

New Mexico

# Statehouse Reporting Service

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IMPORTANT NOTICE: Examiner hearings have tentatively been scheduled for and April 18 and May 2, 2002. Applications for hearing must be filed at least 23 days in advance of hearing date.

## COMMISSION HEARING HELD - MARCH 26 - SANTA FE

Lori Wrotenbery - NMOCD Director  
Jami Bailey & Dr. Robert Lee - Commissioners  
Steven Ross - Commission Counsel  
Florene Davidson - Commission Secretary

The minutes of the February 15, 2002, Commission hearing were adopted unanimously.

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The Commission unanimously adopted and signed Division Order No. R-11652-B in Cases 12605 and 12587.

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### EDDY COUNTY

#### Properly Plug One Well (Case 12459 - Continued to April 26) (De Novo)

Continued to April 26 is this case, which the Oil Conservation Division, upon its own motion has called to consider an order requiring I. T. Properties to appear and show cause why one (1) well locate din Sec.23, T-19-S, R-28-E, Eddy 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.** Upon application of I. T. Properties, this case will be heard De Novo pursuant to the provisions of Rule 1220.

### LEA COUNTY

Appealing Denial of Approval of Two Applications for Permit to  
Drill (Case 12744 - Continued from February 15) (De Novo)  
Order Staying Division Approval of Two Applications for  
Permit to Drill (Case 12731 - Continued from February 15) (De Novo)

(Consolidated  
for Purposes  
of Testimony)

In Case 12744, TMBR/Sharp Drilling, Inc. requested that the Director order the District Supervisor to approve TMBR/Sharp's permit to drill its No. 1 Blue Fin 25 Well to be dedicated to a 320-acre spacing unit consisting of the W/2 of Sec. 25, T-16-S, R-35-E, and TMBR/Sharp's permit to drill its No. 1 Leavelle 23 Well to be dedicated to a 320-acre spacing unit consisting of the E/2 of Sec. 23, T-16-S, R-35-E, Lea County. These wells are located approximately 5 miles southwest of the center of the City of Lovington, New Mexico. Upon application of TMBR/Sharp Drilling, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

In Case 12731, TMBR/Sharp Drilling, Inc. sought an order staying David H. Arrington Oil & Gas, Inc.'s applications for permit to drill the No. 1 Triple Hackle Dragon 25 Well, W/2 of Sec. 25, T-16-S, R-35-E and the No. 1 Blue Drake 23 Well, E/2 of Sec. 23, T-16-S, R-35-E, pending a final adjudication of ownership. These wells are located approximately 4 miles north of the center of the City of Lovington, New Mexico. Upon application of TMBR/Sharp Drilling, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

**Appearances:** W. Thomas Kellahin (Santa Fe), attorney, in association with Susan Richardson and Richard Montgomery (Midland TX), attorneys, for TMBR/Sharp Drilling, Inc.; Ernest R. Carroll (Artesia), attorney, for David H. Arrington Oil & Gas, Inc.; James Bruce (Santa Fe), attorney, for Ocean Energy Inc.; Mark Nearburg, Ameristate Oil & Gas president, Austin TX; Jeff Phillips, TMBR/Sharp president/engineer, Midland.

**Statements:** Kellahin said this is a permitting dispute that occurred in July and August of 2001 at the OCD Hobbs district office. Both companies proposed a well in Sec. 23. The dispute is over Stokes-Hamilton leases. The Arrington APD put the well in Unit D in the NW/4. TMBR/Sharp put the well in the same location, but proposed a N/2 unit. TMBR/Sharp is asking the Commission to void the Arrington APD and confirm the TMBR/Sharp. The primary term for the Stokes-Hamilton leases expired in June 2001, but at the same time TMBR/Sharp entered into a JOA for several leases and drilled a well. TMBR/Sharp contends that the well extended the base lease. Yet the APD was denied because the district office had approved an APD for the R. W. Byram & Company

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LEA COUNTY

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Arrington well. Arrington had assumed that the base lease had expired, and he had acquired some top leases. Without the top leases, he had no claim to the acreage. After an examiner hearing, the Division issued Order No. R-11700, stating that because Arrington had demonstrated a colorable claim of title, the district office's approval of the Arrington APD and the TMBR/Sharp APDs were disapproved. TMBR/Sharp was in district court. On December 24, the district court entered summary judgment in favor of TMBR/Sharp. That case is proceeding to trial on damages. Meanwhile, TMBR/Sharp is asking the Commission to approve the APDs that were rejected in August. The decision also will resolve some Sec. 25 compulsory pooling cases that have been pending before the Division. Ocean is an applicant in some of those cases, and Arrington has a 15% interest in some of the acreage. It appears that Ocean is now trying to substitute itself for Arrington.

