

DOCKET: EXAMINER HEARING - THURSDAY - OCTOBER 18, 2001**8:15 A.M. - 1220 South St. Francis****Santa Fe, New Mexico**

Docket Nos. 35-01 and 36-01 are tentatively set for November 1, 2001 and November 15, 2001. 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 12739: Application of the New Mexico Oil Conservation Division for an Order Requiring Operators to Bring One Hundred Nineteen (119) Wells into Compliance with Rule 201.B, and Assessing Appropriate Civil Penalties; San Juan, Rio Arriba, Sandoval and McKinley Counties, New Mexico. The Applicant seeks an order requiring the operators of 119 inactive wells located in San Juan, Rio Arriba, Sandoval and McKinley Counties, New Mexico, to bring said wells into compliance with OCD Rule 201.B by either restoring said wells to production or beneficial use, plugging and abandoning said wells or securing Division approval for temporary abandonment thereof. The affected wells are the following:

<u>OPERATOR</u>	<u>WELL NAME AND NUMBER</u>	<u>API #</u>	<u>UNIT/SEC/TWSP RANGE</u>	<u>COUNTY</u>
R - J ENTERPRISES	NMALCO GURLEY #001	30-031-20908	P-09-20N-12W	McKinley
R - J ENTERPRISES	STATE COOKIE #001	30-031-20919	A-16-20N-12W	McKinley
R - J ENTERPRISES	STATE COOKIE #005	30-031-20928	B-16-20N-12W	McKinley
CHAPARRAL ENERGY INC	OSO CANYON FEDERAL B #001	30-039-23521	F-11-24N-02W	Rio Arriba
KEYSTONE ENERGY LLC	EGAN #001	30-039-82239	A-18-24N-06W	Rio Arriba
N M & O OPERATING CO	FEDERAL #010	30-039-05956	D-24-25N-02W	Rio Arriba
N M & O OPERATING CO	FEDERAL INVADER #001	30-039-23976	D-01-24N-02W	Rio Arriba
N M & O OPERATING CO	GAVILAN #003	30-039-23192	E-26-25N-02W	Rio Arriba
N M & O OPERATING CO	HIGHSMITH D #004	30-039-06144	I-04-25N-02W	Rio Arriba
N M & O OPERATING CO	NORTH LINDRITH 23 #001	30-039-24368	H-23-25N-02W	Rio Arriba
SMOKEY OIL COMPANY	SCHMITZ ANTICLINE FED #001	30-039-23379	K-25-24N-01W	Rio Arriba
CLAYTON INVESTMENT CO	STOCK #001	30-045-25177	J-36-30N-16W	San Juan
HART OIL & GAS INC	NAVAJO AA #010	30-045-11440	K-17-32N-17W	San Juan
HART OIL & GAS INC	NAVAJO AA #019	30-045-20797	B-19-32N-17W	San Juan
HART OIL & GAS INC	NAVAJO TRIBAL C #001	30-045-11358	L-24-32N-18W	San Juan
HART OIL & GAS INC	NAVAJO TRIBE OF IND F #103	30-045-11053	L-04-31N-17W	San Juan
HART OIL & GAS INC	NAVAJO TRIBE OF IND G #209	30-045-11047	K-01-31N-17W	San Juan
HART OIL & GAS INC	NAVAJO TRIBE OF IND G #222	30-045-11117	C-02-31N-17W	San Juan
J C WELL SERVICE	KING KONG #020	30-045-09899	L-04-30N-17W	San Juan
J C WELL SERVICE	UTE MOUNTAIN B #004	30-045-10143	F-32-31N-15W	San Juan
J C WELL SERVICE	UTE MOUNTAIN B #010	30-045-10240	N-29-31N-15W	San Juan
J C WELL SERVICE	UTE MOUNTAIN B #020	30-045-25240	G-31-31N-15W	San Juan
J C WELL SERVICE	UTE MOUNTAIN B #021	30-045-25239	B-31-31N-15W	San Juan
JIMMY ROBERSON ENERGY CORPORATION	A P HIXON 1A COM #001	30-045-25678	E-21-25N-11W	San Juan
JIMMY ROBERSON ENERGY CORPORATION	A P HIXON COM #001E	30-045-26036	A-21-25N-11W	San Juan
JIMMY ROBERSON ENERGY CORPORATION	ALAMO WASH 34 #032	30-045-28023	G-34-25N-11W	San Juan
JIMMY ROBERSON ENERGY CORPORATION	ALEXANDRA BALLARD #001	30-045-27123	F-30-25N-11W	San Juan

