Production Company for compulsory pooling and an unorthodox oil well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Atoka formation, underlying the following described acreage in Section 17, Township 23 South, Range 34 East, and in the following manner: (a) the W/2 to form a standard 320-acre stand-up gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within this vertical extent which presently includes but is not necessarily limited to the Undesignated Antelope Ridge-Strawn Gas Pool, Undesignated West Antelope Ridge-Atoka Gas Pool, and Undesignated Antelope Ridge-Atoka Gas Pool; (b) the NW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within this vertical extent; and (c) the NW/4 NW/4 (Unit D) 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 this vertical extent which presently includes but is not necessarily limited to the Undesignated North Bell Lake-Bone Spring Pool and Undesignated North Bell Lake-Delaware Pool. These three units are to be dedicated to a single well, the proposed Baywatch "17" Federal Well No. 1, to be drilled 1310 feet from the North and West lines of Section 17 being a standard well location for the 160 and 320-acre spacing and proration units but an unorthodox oil well location for the 40-acre unit. 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 the operator of the well, and a charge for risk involved in drilling the well. The proposed well location is approximately 19.5 miles southwest of Oil Center, New Mexico.

CASE 12407: Continued from May 18, 2000, Examiner Hearing.

Application of Southwestern Energy Production Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 18, Township 23 South, Range 34 East, and in the following manner: the E/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools spaced on 320-acre spacing within that vertical extent, including but not limited to the Undesignated West Antelope Ridge-Atoka Gas Pool and Undesignated North Bell Lake-Morrow Gas Pool; the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; and the SE/4 NE/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 that vertical extent, including but not limited to the Undesignated North Bell Lake-Delaware Pool and Undesignated North Bell Lake-Bone Spring Pool. The units are to be dedicated to its Paloma Blanco "18" Fed. Com. Well No. 1, to be drilled at a location 1980 feet from the North line and 660 feet from the East line of Section 18. 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 the operator of the well and a charge for risk involved in drilling and completing the well. The units are located approximately 20 miles southwest of Oil Center, New Mexico.

CASE 12428: **Application of Cross Timbers Oil Company for compulsory pooling, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the SW/4 of Section 21, Township 29 North, Range 10 West, to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent, including but not limited to the Aztec-Pictured Cliffs Gas Pool. The unit is to be dedicated to applicant's Trujillo Gas Com. Well No. 1R, to be drilled at an orthodox gas well location 1835 feet from the South line and 1910 feet from the West line of Section 21. 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 Cross Timbers Operating Company 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 southwest of Flora Vista, New Mexico.

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CASE 12369: Continued from June 1, 2000, Examiner Hearing.

Application Concho 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 Mississippian formation underlying the N/2 of Section 10, township 17 South, Range 35 East, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within this vertical extent, including the Undesignated North Shoe Bar-Atoka Gas Pool, Undesignated South shoe Bar-Morrow Gas Pool, Undesignated Shoe Bar-Mississippian Gas Pool, and Undesignated South Shoe Bar-Mississippian Gas Pool. This unit is to be dedicated to its proposed South Shoebar 10 State Com Well No. 2 (API No. 30-025-34783) to be drilled at a standard gas well location in the SW/4 NW/4 (Unit E) of Section 10. 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 risk involved in drilling the well. The area is located approximately 8 miles southwest of Lovington, New Mexico.

CASE 12429: **Application of Concho Resources, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the W/2 including but not limited to the South Carlsbad-Morrow Gas Pool, in all formations developed on 160-acre spacing in the NW/4, and in all formations developed on 80-acre spacing in the W/2 NW/4 of Section 14, Township 23 South, Range 26 East. The units are to be dedicated to its Beretta 14 State Com Well No. 1 to be drilled at a standard location 1980 feet from the North line and 660 feet from the West line of Section 14 to a depth sufficient to test all formations from the surface to the base of the Morrow formation, South Carlsbad-Morrow Gas 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 of the well and a charge for risk involved in drilling said well. The area is located approximately 1 mile South of Carlsbad, New Mexico.

CASE 12416: Continued from June 1, 2000, Examiner Hearing.

Application of John H. Hendrix Corporation for a non-standard gas spacing and proration unit or, in the alternative, for compulsory pooling, Lea County, New Mexico. Applicant seeks authority to establish an 80-acre non-standard gas spacing and proration unit comprising the E/2 SW/4 of Section 11, Township 20 South, Range 37 East (which is located approximately three miles southeast of Monument, New Mexico), in the Undesignated Skaggs-Abo Gas Pool. This unit is to be dedicated to the applicant's proposed Skaggs "B" Acc. 1 Well No. 7 (API No. 30-025-33989) to be drilled at a standard gas well location 1980 feet from the South and West lines (Unit K) of Section 11. **IN THE ALTERNATIVE**, the applicant seeks an order pooling all mineral interests in the Undesignated Skaggs-Abo Gas Pool underlying the SW/4 of Section 11, thereby forming a standard 160-acre gas spacing and proration unit for this pool. This standard 160-acre unit is to be dedicated to the above-described Skaggs "B" Acc. 1 Well No. 7. 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 standard 160-acre unit, and a charge for risk involved in drilling the well.