Carroll said he was concerned about why they were even in this hearing. Some time ago Arrington put TMBR/Sharp on notice that it wasn't going to drill its APDs—and offered a transfer of operatorship in Sec. 23. In Sec. 25, TMBR/Sharp was granted an APD. The granting of permits by the Commission is not just based on first in time and title; it has stated in a previous case that geology is the most important criterion in deciding between competing applications. TMBR/Sharp has proposed a N/2; David Arrington has acreage in the NE/4, and there has been no forced-pooling application by TMBR/Sharp. Arrington has decided not to drill, which settles Case 12731. Arrington is willing to assign its APD to TMBR/Sharp or whomever the Commission picks, but the location should be the subject of a hearing. On S. 25, the Division has granted an APD. Arrington just wants the Commission to know that Arrington controls an interest in S. 25.

Bruce said Ocean does have a farmout that expires July 1 in Sec. 25. Ocean didn't sit on its rights; they assumed that Arrington would drill. Now Ocean has filed a proposal for a W/2 well unit in Case 12841. TMBR/Sharp filed for a N/2 APD in Case 12816. This is a hot area in Lea County. These parties are protecting their rights and the rights of their royalty interests. The Oil & Gas Act requires voluntary agreement or compulsory pooling where there are separate interests; you can't just take rights with an APD. In these cases, there are contested issues of fact regarding the orientation of the well. The proper place to determine that is before an examiner hearing. The dispute over the title is not over; it's almost certain to be appealed. This is the tail wagging the dog. The Division and the Commission should either approve or deny all the APDs—or hold them in abeyance pending the forced-pooling case.

Kellahin said this is a case of first impression; he could not find a case like this. The case cited by Carroll and Bruce was a contemporaneous dispute. In this case, but for the wrongful actions by Arrington, TMBR/Sharp would have had its APD six months earlier. This well would have been drilled by now. The pooling statute allows you to pool before or after you drill the well. It was TMBR/Sharp's intention to pool (if at all) after drilling; they have 80% of the interests. TMBR/Sharp is looking for relief from Arrington's actions.

Carroll said the standard form for the APD says no allowable will be assigned until all interests have been consolidated.

Bruce referred the Commission to Case 11887, in which a pooling case was allowed to proceed in spite of a competing APD.

Kellahin said the APD was obtained after service on the forced-pooling case; that was the examiner's ground for refusing to dismiss.

Testimony: Nearburg said his group, Ameristate, does not operate; it participates. Ameristate group and TMBR/Sharp began developing what he called the Big Tuna Prospect Area, Secs. 23, 24 and 25, in 1991. They bought 2D and 3D seismic and otherwise developed the prospect, drilling the Sec. 24 well, the Blue Fin 24-1. The plan was always to move on and drill the wells in Secs. 23 and 25. They have spent approximately \$7.5 million on the prospect. More than once, TMBR/Sharp discussed the prospect with Ocean Energy, including a private showing in Ocean's offices in Houston. Ocean told TMBR/Sharp they were low and would probably be wet and declined to participate. Ocean did not disclose that it was seeking rights in the same area. Arrington also had occasion to learn about the prospect. He discussed the Stokes and Hamilton leases, and said they were filed when the No. 24-1 well was drilled and subsequently. It was the belief of the group that the 24-1 held the leases, because they were part of the dedicated spacing unit and the unit went into effect. In fact, they had six-month extension to June 17, 2001 in anticipation of drilling the Blue Fin well. The Blue Fin 24-1 was spudded on March 22, 2001. On March 27, 2001, contract landman James Huff acquired top leases; top leases come into effect when a base lease is no longer valid. TMBR/Sharp filed a suit for declaratory judgment in Lea County and the court has ruled that the Stokes/Hamilton leases are valid and the top leases are not in effect. He has never seen anyone file for an APD on a top lease without first getting a release on the base lease. The public records in Hobbs would have told Arrington that TMBR/Sharp had filed on these leases. TMBR/Sharp filed for APDs and was denied on the basis of the Arrington APDs.