Examiner Hearing – October 18, 2001

Docket No. 34-01

Page 2 of 8

JIMMY ROBERSON ENERGY CORPORATION	BLACK HILL MESA #001	30-045-23260	G-17-25N-12W	San Juan
JIMMY ROBERSON ENERGY CORPORATION	S CARSON FEDERAL 25 #008	30-045-24227	H-25-25N-12W	San Juan
JULIUS CHODOROW	UTE #001	30-045-60045	F-20-31N-15W	San Juan
MANANA GAS INC	MARY ACKROYD #001	30-045-23426	J-18-30N-11W	San Juan
MANANA GAS INC	MARY ACKROYD #002	30-045-23555	J-18-30N-11W	San Juan
PHOENIX HYDROCARBONS OPERATING CORP	FEDERAL E #001	30-045-20569	L-25-27N-08W	San Juan
TASCO	NAVAJO #027	30-045-20435	L-01-29N-19W	San Juan
TASCO	NAVAJO #134	30-045-08677	O-02-29N-19W	San Juan
TASCO	NAVAJO #153	30-045-08506	O-12-29N-19W	San Juan
TASCO	NAVAJO #157	30-045-08632	D-12-29N-19W	San Juan
TASCO	NAVAJO #158	30-045-08536	K-12-29N-19W	San Juan
TASCO	NAVAJO #208	30-045-21073	H-02-29N-19W	San Juan
COULTHURST MGT & INV INC	ANN #003	30-043-05040	A-33-18N-03W	Sandoval
COULTHURST MGT & INV INC	ANN #005	30-043-07011	A-33-18N-03W	Sandoval
COULTHURST MGT & INV INC	ANN #006	30-043-60003	A-33-18N-03W	Sandoval
COULTHURST MGT & INV INC	ANN #015	30-043-20248	A-33-18N-03W	Sandoval
COULTHURST MGT & INV INC	DARLA #001	30-043-20678	H-33-18N-03W	Sandoval
COULTHURST MGT & INV INC	DARLA #002	30-043-05035	H-33-18N-03W	Sandoval
COULTHURST MGT & INV INC	DARLA #007	30-043-07017	H-33-18N-03W	Sandoval
COULTHURST MGT & INV INC	DARLA #016	30-043-20247	H-33-18N-03W	Sandoval
COULTHURST MGT & INV INC	ERIN #001	30-043-20861	C-33-18N-03W	Sandoval
COULTHURST MGT & INV INC	ERIN #003	30-043-20868	F-33-18N-03W	Sandoval
COULTHURST MGT & INV INC	ERIN #004	30-043-20869	F-33-18N-03W	Sandoval
COULTHURST MGT & INV INC	JENNY #001	30-043-20894	O-28-18N-03W	Sandoval
LAQUINTA OIL CO	PARLAY #001	30-043-20075	H-29-22N-03W	Sandoval
LAQUINTA OIL CO	PARLAY #002	30-043-20084	F-29-22N-03W	Sandoval
TORREON OIL CO	SAN LUIS FEDERAL #002	30-043-20379	K-21-18N-03W	Sandoval
TORREON OIL CO	TORREON #012	30-043-05066	J-21-18N-03W	Sandoval
TORREON OIL CO	TORREON #013	30-043-05065	J-21-18N-03W	Sandoval
TORREON OIL CO	TORREON #018	30-043-20819	J-21-18N-03W	Sandoval
TORREON OIL CO	TORREON #019	30-043-20925	J-21-18N-03W	Sandoval
U S ENERCORP LLC	CUBA MESA UNIT 35 #001	30-043-20870	M-35-21N-02W	Sandoval
U S ENERCORP LLC	CUBA MESA UNIT 35 #002	30-043-20913	M-35-21N-02W	Sandoval
N M & O OPERATING CO	FEDERAL #013	30-039-05850	D-26-25N-02W	Rio Arriba
N M & O OPERATING CO	GAVILAN #001	30-039-22860	A-26-25N-02W	Rio Arriba
N M & O OPERATING CO	HOWARD #001	30-039-05952	C-23-25N-02W	Rio Arriba
N M & O OPERATING CO	RUCKER LAKE #002	30-039-23231	K-24-25N-02W	Rio Arriba
HART OIL & GAS INC	MESA GALLUP UNIT #015	30-045-29157	K-14-32N-18W	San Juan
HART OIL & GAS INC	NAVAJO #001	30-045-11472	H-15-32N-18W	San Juan
HART OIL & GAS INC	NAVAJO #003	30-045-11335	N-24-32N-18W	San Juan
HART OIL & GAS INC	NAVAJO #004	30-045-11439	J-14-32N-18W	San Juan
HART OIL & GAS INC	NAVAJO #005	30-045-20111	O-10-32N-18W	San Juan
HART OIL & GAS INC	NAVAJO #006	30-045-20271	H-15-32N-18W	San Juan
HART OIL & GAS INC	NAVAJO #007	30-045-11372	E-24-32N-18W	San Juan
HART OIL & GAS INC	NAVAJO #008	30-045-11388	A-23-32N-18W	San Juan
HART OIL & GAS INC	NAVAJO #011	30-045-11401	B-23-32N-18W	San Juan