CASE 12430: **Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico.** Applicant seeks approval of the Eight Mile Draw State Unit for an area comprising 3167.08 acres, more or less, of State of New Mexico lands in Sections 19, 20, 21, 29, and 30 of Township 11 South, Range 35 East, which is located approximately 6 miles northwest of Tatum, New Mexico.

CASE 12431: **Application of Fuel Products, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the E/2 which includes but is not limited to the Undesignated North Illinois Camp-Morrow Gas Pool, in all formations developed on 160-acre spacing in the SE/4, in all formations developed on 80-acre spacing in the E/2 SE/4, and in all formations developed on 40-acre spacing in the NE/4 SE/4 which includes but is not necessarily limited to the Undesignated Empire-Abo Pool and the Artesia Queen-Grayburg-San Andres Pool, all in Section 18, Township 18 South, Range 28 East. Said units are to be dedicated to a well to be drilled at a standard location in the NE/4 SE/4 of Section 18 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, designation of applicant as operator of the well and a charge for risk involved in drilling the well. The area is located approximately 10 miles Southeast of Artesia, New Mexico.

CASE 12384: Continued from May 18, 2000, Examiner Hearing.

Application of Louis Dreyfus Natural Gas for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from a depth of 4,000 feet to the base of the Morrow formation, underlying the following described acreage in Section 34, Township 17 South, Range 28 East, and in the following manner: (a) the W/2 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 this vertical extent which presently includes the Empire-Pennsylvanian Gas Pool; (b) the NW/4 to form a standard 160-acre gas spacing and proration unit for all formations developed on 160-acre spacing within said vertical extent; and (c) the SW/4 NW/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 this vertical extent which presently includes the Undesignated Empire-Wolfcamp Pool. These three units are to be dedicated to a single well, the proposed Geronimo "34" State Com. Well No. 1, to be drilled within the SW/4 NW/4 (Unit E) of Section 34 at a location considered to be standard for all three units. 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 the applicant as the operator of the well and units, and a charge for risk involved in drilling the well. The proposed well location is approximately one-quarter mile southwest of the junction of U. S. Highway No. 82 and New Mexico State Road No. 360.

CASE 12432: Application of Amerada Hess Corporation for approval to convert the NMGSAU Well Nos. 215 and 503 to injection in the North Monument Grayburg San Andres Unit, Lea County, New Mexico. Applicant seeks approval to convert its NMGSAU Well Nos. 215 and 503 to injection in the North Monument Grayburg San Andres Unit (NMGSAU). These wells are designed to improve recovery efficiency of the waterflood patterns and enhance production of the NMGSAU secondary recovery project. The wells are located in the following locations in Township 19 South, Range 37 East:

NMGSAU No. 215: Section 18, Unit O, and
NMGSAU No. 503: Section 19, Unit C

Water will be injected into the unitized interval of the Grayburg-San Andres formation, Eunice Monument Grayburg San Andres Pool through the gross perforated and/or open hole interval from approximately 3720 feet to 3965 feet at an expected rate of 1000 barrels of water per day and with a maximum injection pressure of 710 pounds per square inch. This area is located approximately 4 miles northwest of Monument, New Mexico.

CASE 12417: Continued from June 1, 2000, Examiner Hearing.

Application of Saga Petroleum, L.L.C. 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 Devonian formation, Crossroads Siluro-Devonian Pool, underlying 800 acres, more or less, of fee lands in the following acreage:

Township 9 South, Range 36 East, N.M.P.M.

Section 27: N/2, SE/4

Section 34: E/2

The unit is to be designated the Crossroads Siluro-Devonian 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 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 provision for carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. The unit area is located approximately 6 miles east of Crossroads, New Mexico.

CASE 12418: Continued from June 1, 2000, Examiner Hearing.

Application of Saga Petroleum, L.L.C. for approval of a waterflood project for its Crossroads Siluro-Devonian Unit Area and qualification of said project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval of its Crossroads Siluro-Devonian Unit Waterflood Project for injection of water into the Devonian formation, Crossroads Siluro-Devonian Pool, through four injection wells located in the following described area:

Township 9 South, Range 36 East, N.M.P.M.

Section 27: N/2, SE/4

Section 34: E/2

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the project area without the necessity of further hearings and the adoption of such other provisions as are necessary for said waterflood operations. Applicant further seeks to qualify the project area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). The unit is located approximately 6 miles east of Crossroads, New Mexico.