Phillips said when TMBR/Sharp was contemplating drilling the Blue Fin 24-1, the locations for the Sec. 25 and Sec. 23 wells already had been picked out. The APD for the Blue Fin 24-1 was approved in November 2000. They spudded in March 2001. Their rigs were all committed; they also had problems with partner participation. The DST on the well was done on May 15, 2001; they found a prolific gas interval in the Chester zone. They obtained production June 29. They did not know at that point that Huff had obtained top leases, but they received a letter from an attorney soon after saying the Stokes and Hamilton clients had given top leases to an unnamed entity, and that the "entity" said the base leases were invalid. They responded to the lawyer that their leases were valid. Research showed them Huff had gotten the top lease and he suspected Arrington was

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the client. He ran into David Arrington on July 24 at the Midland Petroleum Club; Arrington admitted that he was the owner of the top leases, and said he was surprised TMBR/Sharp was able to get the 24-1 well drilled but warned that TMBR/Sharp "would not get the next two drilled." He was not aware then that Arrington had already filed for and received APDs on July 17. They became aware of Arrington's permits in the Anderson Reports. They were already in the process of preparing their own permits, so they filed competing permits August 6, 2001. The Hobbs district office said it couldn't grant the APDs, because the Arrington APDs already had been granted. TMBR/Sharp filed an application asking that the Arrington APDs be denied. Subsequently, they filed an action in district court. At the time he filed his APDs, Arrington did not own any interest in the section. Until the Huff top leases were assigned, Arrington did not own even a purported interest. TMBR/Sharp has asked Arrington to release his APDs from time to time; he never has. TMBR/Sharp filed a supplemental APD for the Blue Fin 25 with the summary judgment to its lawsuit. On March 23, 2002, TMBR/Sharp learned that the district office had granted its supplemental APD. TMBR/Sharp intended to drill and then pool, because time was of the essence in light of his conversation with Arrington. Besides, they typically drill that well on wildcats like this; if they found deeper gas, they wouldn't have to pool. Also, the clock was ticking. The same was true on the Leavelle 23 well. They listed September 1, 2001 as the anticipated spud date. Arrington had listed "ASAP" as an anticipated spud date. To his knowledge, Arrington had never moved to spud. Although they received a well proposal from Ocean on January 23, 2002—listing the same well name and location as Arrington's—they have no knowledge of an APD filed for that well. It would be suitable to TMBR/Sharp if Arrington withdraws his permit, and advises the Commission of that. TMBR/Sharp filed a compulsory pooling because it was one of the only things left for them to do at the time. It was important to get their application in first; they were aware that Ocean was preparing to get an application in for a W/2 pooling. TMBR/Sharp is asking the Commission to vacate the Arrington's Sec. 25 permit and it will drill its well. Afterward, some information should be attained that may facilitate the pooling process. November was their earliest knowledge that Ocean Energy had obtained any interest in Sec. 25. Ocean indicated to the court that it planned to reassign the S. 23 top lease back to Arrington. The Blue Fin 24-1 is producing around 1 mmcf/D and about 170 BCPD and they plan to frac it.

The cases were taken under advisement.

LEA COUNTY

Bring One Well into Compliance with Rule 201-B (Case 12758) (De Novo)

The Oil Conservation Division, upon its own motion, called this hearing to consider an order requiring Kersey and Company, the operator of one inactive well located in Lea County, New Mexico, to bring said well into compliance with OCD rule 201.B by either restoring said well to production or beneficial use, plugging and abandoning said well or securing Division approval for temporary abandonment thereof. The affected well is as follows:

No. 1 Hover 1, located in Unit A, Sec. 32, T-17-S, R-32-E. Upon application of Kersey and Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

Appearances: David Brooks, EMNRD assistant general counsel, for the Division; Jane Prouty, NMOCD production and permitting computer records manager, Santa Fe.

Statement: Brooks said the gentleman (Kenneth Wade) who requested an appeal for Kersey and Company indicated he would not appear, but said he wanted it to be heard. The evidence is that Kersey had plenty of notice, but in mitigation, the well was worked over and put back on production before the order was issued.

Testimony: Prouty said records indicated the Hover 1-1 was not reported on production from 1997 to January 2002. There reportedly was production for February 2002.