Examiner Hearing – October 18, 2001
Docket No. 34-01
Page 3 of 8

HART OIL & GAS INC	NAVAJO #012	30-045-11374	F-24-32N-18W	San Juan
HART OIL & GAS INC	NAVAJO A #003	30-045-11478	A-15-32N-18W	San Juan
HART OIL & GAS INC	NAVAJO AA #006	30-045-11477	C-18-32N-17W	San Juan
HART OIL & GAS INC	NAVAJO AA #008Y	30-045-20709	M-17-32N-17W	San Juan
HART OIL & GAS INC	NAVAJO AA #016	30-045-12199	A-20-32N-17W	San Juan
HART OIL & GAS INC	NAVAJO AA #022	30-045-21669	N-17-32N-17W	San Juan
HART OIL & GAS INC	NAVAJO AA #027	30-045-25426	H-20-32N-17W	San Juan
HART OIL & GAS INC	NAVAJO B #002	30-045-20622	I-15-32N-18W	San Juan
HART OIL & GAS INC	NAVAJO B #003	30-045-20627	B-15-32N-18W	San Juan
HART OIL & GAS INC	NAVAJO C #018	30-045-28520	O-14-32N-18W	San Juan
HART OIL & GAS INC	NAVAJO TRIBAL C #002	30-045-11383	H-23-32N-18W	San Juan
HART OIL & GAS INC	NAVAJO TRIBAL C #003	30-045-11417	O-14-32N-18W	San Juan
HART OIL & GAS INC	NAVAJO TRIBAL C #004	30-045-11350	K-24-32N-18W	San Juan
HART OIL & GAS INC	NAVAJO TRIBAL C #005	30-045-20251	L-14-32N-18W	San Juan
HART OIL & GAS INC	NAVAJO TRIBAL C #006	30-045-20430	N-14-32N-18W	San Juan
HART OIL & GAS INC	NAVAJO TRIBE OF IND F #102	30-045-11097	E-04-31N-17W	San Juan
HART OIL & GAS INC	NAVAJO TRIBE OF IND F #114	30-045-10890	M-10-31N-17W	San Juan
HART OIL & GAS INC	NAVAJO TRIBE OF IND F #120	30-045-10953	F-10-31N-17W	San Juan
HART OIL & GAS INC	NAVAJO TRIBE OF IND F #140	30-045-10902	P-09-31N-17W	San Juan
HART OIL & GAS INC	NAVAJO TRIBE OF IND F #165	30-045-25778	H-09-31N-17W	San Juan
HART OIL & GAS INC	NAVAJO TRIBE OF IND G #204	30-045-10887	M-11-31N-17W	San Juan
HART OIL & GAS INC	NAVAJO TRIBE OF IND G #205	30-045-10892	O-11-31N-17W	San Juan
HART OIL & GAS INC	NAVAJO TRIBE OF IND G #215	30-045-11109	B-02-31N-17W	San Juan
HART OIL & GAS INC	NAVAJO TRIBE OF IND G #223	30-045-11061	L-01-31N-17W	San Juan