CASE 12411: Continued from June 1, 2000, Examiner Hearing.

Application of EnerQuest Oil & Gas, L.L.C. 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 SW/4 of Section 18, Township 20 South, Range 39 East, including but not limited to the Blinebry formation, Blinebry Oil and Gas Pool. The unit is to be dedicated to its McCasland "18" Fee Well No. 1 located at a standard location in the SW/4 of Section 18 which has been drilled and completed in the Blinebry 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 EnerQuest Resources, L.L.C. as operator of the well and a charge for risk involved in drilling the well. The area is located approximately 4 miles southeast of Nadine, New Mexico.

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CASE 12132: Reopened

In the matter of Case 12132 being reopened pursuant to the provisions of Division Order No. R-11181, which order established temporary special rules and regulations for the Anderson Ranch-Strawn Pool in Lea County, New Mexico, including a provision for 80-acre spacing units. Operators in the Anderson Ranch-Strawn Pool may appear and show cause why the Temporary Special Pool Rules for the pool should not be rescinded.

CASE 12385: Continued from May 18, 2000, Examiner Hearing.

Application of Texaco Exploration and Production, Inc. for Compulsory Pooling, Chaves County, New Mexico. Applicant seeks an order pooling all mineral interests from the top of the Abo formation to the base of the Morrow formation underlying the following described acreage in Section 36, Township 15 South, Range 31 East, and in the following manner: (a) the W/2 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 this vertical extent which presently includes the Undesignated West Anderson Ranch-Pennsylvanian Gas Pool; and (b) the NW/4 to form a standard 160-acre gas spacing and proration unit for all formations developed on 160-acre spacing within this vertical extent. Both units are to be dedicated to the proposed Dulce "36" State Com. Well No. 1 (API No. 30-005-21160), to be drilled at a standard gas well location for both units 1330 feet from the North line and 1980 feet from the West line (Unit F) 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 the operator of this well and the two above-described units, and a charge for risk involved in drilling the well. The proposed well location is approximately seven miles north of Maljamar, New Mexico.

CASE 12396: Continued from June 1, 2000, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the E/2 of Section 12, Township 22 South, Range 25 East, to form a standard 320-acre gas spacing and proration unit for formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the undesignated Catclaw Draw-Wolfcamp Gas Pool, undesignated Hackberry Hills-Canyon Gas Pool, undesignated Hackberry Hills-Atoka Gas Pool, and Revelation-Morrow Gas Pool. Said spacing and proration unit is to be dedicated to Nearburg's proposed White Tip 12 Fed. Com. Well # 1, to be drilled at a standard location in the SE/4 (Unit P) of said Section 12. 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 Nearburg Producing Company, L.L.C., as operator of the well; and, a charge for risk involved in drilling said well. Said area is located approximately 7 miles southwest of Carlsbad, New Mexico.

CASE 12397: Continued from June 1, 2000, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the W/2 of Section 19 Township 17 South, Range 28 East, NMPM, which includes but is not necessarily limited to the Undesignated Logan Draw-Morrow Gas Pool. Said units are to be dedicated to its Mandalay "19" State Com Well No. 1 to be drilled at a standard location 990 feet from the North line and 1650 feet from the West line of said Section 19 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, designation of Nearburg Producing Company, L.L.C. as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 11 miles east of Artesia, New Mexico.

CASE 12413: Continued from June 1, 2000, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the N/2 which includes but is not necessarily limited to the Undesignated North Quail Ridge-Morrow Gas Pool and the Undesignated East Gem-Morrow Gas Pool, in all formations developed on 160-acre spacing in the NE/4 which includes but is not necessarily limited to the Undesignated Quail Ridge-Yates Gas Pool, and in all formations developed on 40-acre spacing in the SW/4 NE/4 which includes but is not necessarily limited to the Undesignated Tonto (Seven Rivers) Pool, the Undesignated Tonto Wolfcamp Pool, the Undesignated Southeast Buffalo-Bone Spring Pool and the Undesignated East Gem-Delaware Pool, all in Section 13 Township 19 South, Range 33 East. The unit is to be dedicated to its Stetson "13" Federal Com Well No. 1 to be drilled at a standard location 1650 feet from the North and East lines of said Section 13 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, designation of Nearburg Producing Company as operator of the well and a charge for risk involved in drilling said well. The area is located approximately 11 miles northeast of Halfway, New Mexico.

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CASE 12414: Continued from June 1, 2000, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the W/2, which includes but is not necessarily limited to the Undesignated West Anderson Ranch-Pennsylvanian Gas Pool and the Undesignated Anderson Ranch-Morrow Gas Pool, in Section 32, Township 15 South, Range 32 East. The unit is to be dedicated to its Anderson Ranch "32" State Com Well No. 1 to be drilled at a standard location 990 feet from the North and West lines of Section 32 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 the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Nearburg Producing Company as operator of the well and a charge for risk involved in drilling the well. The area is located approximately 7 miles North of Maljamar, New Mexico.