Cross-examined by Chairman Wrotenbery, Prouty said the well apparently was listed by the state Taxation & Revenue Department as P&A in another pool, but that was not the active completion. It was just a zone abandonment.

Statement: Brooks presented seven exhibits, including records that showed a rework of the Hover 1-1 that began January 11, 2002; the Division's order was issued January 15, 2002. He said he assumed the reason for the application for review by the Commission was the \$1,000 fine assessed by the examiner.

Questioned by Commissioner Bailey, Brooks said the district office has inspected the well recently, and is satisfied that the well is in condition to produce.

The case was taken under advisement.

EDDY COUNTY

Bring One Well Into Compliance with 201.B (Case 12733) (De Novo)

The Oil Conservation Division, upon its own motion, called this hearing to consider an order requiring General Minerals Corporation, the operator of one inactive well located in Eddy County, to bring said well into compliance with OCD Rule 201.B by either restoring said well to production or beneficial use, plugging and abandoning said well or securing Division approval for temporary abandonment thereof. The affected well is as follows:

No. 1 Federal "CCC", located in Unit K, Sec. 4, T-16-S, R-31-E. Upon application of General Minerals Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

Appearances: David Brooks, EMNRD assistant general counsel, for the Division; Jane Prouty, NMOCD production and permitting computer records manager, Santa Fe; Tim W. Gumm, NMOCD District 2 supervisor, Artesia.

Statement: Brooks said the well has not been brought into compliance, and the operator has shown a hostile attitude toward Division regulations. The Division believes the assessed penalty should stand.

Testimony: Prouty said no production reports were filed on the Federal CCC-1 well after October 1997. The Inactive Well Project began in May 2000, and a computer-generated letter was sent to operators on May 11 in the form of a questionnaire.

Gumm said the Federal CCC-1 well was on the list of inactive wells generated; no questionnaire was returned. He sent subsequent letters on September 8, 2000, and on December 26, 2000 (that one may have been misdirected). This proceeding was filed in September 2001. He said he never received responses to the correspondence from the OCD. On February 1, a District 2 field inspector inspected the well on his direction. The Federal CCC-1 inspection showed no belts on the motor and no electricity to the motor. He also identified pictures taken on that date, confirming the condition of the well and that there was no electricity to the motor. The switch was turned off. In his opinion, the well is not capable of production.

Cross-examined by Commissioner Bailey, Gumm said the federal Bureau of Land Management has been very strict on TA wells; it only allows the operators to keep wells TA for 4-5 months. This well is not shown as TA in the files. He also believes that it still has rods and casing in the well, and has never been tested or prepared for TA.

Cross-examined by Chairman Wrotenbery, Gumm said he had not seen the exhibits sent to the Commission by General Minerals—tickets from Navajo Refinery showing that production was pulled up from the well in March and November 2000. He said that the production, however, could have been made at any time; Navajo normally only picks up large volume at one time. It does not necessarily prove that the well was on production at that time. He also said the electric bill most likely is just a minimum charge bill—the amount of \$77 is not much for running a pumping unit. It looks like the \$77 was a special tax.

Statement: Brooks said the Division's notice of the examiner hearing was not misdirected; it was simply unclaimed. The evidence is that the well is not in compliance, and there is no evidence that the well is being brought into compliance. The Commission would be justified in confirming the penalty set by the examiner and ordering the well be brought into compliance.

The case was taken under advisement.

SANDOVAL COUNTY

Bring Twelve (12) Wells Into Compliance with 201.B (Case 12739) (De Novo)

The Oil Conservation Division, upon its own motion, called this hearing to consider an order requiring Coulthurst Management & Investments Inc. 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:

Coulthurst Management & Inv. Inc., #3 Ann, Unit A, Sec. 33, T18N-R3W, Sandoval County;  
Coulthurst Management & Inv. Inc., #5 Ann, Unit A, Sec. 33, T18N-R3W, Sandoval County;  
Coulthurst Management & Inv. Inc., #6 Ann, Unit A, Sec. 33, T18N-R3W, Sandoval County;  
Coulthurst Management & Inv. Inc., #15 Ann, Unit A, Sec. 33, T18N-R3W, Sandoval County;  
Coulthurst Management & Inv. Inc., #1 Darla, Unit H, Sec. 33, T18N-R3W, Sandoval County;  
Coulthurst Management & Inv. Inc., #2 Darla, Unit H, Sec. 33, T18N-R3W, Sandoval County;  
Coulthurst Management & Inv. Inc., #7 Darla, Unit H, Sec. 33, T18N-R3W, Sandoval County;  
Coulthurst Management & Inv. Inc., #16 Darla, Unit H, Sec. 33, T18N-R3W, Sandoval County;  
Coulthurst Management & Inv. Inc., #1 Erin, Unit C, Sec. 33, T18N-R3W, Sandoval County;  
Coulthurst Management & Inv. Inc., #3 Erin, Unit F, Sec. 33, T18N-R3W, Sandoval County;  
Coulthurst Management & Inv. Inc., #4 Erin, Unit F, Sec. 33, T18N-R3W, Sandoval County;  
Coulthurst Management & Inv. Inc., #1 Jenny, Unit O, Sec. 28, T18N-R3W, Sandoval County. Upon application of Coulthurst Management & Investments Inc., this case was to have been heard De Novo pursuant to the provisions of Rule 1220.

Appearances: David Brooks, EMNRD assistant general counsel, for the Division; William F. Carr (Santa Fe), attorney, for Coulthurst Management & Investments Inc.; Jane Prouty, NMOCD production and permitting computer records manager, Santa Fe; John Coulthurst, Coulthurst Management & Investments president/sole owner, Berkeley CA.

Monday, April 1, 2002

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Statement: Carr said he and Brooks had stipulated to the adoption by reference of the testimony of District 1 supervisor Frank Chavez and District 2 field inspector Charles Perrin in the examiner hearing.

Testimony: Prouty said the wells showed no production through 2001.

Coulthurst said his company is a holding company; he relies on contract operators. Gene Wilson is a consultant geologist he's worked with in New Mexico. There are 12 wells; he agrees that they are inactive. He acquired them from Noel Reynolds in 1991. The plan was to deepen the wells, looking for an expected oil zone. There was a report on the property from William Weiss recommending a waterflood. There is one well he intends to plug. There are eight old wells and six new wells. Now that they have two good wells, they intend to implement a waterflood using those wells as producers. They need to plug four of the old wells as soon as possible. The balance they intend to bring them into TA status, or use as water producers. The old wells are between 50 and 20 years old; they are 350-400 feet deep. The new wells are 700-750 feet deep. The cumulative production has been more than 20,000 barrels in the last nine years; the cum production until then had been 2000 barrels. There are freshwater zones in the area; in fact, the farmer is using water from some of these wells for stock water (it has been tested). They have been working with the BLM. There is a \$25,000 blanket bond. In 1998, he received a similar notice from the BLM. He immediately entered discussion with the BLM, explaining that they wanted to use 100% of the cash flow to implement the waterflood. The technical work—a report and work plan—was done by Gene Wilson and William Weiss. He should have responded to the NMOC's request for explanation; he should have filed his waterflood application with the OCD at the same time he filed it with the BLM, but he didn't know that. He learned about the examiner hearing with two and a half days' notice; he tried to get a well-plugging plan and when he couldn't, he asked for a continuance. He submitted a written proposal for plugging on November 8, 2001. As a result of the examiner hearing, the Division ordered him to bring the wells into compliance and fined him \$12,000. He was "a little upset about that." Since then, he has been going back and forth between the OCD and BLM for a plugging plan. The BLM is asking them to perforate and squeeze cement; it increases the cost dramatically. He has counter-offered to cement the wells in. The estimated costs range from \$1,500 to \$5,000/well. The estimated costs for integrity testing are \$2,500/well. At this point, he's waiting for the last bit of approval from the BLM. He intends to plug the four wells, and then go forward with the waterflood. He's asking for time to get everybody together on the plugging and the project. The \$12,000 will "cripple" them. He is hopeful that they can get everything done way in advance of six months.

Cross-examined by Brooks, Coulthurst agreed that the wells listed on the docket had been inactive for five years. He said the Erin 3 and 4 wells would be injection wells. The Erin 1 had a bad cement job. He wants to plug the Ann 5 and 6, the Darla 16 and the Jenny 1; the Ann 3, and Darla 1, 2 and 7 he wants to keep as water-source wells. He doesn't know about the Ann 15; he'll have to find about that well. There is an unidentified well about 200 feet west of the Ann 19; that may be the Ann 15.