HART OIL & GAS INC	NAVAJO TRIBE OF IND M #302	30-045-11088	H-05-31N-17W	San Juan
J C WELL SERVICE	UTE MOUNTAIN B #001	30-045-10380	B-29-31N-15W	San Juan
J C WELL SERVICE	UTE MOUNTAIN B #002	30-045-10346	F-29-31N-15W	San Juan
J C WELL SERVICE	UTE MOUNTAIN B #008	30-045-10155	H-31-31N-15W	San Juan
J C WELL SERVICE	UTE MOUNTAIN B #011	30-045-10145	F-31-31N-15W	San Juan
J C WELL SERVICE	UTE MOUNTAIN B #016	30-045-24621	J-31-31N-15W	San Juan
MOUNTAIN STATES PETROLEUM CORP	NAVAJO 29 #002	30-045-25103	H-29-27N-19W	San Juan
MOUNTAIN STATES PETROLEUM CORP	NAVAJO 29 #003	30-045-25283	J-29-27N-19W	San Juan
MOUNTAIN STATES PETROLEUM CORP	NAVAJO 29 #006	30-045-25443	L-29-27N-19W	San Juan
MOUNTAIN STATES PETROLEUM CORP	NAVAJO 32 #001	30-045-22272	O-32-27N-19W	San Juan
MOUNTAIN STATES PETROLEUM CORP	NAVAJO 32 #002	30-045-24945	B-32-27N-19W	San Juan
MOUNTAIN STATES PETROLEUM CORP	NAVAJO 5 #001	30-045-21755	F-05-26N-19W	San Juan
MOUNTAIN STATES PETROLEUM CORP	NAVAJO 5 #002	30-045-21816	L-05-26N-19W	San Juan
MOUNTAIN STATES PETROLEUM CORP	NAVAJO NATION 20 #001	30-045-23004	O-20-27N-19W	San Juan
MOUNTAIN STATES PETROLEUM CORP	NAVAJO NATION AS #001	30-045-24484	M-28-27N-19W	San Juan
PHOENIX HYDROCARBONS OPERATING CORP	LARGO FEDERAL #005	30-045-21197	A-13-27N-08W	San Juan

Examiner Hearing – October 18, 2001**Docket No. 34-01****Page 4 of 8**

R - J ENTERPRISES	NAVAJO U #004	30-045-11037	P-05-31N-17W	San Juan
TASCO	NAVAJO #151	30-045-08529	L-12-29N-19W	San Juan
TASCO	NAVAJO #155	30-045-08430	B-13-29N-19W	San Juan
TORREON OIL CO	TORREON #004	30-043-20377	J-21-18N-03W	Sandoval
TORREON OIL CO	TORREON #005	30-043-20387	J-21-18N-03W	Sandoval
U S ENERCORP LLC	CHIJULLA 34 #014	30-043-20801	N-34-21N-02W	Sandoval
NOEL REYNOLDS	ANN #001	30-045-20887	A-33-18N-03W	San Juan
NOEL REYNOLDS	ARELLANO #001	30-039-05644	F-05-24N-01E	Rio Arriba

CASE 12726: Continued from September 20, 2001, Examiner Hearing.