CASE 12406: Continued from June 1, 2000, Examiner Hearing.

Application of Pogo Producing company for approval of permits to drill four wells within the potash area, as defined by Division Order No. R-111-P, Eddy County, New Mexico. Applicant seeks approval of permits to drill four wells in the S/2 S/2 of Section 35, Township 21 South, Range 31 East, to a depth sufficient to test the Undesignated Lost Tank-Delaware Pool. The proposed wells are within the potash area, as defined by Division Order No. R-111-P. The acreage is located approximately 28 miles east-northeast of Carlsbad, New Mexico.

CASE 12433: **Application of the Oil Conservation Division for an order requiring U-Mex, Inc. to properly plug two wells, Chaves County, New Mexico.** Applicant seeks an order requiring U-Mex to appear and show cause why two (2) wells located in Section 17, Township 10 South, Range 25 East, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug these wells, the Division seeks an order (i) requiring operator to properly plug these wells; (ii) authorizing the Division to plug these wells; (iii) ordering a forfeiture of the plugging bond, and (iv) assessing fines for failure to comply with the order.

CASE 12434: **Application of the Oil Conservation Division for an order requiring C. H. Juni to properly plug one well, Chaves County, New Mexico.** Applicant seeks an order requiring W. H. Juni to appear and show cause why one (1) well located in Section 1, Township 15 South, Range 29 East, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug this well, the Division seeks an order (i) requiring operator to properly plug this well; (ii) authorizing the Division to plug this well; (iii) ordering a forfeiture of the plugging bond, and (iv) assessing fines for failure to comply with the order.

CASE 12435: **Application of the Oil Conservation Division for an order requiring Red Lake Oil Company to properly plug one well, Eddy County, New Mexico.** Applicant seeks an order requiring Red Lake Oil Company to appear and show cause why one (1) well located in Section 28, Township 17 South, Range 28 East, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug this well, the Division seeks an order (i) requiring operator to properly plug this well; (ii) authorizing the Division to plug this well; (iii) ordering a forfeiture of the plugging bond, and (iv) assessing fines for failure to comply with the order.

CASE 12436: **Application of the Oil Conservation Division for an order requiring W. J. Conover to properly plug one well, Otero County, New Mexico.** Applicant seeks an order requiring W. J. Conover to appear and show cause why one (1) well located in Section 12, Township 12 South, Range 9 East, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug this well, the Division seeks an order (i) requiring operator to properly plug this well; (ii) authorizing the Division to plug this well; (iii) ordering a forfeiture of the plugging bond, and (iv) assessing fines for failure to comply with the order.

CASE 12437: **Application of the Oil Conservation Division for an order requiring Sandco Oil and Gas Incorporated to properly plug three wells, Chaves County, New Mexico.** Applicant seeks an order requiring Sandco Oil and Gas Incorporated to appear and show cause why three (3) wells located in Section 25, Township 8 South, Range 28 East and Section 7, Township 8 South, Range 29 East, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug these wells, the Division seeks an order (i) requiring operator to properly plug these wells; (ii) authorizing the Division to plug these wells; (iii) ordering a forfeiture of the plugging bond, and (iv) assessing fines for failure to comply with the order.

CASE 12438: **Application of the Oil Conservation Division for an order requiring Salado Operating, L.L.C. to properly plug four wells, Eddy County, New Mexico.** Applicant seeks an order requiring Salado Operating L.L.C. to appear and show cause why four (4) wells located in Section 2, Township 16 South, Range 30 East, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug these wells, the Division seeks an order (i) requiring operator to properly plug these wells; (ii) authorizing the Division to plug these wells; (iii) ordering a forfeiture of the plugging bond, and (iv) assessing fines for failure to comply with the order.

DOCKET: EXAMINER HEARING - THURSDAY - JUNE 1, 2000

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 16-00 and 17-00 are tentatively set for June 15 and June 29, 2000. 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 12369: Continued from May 4, 2000, Examiner Hearing.

Application Concho 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 Mississippian formation underlying the N/2 of Section 10, township 17 South, Range 35 East, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within this vertical extent, including the Undesignated North Shoe Bar-Atoka Gas Pool, Undesignated South shoe Bar-Morrow Gas Pool, Undesignated Shoe Bar-Mississippian Gas Pool, and Undesignated South Shoe Bar-Mississippian Gas Pool. This unit is to be dedicated to its proposed South Shoebar 10 State Com Well No. 2 (API No. 30-025-34783) to be drilled at a standard gas well location in the SW/4 NW/4 (Unit E) of Section 10. 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 risk involved in drilling the well. The area is located approximately 8 miles southwest of Lovington, New Mexico.