Cross-examined by Commissioner Bailey, Coulthurst said this is the South San Luis Field; the formation being produced is the Menefee zone at around 650 feet. He will commit to do Bradenhead tests "as soon as financially feasible." The producing zones are not isolated; the water has been tested by the BLM and is not contaminated. He will commit to meeting with the OCD and BLM to discuss what else can be done to protect the freshwater zones.

Cross-examined by Commissioner Lee, Coulthurst said he paid William Weiss in 1990 to do a recommendation on a waterflood. He did not know that Weiss was a member of the Commission at the time.

Cross-examined by Chairman Wrotenbery, Coulthurst said the Erin 2 and 9, not part of this proceeding, are producing wells. He intends to plug four. He would like to temporarily abandon the other eight until he knows whether he'll need them, but he doesn't want to spend the money on testing now. He doesn't have enough capital to plug four wells and test eight at the same time. The BLM basically said it was willing to wait on plugging the wells as long as he is moving ahead on getting production up. The BLM did ask for the waterflood plan, which he filed.

Statements: Carr requested a continuance for six months, and agreed that in that time Coulthurst would make every effort to bring his wells into compliance.

Brooks said the letter sent to Coulthurst noticing him of the October 2001 hearing, although it was correctly addressed, produced neither a return receipt nor a returned letter. There does seem to be a reasonable possibility that he did not receive notice. In view of that, and the plans he stated at this hearing, a continuance is not inappropriate. However, he would suggest a 60-day continuance to determine if the plugging is done. If it is done, the Division would agree to a further reasonable continuance.

Chairman Wrotenbery said the Commission would deliberate on the continuance request later.

After the Commission deliberated in executive session, the case was taken under advisement.

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**EXAMINER HEARING SET - APRIL 4 - SANTA FE**

Michael E. Stogner or David R. Catanach - Examiner

**SAN JUAN COUNTY**

**Unorthodox Gas Well Location (Case 12836 - Continued from March 21)**

Burlington Resources Oil & Gas company, L.P. seeks approval to drill its proposed No. 339-R Quinn Well at an unorthodox gas well (off-pattern) location 770 feet from the North line and 725 feet from the West line (Unit D) of Sec. 20, T-31-N, R-8-W, San Juan County, said location being unorthodox for any and all gas production from the Basin Fruitland Coal Gas Pool, and if productive, to be dedicated to a standard 320-acre gas spacing and proration unit consisting of the W/2 of said Sec. 20. Said location is located approximately 9 miles north-northwest of the Navajo Dam spillway.

**LEA COUNTY**

**Compulsory Pooling (Case 12816 - Continued from March 21)**

TMBR/Sharp Drilling Inc. seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N/2 of Sec. 25, T-16-S, R-35-E, Lea County, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within that vertical extent, including the Townsend-Morrow Gas Pool and the Townsend-Mississippian Gas Pool. This unit is to be dedicated to its No. 1 Blue Fin "25" Well which will be located at a standard location within Unit E of this section. Also to be considered will be allocation of well costs, charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling the well. This unit is located approximately 5-1/2 miles southwest of the center of the City of Lovington, New Mexico.

**LEA COUNTY**

**Compulsory Pooling (Case 12841 - Continued from March 21)**

Ocean Energy, Inc. seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the W/2 of Sec. 25, T-16-S, R-35-E, Lea County, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 302-acre spacing within that vertical extent, including but not limited to the Undesignated Townsend-Morrow Gas Pool. The unit is to be dedicated to applicant's No. 1 Triple Hackle Dragon 25 Well, to be drilled at an orthodox location in the SW/4 NW/4 (Unit E) of Sec. 25. Also to be considered will be allocation of well costs, charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling the well. Also the establishment of escrow accounts for the purpose of holding and disbursing funds pending resolution of a title dispute affecting the NW/4 of Sec. 25. The unit is located approximately 5 miles southwest of Lovington, New Mexico.