Application for Order Shutting In Wells, Canceling Allowables and Assessing Civil Penalties, Eddy County, New Mexico. Applicant seeks an order shutting in 18 wells in Eddy County, New Mexico, and canceling their allowables until such time as Tom R. Cone, who has applied to the Division to assume operation of these wells files the additional bonds required by the Division, and assessing civil penalties against Cone for producing these wells without Division approval. The affected wells are the following, all of which are located in Eddy County, New Mexico:

Well	API No.	Twsp	Range	Sec	Unit
Carper Johnson A No. 2	30-015-05004	16S	31E	35	H
Federal 13 No. 1	30-015-04597	19S	30E	13	E
Federal 13 No. 2	30-015-04599	19S	30E	13	F
Kennedy Johnson A No. 1	30-015-05008	16S	31E	35	F
Kennedy Johnson A No. 2	30-015-05009	16S	31E	35	H
Kennedy Johnson A No. 3	30-015-05010	16S	31E	35	L
Kennedy Johnson A No. 6	30-015-10165	16S	31E	35	M
North Shugart Queen Unit No. 1	30-015-05597	18S	31E	21	C
North Shugart Queen Unit No. 2	30-015-05592	18S	31E	21	D
North Shugart Queen Unit No. 3	30-015-05588	18S	31E	20	H
North Shugart Queen Unit No. 4	30-015-05591	18S	31E	21	E
North Shugart Queen Unit No. 5	30-015-05593	18S	31E	21	F
North Shugart Queen Unit No. 6	30-015-05598	18S	31E	21	K
North Shugart Queen Unit No. 7	30-015-05599	18S	31E	21	L
North Shugart Queen Unit No. 8	30-015-05586	18S	31E	20	I
North Shugart Queen Unit No. 9	30-015-05587	18S	31E	20	P
North Shugart Queen Unit No. 10	30-015-05590	18S	31E	21	M
North Shugart Queen Unit No. 11	30-015-05600	18S	31E	21	N

CASE 12715: Reopened

Application of Permian Resources Inc. for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying the SE/4 of Section 7, Township 16 South, Range 36 East, to form a standard 160-acre spacing and proration unit for production from the North Shoe Bar Wolfcamp Oil Pool. Said unit is to be dedicated to Applicant's Chambers No. 2 well to be drilled from a standard location in the N/2 SE/4 of said Section 7 to a depth sufficient to test the Wolfcamp formation in the pooled interval, as well as the Strawn formation, North Shoe Bar Strawn Oil Pool. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Applicant as operator and a charge for the risk involved in drilling said well. The subject

lands are located approximately 4 miles east of Lovington, New Mexico.

CASE 12740: **Application of Seely Oil Company to expand the vertical limits of the unitized formation, Lea County, New Mexico.** Applicant seeks an order amending the definition of the unitized formation to increase its vertical limits for the Central EK Queen Unit underlying parts of Sections 7, 8, 9, 17 and 18 of Township 18 South, Range 34 East, containing 988.40 acres, more or less, of state lands. Applicant does not seek to expand the water injection program approved by the Division in Case No. 10648 and Order No. R-9885-A. This unit is located approximately 5 miles Southwest from Buckeye.

CASE 12735: **Continued from October 4, 2001, Examiner Hearing.**

Application of Louis Dreyfus Natural Gas Corporation 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 4, Township 23 South, Range 26 East, in the following manner: the E/2 to form a standard 320-acre gas spacing unit for all formations and/or pools developed on 320-acre spacing within that vertical extent, which presently includes but is not necessarily limited to the South Carlsbad-Morrow Gas Pool; the SE/4 to form a standard 160-acre gas spacing unit for all formations and/or pools developed on 160-acre spacing within that vertical extent; and the NE/4 SE/4 to form a standard 40-acre spacing unit for all formations and/or pools developed on 40-acre spacing within that vertical extent. Said units are to be dedicated to Applicant's proposed Saragossa 4 Fed Com Well No. 1 to be located at a standard location in Unit I of this section. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, 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 this well. This unit is located approximately 6 miles southwest of Carlsbad, New Mexico.

CASE 12714: **Continued from September 20, 2001, Examiner Hearing.**

Application of Southwestern Energy Production Company 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 E/2 of Section 33, Township 17 South, Range 30 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 Loco Hills-Atoka Gas Pool and Undesignated Cedar Hills-Morrow Gas Pool. The unit is to be dedicated to applicant's Big Tank "33" Fed. Com. Well No. 1, to be drilled at an orthodox gas well location in the SE/4 of Section 33. 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 2 miles southwest of Loco Hills, New Mexico.