CASE 12410: **Application of BK Exploration Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the SE/4 NE/4 of Section 34, Township 23 South, Range 28 East for all formations developed on 40-acre spacing. Applicant proposes to dedicate these pooled units to its Pardue "34" Well No. 1, located at a standard location 2310 feet from the North line and 660 feet from the East line (Unit H) of Section 34 which it proposes to re-enter and recomplete in the East Loving-Brushy Canyon 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 of the well and a charge for risk involved in drilling said well. The area is located approximately 2 miles south of Loving, New Mexico.

CASE 12411: **Application of EnerQuest Oil & Gas, L.L.C. 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 SW/4 of Section 18, Township 20 South, Range 39 East, including but not limited to the Blinebry formation, Blinebry Oil and Gas Pool. The unit is to be dedicated to its McCasland "18" Fee Well No. 1 located at a standard location in the SW/4 of Section 18 which has been drilled and completed in the Blinebry 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 EnerQuest Resources, L.L.C. as operator of the well and a charge for risk involved in drilling the well. The area is located approximately 4 miles southeast of Nadine, New Mexico.

CASE 12412: **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 underlying the S/2 of Section 10, Township 25 North, Range 2 West, for all formations and or pools developed on 320-acre spacing to be dedicated to its Badger Com 10 Well No. 1 to be drilled to a depth sufficient to test all formations in the pooled interval including, but not necessarily limited to the Blanco-Mesaverde Gas Pool, at a standard location in the NE/4 SW/4 of said Section 10. 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 risk involved in drilling said well. The area is located approximately 7 miles north-northeast of Lindreth, New Mexico.

CASE 12396: Continued from May 4, 2000, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the E/2 of Section 12, Township 22 South, Range 25 East, to form a standard 320-acre gas spacing and proration unit for formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the undesignated Catclaw Draw-Wolfcamp Gas Pool, undesignated Hackberry Hills-Canyon Gas Pool, undesignated Hackberry Hills-Atoka Gas Pool, and Revelation-Morrow Gas Pool. Said spacing and proration unit is to be dedicated to Nearburg's proposed White Tip 12 Fed. Com. Well # 1, to be drilled at a standard location in the SE/4 (Unit P) of said Section 12. 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 Nearburg Producing Company, L.L.C., as operator of the well; and, a charge for risk involved in drilling said well. Said area is located approximately 7 miles southwest of Carlsbad, New Mexico.

CASE 12397: Continued from May 4, 2000, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the W/2 of Section 19 Township 17 South, Range 28 East, NMPM, which includes but is not necessarily limited to the Undesignated Logan Draw-Morrow Gas Pool. Said units are to be dedicated to its Mandalay "19" State Com Well No. 1 to be drilled at a standard location 990 feet from the North line and 1650 feet from the West line of said Section 19 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, designation of Nearburg Producing Company, L.L.C. as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 11 miles east of Artesia, New Mexico.

CASE 12413: Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the N/2 which includes but is not necessarily limited to the Undesignated North Quail Ridge-Morrow Gas Pool and the Undesignated East Gem-Morrow Gas Pool, in all formations developed on 160-acre spacing in the NE/4 which includes but is not necessarily limited to the Undesignated Quail Ridge-Yates Gas Pool, and in all formations developed on 40-acre spacing in the SW/4 NE/4 which includes but is not necessarily limited to the Undesignated Tonto (Seven Rivers) Pool, the Undesignated Tonto Wolfcamp Pool, the Undesignated Southeast Buffalo-Bone Spring Pool and the Undesignated East Gem-Delaware Pool, all in Section 13 Township 19 South, Range 33 East. The unit is to be dedicated to its Stetson "13" Federal Com Well No. 1 to be drilled at a standard location 1650 feet from the North and East lines of said Section 13 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, designation of Nearburg Producing Company as operator of the well and a charge for risk involved in drilling said well. The area is located approximately 11 miles northeast of Halfway, New Mexico.

CASE 12414: Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the W/2, which includes but is not necessarily limited to the Undesignated West Anderson Ranch-Pennsylvanian Gas Pool and the Undesignated Anderson Ranch-Morrow Gas Pool, in Section 32, Township 15 South, Range 32 East. The unit is to be dedicated to its Anderson Ranch "32" State Com Well No. 1 to be drilled at a standard location 990 feet from the North and West lines of Section 32 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 the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Nearburg Producing Company as operator of the well and a charge for risk involved in drilling the well. The area is located approximately 7 miles North of Maljamar, New Mexico.