**EDDY COUNTY**

**Compulsory Pooling and a Non-Standard Gas Spacing and Proration Unit (Case 12830 - Continued from March 21)**

Southwestern Energy Production Company seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying Lots 1 through 4 and the E/2 W/2 (the W/2 equivalent) of Sec. 18, T-18-S, R-28-E, to form a non-standard 334.68-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 North Illinois Camp-Morrow Gas Pool. The unit is to be dedicated to applicant's No. 1 Leatherstocking "18" State Com. Well, to be drilled at an orthodox gas well location in Lot 1 (Unit D) of Sec. 18. Also to be considered will be allocation of well costs, charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling the well. The unit is located approximately 10-1/2 miles east-southeast of Atoka, New Mexico

**SAN JUAN COUNTY**

**Surface Commingling (Case 12827 - Continued from March 7)**

XTO Energy, Inc. seeks an order, pursuant to Division Rule 303.B, approving surface commingling of Blanco-Mesaverde Gas Pool production from its No. 1A Armenta Gas Com. C Well, located in the N/2 of Sec. 27, T-29-N, R-10-W, San Juan County, with Basin-Fruitland Coal Gas Pool production from its No. 1 Armenta Gas Com. G Well, located in the E/2 of Sec. 27, T-29-N, R-10-W, San Juan County. The wells are located approximately 6 miles east of Bloomfield, New Mexico. IN THE ABSENCE OF OBJECTION, THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.

**LEA COUNTY**

**Exception to Division Rule 104.D(3) (Case 12774) (This case will be dismissed.)**

Texaco Exploration and Production Inc. seeks an exception to Division Rule 104.D (3) in order to simultaneously dedicate production attributed to the Mid Justis-Abo Gas Pool (96543) within an existing 160-acre standard gas spacing unit comprising the SE/4 of Sec. 24, T-25-S, R-37-E, Lea County, from the following two wells: (i) No. 9 A. B. Coats "C" Well (API No. 30-025-11731), located at a standard surface gas well location 1980 feet from the South and East lines (Unit J) of Sec. 24, to be recompleted into the Abo formation by kicking-off within the existing vertical wellbore in a southern direction and directionally drilling to a standard subsurface gas well in Unit "J" of Sec. 24; and (ii) No. 15 A. B. Coats "C" Well (API No. 30-025-11728), located at a standard surface gas well location 660 feet from the South line and 1980 feet from the East line (Unit O) of Sec. 24 and completed within the Abo formation at a standard subsurface gas well location in Unit "P" of Sec. 24. This unit is located approximately five miles east of Jal, New Mexico.

EDDY COUNTY

Compulsory Pooling (Case 12847)

V-F Petroleum Inc. seeks an order pooling all mineral interests in the following described spacing and proration units in Sec. 22, T-20-S, R-30-E, Eddy County, as follows: the N/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated Golden Lane-Strawn Gas Pool; the NW/4 for all formations and/or pools developed on 160-acre spacing; and the NW/4 NW/4 or the SW/4 NW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated Dos Hermanos Yates-Seven Rivers Pool and the Undesignated P.C.A. (Yates) Pool. Said units are to be dedicated to its Hale Federal Com Well No. 3 to be directionally drilled from an unorthodox surface location 1450 feet from the South line and 660 feet from the West line to a previously approved unorthodox bottom hole location in the Morrow formation 950 feet from the North line and 760 feet from the West line of said Sec. 22 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. Also to be considered will be allocation of well costs, charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling the well. Said area is located approximately 17 miles South of Loco Hills, New Mexico.

LEA COUNTY

Statutory Unitization (Case 12845 – Continued from March 21)

EnerQuest Resources, LLC seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all mineral interests in the San Andres formation, East Hobbs-San Andres Pool, underlying 920 acres, more or less, of State and Fee lands in the following acreage:

T-18-S, R-39-E

Sec. 29: SW/4, SW/4 NW/4

Sec. 30: S/2, S/2 N/2

Sec. 31: N/2 N/2

Sec. 32: N/2 NW/4. Said unit is to be designated the East Hobbs (San Andres) Unit. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the designation of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a non-consent penalty for risk to be charged against carried working interests within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said unit area is located approximately 2 miles northeast of Hobbs, New Mexico.

LEA COUNTY

Approval of Waterflood Project and Qualification for Recovered Oil Tax

Rate Pursuant to Enhanced Oil Recovery Act (Case 12846 – Continued from March 21)

EnerQuest Resources LLC seeks approval of its East Hobbs (San Andres) Unit Waterflood Project by injection of water into the San Andres formation through 19 injection wells located in the following described area:

T-18-S, R-29-E

Sec. 29: SW/4, SW/4 NW/4

Sec. 30: S/2, S/2 N/2

Sec. 31: N/2 N/2

Sec. 32: N/2 NW/4. The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the unit area without the necessity of further hearings and the adoption of any provisions necessary for such other matters as may be appropriate for said waterflood operations. Said unit area is located approximately 2 miles northeast of Hobbs, New Mexico.