CASE 12712: **Continued from September 20, 2001, Examiner Hearing.**

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the Grayburg formation to the base of the Morrow formation underlying the E/2 of Section 18, Township 18 South, Range 29 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 West Millman-Wolfcamp Pool, Millman-Strawn Gas Pool, and Undesignated South Millman-Morrow Gas Pool. The unit is to be dedicated to applicant's Remington "18" St. Com. Well No. 1, to be drilled at

an orthodox location in the NW/4 SE/4 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 operator of the well, and a charge for the risk involved in drilling and completing the well. The unit is located approximately 9 miles southwest of Loco Hills, New Mexico.

CASE 12741: Application of Texakoma Oil & Gas Corporation for compulsory pooling and a non-standard gas spacing and proration unit, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying Lots 8, 9, 10, NE/4 SW/4, and SE/4 (the S/2 equivalent) of Section 18, Township 31 North, Range 13 West, to form a non-standard 262.37-acre gas spacing and proration unit for said pool. The unit is to be dedicated to applicant's La Plata 18 Well No. 2, to be drilled at an unorthodox gas well location in the SE/4 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 operator of the well, and a charge for the risk involved in drilling and completing the well. The unit is located approximately 4 miles southwest of La Plata, New Mexico.

CASE 12742: Application of Eland Energy, Inc. for compulsory pooling, Chaves County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the Abo formation to the base of the Ordovician formation underlying the W/2 of Section 3, Township 9 South, Range 26 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. The unit is to be dedicated to applicant's Federal IX Com Well No. 3, to be drilled at an orthodox location in the SW/4 SW/4 of Section 3. 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 5 miles east of the Pecos River Bride of U.S. Highway No. 70.

CASE 11986: (Reopened) Continued from September 20, 2001, Examiner Hearing.

In the matter of Case 11986 being reopened pursuant to the provisions of Division Order No. R-11059, which order promulgated temporary special rules and regulations for the Tatum-Upper Pennsylvanian Pool in Lea County, New Mexico, including provisions for 80-acre spacing and designated well locations. Operators in the Tatum-Upper Pennsylvanian Pool may appear and show cause why the temporary special pool rules for the pool should not be rescinded.

CASE 12179: (Reopened) Continued from September 20, 2001, Examiner Hearing.

In the matter of Case 12179 being reopened pursuant to the provisions of Division Order No. R-11208, which order promulgated temporary special pool rules for the East Hobbs-San Andres Pool in Lea County, New Mexico. Operators in the East Hobbs-San Andres Pool should be prepared to appear and show cause why the top oil allowable rate of 160 barrels of oil per day for the pool should not be rescinded.

CASE 12688: (Reopened) Continued from October 4, 2001, Examiner Hearing.

Application of McElvain Oil & Gas Properties, Inc. for a non-standard gas spacing and proration unit, Rio Arriba County, New Mexico. Applicant seeks an order approving a 505.20-acre gas spacing and proration unit comprised of Lots 3 and 4, S/2 NW/4 and SW/4 of Section 5 and

Lots 1 through 4 of Section 6, Township 25 North, Range 2 West, for all formations and/or pools developed on 320-acre spacing. Said unit is to be dedicated to a well to be drilled to a depth sufficient to test the Mesaverde formation, Blanco-Mesaverde Gas Pool, at a standard location in the NW/4 of said Section 5. Said area is located approximately 11 miles northwest of Lindrith, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 12743: Application of Texaco Exploration and Production Inc. for an unorthodox subsurface gas well location and an exception to Division Rule 104.D (3), Lea County, New Mexico. Applicant, in accordance with Division Rule 111.C (2), seeks an exception to Division Rule 104.C (3) for its C. H. Weir "A" Well No. 7 (API No. 30-025-06073), located at a standard surface gas well location 1985 feet from the South line and 660 feet from the West line (Unit L) of Section 12, Township 20 South, Range 37 East, to be recompleted into the Skaggs-Abo Gas Pool (85410) by kicking-off in a northern direction and drilling horizontally an approximate distance of 1,645 feet within an existing non-standard 160-acre gas spacing unit comprising the S/2 NW/4 and N/2 SW/4 of Section 12 (approved by Division Order No. R-7179, issued in Case No. 7761 on January 5, 1983) such that the resulting producing area extends to within 330 feet to the northern boundary of this unit. Further, the applicant seeks an exception to Division Rule 104.D (3) in order to simultaneously dedicate Skaggs Abo gas production from the above-described C. H. Weir "A" Well No. 7 with the existing C. H. Weir "A" Well No. 14 (API No. 30-025-27829), located at a standard gas well location 1980 feet from the South line and 1815 feet from the West line (Unit K) of Section 12. This unit is located approximately nine miles southwest of Hobbs, New Mexico.