CASE 12415: Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the E/2, in all formations developed on 160-acre spacing in the NE/4, in all formations developed on 80-acre spacing in the E/2 NE/4, and in all formations developed on 40-acre spacing in the SE/4 NE/4 of Section 29, Township 18 South, Range 28 East. The unit is to be dedicated to its Pathfinder "29" State Com Well No. 1 to be drilled at a standard location 1980 feet from the North line and 660 feet from the East line of said Section 29 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, designation of Nearburg Producing Company as operator of the well and a charge for risk involved in drilling the well. The area is located approximately 9 miles Southeast of Artesia, New Mexico.

CASE 12416: Application of John H. Hendrix Corporation for a non-standard gas spacing and proration unit or, in the alternative, for compulsory pooling, Lea County, New Mexico. Applicant seeks authority to establish an 80-acre non-standard gas spacing and proration unit comprising the E/2 SW/4 of Section 11, Township 20 South, Range 37 East (which is located approximately three miles southeast of Monument, New Mexico), in the Undesignated Skaggs-Abo Gas Pool. This unit is to be dedicated to the applicant's proposed Skaggs "B" Acc. 1 Well No. 7 (API No. 30-025-33989) to be drilled at a standard gas well location 1980 feet from the South and West lines (Unit K) of Section 11. IN THE ALTERNATIVE, the applicant seeks an order pooling all mineral interests in the Undesignated Skaggs-Abo Gas Pool underlying the SW/4 of Section 11, thereby forming a standard 160-acre gas spacing and proration unit for this pool. This standard 160-acre unit is to be dedicated to the above-described Skaggs "B" Acc. 1 Well No. 7. 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 standard 160-acre unit, and a charge for risk involved in drilling the well.

CASE 12386: Continued from April 20, 2000, Examiner Hearing.

Application of Threshold Development Company for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation, underlying the following described acreage in Section 16, Township 24 South, Range 33 East, and in the following manner: (a) the W/2 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 this vertical extent which presently includes the Undesignated Johnson Ranch-Wolfcamp Gas Pool; (b) the NW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and (c) the NE/4 NW/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 this vertical extent. These three units are to be dedicated to a single well, the proposed Johnson Ranch State "16" Well No. 1, to be drilled within the NE/4 NW/4 of Section 16 at a location considered to be standard for all three units. 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 the operator of the well and units, and a charge for risk involved in drilling the well. The proposed well location is approximately four miles west-northwest of the junction of New Mexico State Road 128 and the Delaware Basin Road.

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CASE 12112: (Reopened)

Application of GP II Energy, Inc. for Approval of a Waterflood Project and Qualification of the Project for the Recovered Oil Tax Rate Pursuant to the Enhanced Oil Recovery Act, Eddy County, New Mexico. Applicant seeks approval of its Square Lake Unit Waterflood Project by injection of water into the Grayburg and San Andres formations through 23 injection wells located in the following described area:

Township 16 South, Range 30 East, NMPM

Section 25: E/2

Section 36: N/2

Township 16 South, Range 31 East, NMPM

Section 19: S/2

Section 20: S/2

Section 27: SW/4, S/2 NW/4, NW/4 NW/4,

S/2 SE/4, NW/4 SE/4, SW/4 NE/4

Sections 28 through 34: All

Applicant requests that the Division establish procedures for 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 waterflood operations. Applicant further seeks to qualify the project area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). This area is located approximately 5 miles northeast of Loco Hills, New Mexico.

CASE 12417: **Application of Saga Petroleum, L.L.C. 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 Devonian formation, Crossroads Siluro-Devonian Pool, underlying 800 acres, more or less, of fee lands in the following acreage:

Township 9 South, Range 36 East, N.M.P.M.

Section 27: N/2, SE/4

Section 34: E/2

The unit is to be designated the Crossroads Siluro-Devonian 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 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 provision for carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. The unit area is located approximately 6 miles east of Crossroads, New Mexico.

CASE 12418: **Application of Saga Petroleum, L.L.C. for approval of a waterflood project for its Crossroads Siluro-Devonian Unit Area and qualification of said project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico.** Applicant seeks approval of its Crossroads Siluro-Devonian Unit Waterflood Project for injection of water into the Devonian formation, Crossroads Siluro-Devonian Pool, through four injection wells located in the following described area:

Township 9 South, Range 36 East, N.M.P.M.

Section 27: N/2, SE/4

Section 34: E/2

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the project area without the necessity of further hearings and the adoption of such other provisions as are necessary for said waterflood operations. Applicant further seeks to qualify the project area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). The unit is located approximately 6 miles east of Crossroads, New Mexico.

CASE 12419: **Application of Marathon Oil Company for amendment of surface commingling Division Order R-11112-A, Eddy County, New Mexico.** Applicant seeks to amend Division Order R-11112-A to permit surface commingling of North Turkey Track-Morrow Gas and Travis-Upper Pennsylvanian Gas Pool production from the Jose Guerrero '34' State lease, S/2 of Section 34, Township 18 South, Range 28 East. The production will be metered on lease prior to being commingled at the Buchanan Central Tank Battery located in the NE/4 SE/4 of Section 33, Township 18 South, Range 28 East. Said lease is approximately 18 miles northeast of Carlsbad, New Mexico.

CASE 12420: **Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests underlying the W/2 of Section 5, Township 17 South, Range 27 East, to form a standard 320-acre gas spacing and proration unit or units for all formations and/or pools developed on 320-acre spacing within that vertical extent, including, but not limited to the Undesignated Crow Flats Morrow Gas Pool. The units are to be dedicated to applicant's proposed Dog Canyon 5 Fed. Com. Well No. 1 to be drilled at a standard location 660 feet from the South and West lines of Section 5. 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 Nearburg Producing Company, L.L.C. as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 2 miles northeast of Artesia, New Mexico.

CASE 12421: **Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests underlying the E/2 of Section 19, Township 17 South, Range 27 East, to form a standard 320-acre gas spacing and proration unit or units for all formations and/or pools developed on 320-acre spacing within that vertical extent, including, but not limited to the Undesignated Jennings Spring Wolfcamp Gas Pool, Undesignated Logan Draw Cisco Canyon Gas Pool, Undesignated Hart Draw Atoka Gas Pool, and the Undesignated Logan Draw Morrow Gas Pool. The units are to be dedicated to applicant's proposed Logan Draw 19 Fed. Com. Well No. 1 to be drilled at a standard location 810 feet from the South line and 740 feet from the East line of Section 19. 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 Nearburg Producing Company, L.L.C. as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 10 miles southeast of Artesia, New Mexico.

CASE 12382: **Continued from May 4, 2000, Examiner Hearing**

Application of Nearburg Exploration Company, L.L.C. 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 following described acreage in Section 21, Township 19 South, Range 28 East, and in the following manner: (a) the S/2 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 this vertical extent which presently includes the Undesignated South Millman-Atoka Gas Pool, Undesignated Winchester-Atoka Gas Pool, Undesignated South Millman-Morrow Gas Pool, Undesignated Winchester-Morrow Gas Pool, and Undesignated North Winchester-Morrow Gas Pool; (b) the SE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and (c) the SW/4 SE/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 this vertical extent which presently includes but is not necessarily limited to the East Millman Yates-Seven Rivers-Queen-Grayburg-San Andres Pool and the Undesignated North Winchester-Wolfcamp Pool. These units are to be dedicated to a single well to be drilled at a location considered to be standard for all three units 660 feet from the South line and 1650 feet from the East line (Unit O) of Section 21. 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 Nearburg Producing Company as the operator of the well and the three above-described units, and a charge for risk involved in drilling the well. Further, the East Millman Yates-Seven Rivers-Queen-Grayburg-San Andres Pool underlying the SW/4 SE/4 of Section 21 is currently dedicated to C.F.M. Oil Company's Monsanto State Well No. 1 (API No. 30-015-24252), located at a standard oil well location 986 feet from the South line and 1650 feet from the East line (Unit O) of Section 21. At the time of the hearing it will be necessary for the applicant to address certain issues created by the forced pooling of producing acreage currently operated by another operator. The proposed well location is approximately eleven miles east of Lakewood, New Mexico.

CASE 12422: **Application of Pogo Producing Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying Lots 1, 2, S/2 NE/4 and SE/4 (the E/2 equivalent) of Section 6, Township 18 South, Range 31 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 North Shugart-Morrow Gas Pool. The unit is to be dedicated to applicant's Shugart "6" Com. Well No. 1, to be drilled from a surface location 990 feet from the South line and 660 feet from the East line of Section 6 to a bottom hole location 660 feet from the South and East lines of Section 6. 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 5½ miles southeast of Loco Hills, New Mexico.

CASE 12406: **Continued from May 4, 2000, Examiner Hearing.**

Application of Pogo Producing company for approval of permits to drill four wells within the potash area, as defined by Division Order No. R-111-P, Eddy County, New Mexico. Applicant seeks approval of permits to drill four wells in the S/2 S/2 of Section 35, Township 21 South, Range 31 East, to a depth sufficient to test the Undesignated Lost Tank-Delaware Pool. The proposed wells are within the potash area, as defined by Division Order No. R-111-P. The acreage is located approximately 28 miles east-northeast of Carlsbad, New Mexico.

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CASE 12353: Continued from May 4, 2000, Examiner Hearing.