CASE 12736: Continued from October 4, 2001, Examiner Hearing.

Application of KUKUI Operating Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an exception to Division Rule 104.C (2) for its proposed Goodnight "35" Federal Well No. 3 (API No. 30-015-31865) to be drilled at an unorthodox gas well location 440 feet from the South line and 660 feet from the West line (Unit M) of Section 35, Township 23 South, Range 29 East. The S/2 of Section 35 is to be dedicated to this well in order to form a standard 320-acre lay-down gas spacing and proration unit for the Wolfcamp (Laguna Grande-Wolfcamp Gas Pool), Strawn, Atoka, and Morrow formations. This unit is located approximately 8.5 miles east by south of Loving, New Mexico.

CASE 12744: Application of TMBR/Sharp Drilling, Inc. appealing to the Director of the New Mexico Oil Conservation Division the Hobbs District Supervisor's decision denying approval of two applications for permit to drill ("APDs") filed by TMBR/Sharp Inc., Lea County, New Mexico. Applicant requests that the Director order the District Supervisor to approve TMBR/Sharp's permit to drill its Blue Fin 25 Well No. 1 to be dedicated to a 320-acre spacing unit consisting of the W/2 of Section 25, Township 16 South, Range 35 East and TMBR/Sharp's permit to drill its Leavelle 23 Well No. 1 to be dedicated to a 320-acre spacing unit consisting of the E/2 of Section 23, Township 16 South, Range 35 East. These wells are located approximately 5 miles southwest of the center of the City of Lovington, New Mexico.

CASE 12745: Application of Burlington Resources Oil & Gas Company and Conoco Inc. to amend the Special Rules and Regulations for the Basin-Dakota Gas Pool to increase well density and amend well location requirements, San Juan, McKinley, Sandoval and Rio Arriba Counties, New Mexico. Applicant seeks the amendment of the Special Rules and Regulations for the Basin-Dakota Gas Pool to authorize wells to be drilled anywhere in a standard 320-acre gas proration and spacing unit provided

such wells are located no closer than 660 feet to the outer boundary of the spacing unit nor closer than 10 feet from any interior quarter, quarter-quarter section line or boundary and to increase the well density from the current maximum of two (2) wells (160-acre infill) provided in Order R-8170 to a maximum of four (4) wells (80-acre infill) per gas proration and spacing unit for wells dedicated to the Basin-Dakota Gas Pool. In addition, Applicant seeks special well location requirements applicable to federal exploratory units providing for standard well locations not closer than 10 feet to the outer boundary of certain qualifying spacing units within those units.

CASE 12705: Continued from September 20, 2001, Examiner Hearing.

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

CASE 12734: Continued from October 4, 2001, Examiner Hearing.

Application of Richardson Operating Company to establish a Special "Infill Well" Area within the Basin-Fruitland Coal Gas Pool as an exception from Rule 4 of the special rules for this pool, San Juan County, New Mexico. Applicant seeks the establishment of a Special "Infill Well" Area consisting of Section 36 of Township 30 North, Range 15 West, Section 1 of Township 29 North, Range 15 West, Sections 16, 19, 20, 21, 28 through 33 of Township 30 North, Range 14 West, Sections 4, 5 and 6 of Township 29 North, Range 14 West within the Basin-Fruitland Coal Gas Pool, as an exception from Rule 4 of the Special Rules and Regulations for this pool to allow the drilling of a second well within a standard 320-acre spacing unit. The Special "Infill Well" Area is located approximately 2 miles north of Kirkland, New Mexico.