Application of Southwestern Energy Production Company 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 N/2 of Section 10, Township 17 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 the Undesignated South Shoe Bar-Atoka Gas Pool, the Undesignated South Shoe Bar-Morrow Gas Pool, and the Undesignated South Shoe Bar-Mississippian Gas Pool. The unit is to be dedicated to its South Shoe Bar "10" State Com. Well No. 4 to be drilled at an orthodox location in the NE/4 NW/4 of Section 10. 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 risk involved in drilling and completing the well. The unit is located approximately 8 ½ miles southwest of Lovington, New Mexico.

CASE 12423: **Application of Southwestern Energy Production Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Atoka formation underlying the following described acreage in Section 17, Township 23 South, Range 34 East, and in the following manner: the W/2 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 West Antelope Ridge-Atoka Gas Pool; the NW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; and the NW/4 NW/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 that vertical extent, including but not limited to the Undesignated North Bell Lake-Delaware Pool and the Undesignated North Bell Lake-Bone Spring Pool. The units are to be dedicated to applicant's Baywatch "17" Fed. Com. Well No. 1, to be drilled at a location 1310 feet from the North and West lines of Section 17. 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 units are located approximately 19½ miles southwest of Oil Center, New Mexico.

CASE 12424: **Application of Murchison Oil & Gas, Inc. for an unorthodox second infill gas well location and simultaneous dedication, Eddy County, New Mexico.** Applicant seeks exceptions to **Rules 2.B and 4** of the "*Special Rules and Regulations for the White City Pennsylvanian Gas Pool*", as promulgated by Division Order No. R-2429-A, as amended, in order to drill its proposed Black River Federal Com. Well No. 1 at an unorthodox gas well location 1650 feet from the South line and 660 feet from the West line (Unit L) of Section 34, Township 24 South, Range 26 East, as a third gas well on an existing standard 640-acre gas spacing and proration unit in the White City-Pennsylvanian Gas Pool comprising all of Section 34. This unit, which is located approximately five miles east of White City, New Mexico, is currently dedicated to the applicant's: (i) Strong Federal Com. Well No. 1 (**API No. 30-015-22153**), located at a standard gas well location 1650 feet from the South and East lines (Unit J) of Section 34; and (ii) Strong Federal Com. Well No. 1-E (**API No. 30-015-24094**), located at a standard gas well location 1650 feet from the North and West lines (Unit F) of Section 34.

CASE 12425: **Application of Manzano Oil Corporation for an unorthodox subsurface oil well location, Lea County, New Mexico.** Applicant, in accordance with Division Rule 111.C (2), seeks an exception to Rule 4 of the "*Special Rules and Regulations for the Northeast Lovington-Strawn Pool*", as promulgated by Division Orders No. R-3816 and R-3816-A, amending Division Administrative Order NSL-4417 in order to change the provisions contained therein to reflect the actual bottomhole location of its Cayuma Well No. 1 (**API No. 30-025-3448**) being 3807 feet from the South line and 1179 feet from the West line (72 % closer than allowed) (Lot 13/Unit M) of Irregular Section 1, Township 16 South, Range 36 East. Lots 12 and 13 of Irregular Section 1 (which is located approximately two miles east-northeast of Lovington, New Mexico) are to be dedicated to this well in order to form a standard 80-acre oil spacing and proration unit for this pool.

CASE 12426: **Application of Southwest Royalties, Inc. for a non-standard gas spacing and proration unit and an unorthodox gas well location, Lea County, New Mexico.** Applicant seeks exceptions to **Rules 3 and 6** of the "*Special Rules and Regulations for the Scarborough Yates-Seven Rivers Pool*", as promulgated by Division Order No. R-2999, in order to: (i) establish a non-standard 280-acre gas spacing and proration unit comprising the S/2 NE/4, NE/4 SE/4, and S/2 SE/4 of Section 30, Township 26 South, Range 37 East (which is located approximately seven miles south of Jal, New Mexico) within the Scarborough Yates-Seven Rivers Pool; and (ii) to dedicate thereon its existing Eaves "B" Well No. 20 (**API No. 30-025-32274**) located at an unorthodox gas well location 1414 feet from the South line and 429 feet from the East line (Unit I) of Section 30.

CASE 12388: Continued from April 20, 2000, Examiner Hearing.

In the matter of the hearing called by the New Mexico Oil Conservation Division on its own motion to permit the operator of the Federal "D" Well No. 3 (**API No. 30-025-34066**), located 1120 feet from the South line and 1420 feet from the East line (Unit O) of Section 31, Township 9 South, Range 36 East, Lea County, New Mexico, Reliance Operating Company, to appear and show cause why the request for allowable and authorization to transport gas production from the Atoka formation should not be cancelled for failure to comply with: (i) Division Administrative Order NSL-3838-A, dated June 7, 1999; and (ii) Division Rules 1104.C and D, unless the mineral interests in the E/2 of Section 31 are properly consolidated.