MCKINLEY COUNTY

Special Pool Rules (Case 12540 – Continued from February 7) (Reopened) (Continued to April 4)

The Oil Conservation Division, upon its own motion, is reopening this case pursuant to the provisions of Division Order No. R-11526, which order promulgated temporary special pool rules for the Arena Blanca-Entrada Pool in McKinley County. Operators in the Arena Blanco-Entrada Pool should appear and show cause why the temporary special rules for the pool should be rescinded.

LEA COUNTY

Convert Wells to Injection Wells (Case 12320 - Continued from March 7) (Reopened)

Chevron U.S.A. Production Co. 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 - Sec. 4, Unit K, T-21-S, R-36-E, Lea County; No. 252 - Sec. 5, Unit I, T-21-S, R-36-E; No. 222 - Sec. 6, Unit O, T-21-S, R-36-E; No. 252 - Sec. 6, Unit W, T-21-S, R-36-E; No. 258 -

LEA COUNTY

Convert Wells to Injection Wells (Case 12320 - Continued from March 7) (Reopened) (Continued)

Sec. 4, Unit U, T-21-S, R-36-E. 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.

LEA COUNTY

Compulsory Pooling (Case 12790 – Continued from February 21)

Nearburg Exploration Company, L.L.C. seeks an order pooling all mineral interests in the following described spacing and proration units in Sec. 17, T-20-S, R-34-E, as follows: the N/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated Quail Ridge-Morrow Gas Pool, Undesignated South Quail Ridge-Atoka Gas Pool, and the Undesignated Lea Pennsylvanian Gas Pool; the NW/4 for all formations and/or pools developed on 160-acre spacing; the W/2 NW/4 for all formations and/or pools developed on 80-acre spacing which includes but is not necessarily limited to the Undesignated Featherstone-Bone Springs Pool, and the NW/4 NW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated Southeast-Teas-Delaware Pool, Undesignated Teas-Bone Springs Pool and the Undesignated Teas Yates-Seven Rivers Pool. Said well is to be dedicated to its No. 1 Mesquite "17" Federal Well to be drilled at a standard location 660 feet from the North and West lines of said Sec. 17 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. Also to be considered will be allocation of well costs, charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling the well. Said area is located approximately 9 miles east of Halfway, New Mexico.

EDDY COUNTY

Compulsory Pooling (Case 12819 – Continued from February 21)

Nearburg Exploration Company, L.L.C. seeks an order pooling all mineral interests in the following described spacing and proration units in Sec. 14, T-19-S, R-31-E, Eddy County, as follows: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Greenwood-Morrow Gas Pool; the SW/4 for all formations and/or pools developed on 160-acre spacing which includes but is not necessarily limited to the Lusk-Strawn Pool, and the NW/4 SW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated Hackberry-Delaware Pool, Undesignated West Lusk-Yates Pool, Undesignated Shugart-Yates-Seven Rivers-Queen-Grayburg Pool and the West Lusk-Bone Spring Pool. Said well is to be dedicated to its No. 1 Chaparral "14" Federal Well to be drilled at a standard location 1980 feet from the South line and 660 feet from the West line of said Sec. 14 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. Also to be considered will be allocation of well costs, charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling the well. Said area is located approximately 16 miles southeast of Loco Hills, New Mexico.

LEA COUNTY

Compulsory Pooling (Case 12820 – Continued from February 21)

Nearburg Exploration Company, L.L.C. seeks an order pooling all mineral interests in the following described spacing and proration units in Sec. 5, T-19-S, R-33-E, Lea County, as follows: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated South Corbin-Morrow Gas Pool and the Buffalo-Pennsylvanian Gas Pool; the NW/4 for all formations and/or pools developed on 160-acre spacing; and the SW/4 NW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated West Tonto-Wolfcamp Pool, Undesignated Tonto-Bone Spring Pool, Undesignated Buffalo-queen Pool and the Buffalo-Yates Pool. Said well is to be dedicated to its No. 1 Gem North "5" Federal Com Well to be drilled at a standard location 2310 feet from the North line and 660 feet from the West line of said Sec. 5 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. Also to be considered will be allocation of well costs, charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling the well. Said area is located approximately 24 miles southeast of Loco Hills, New Mexico.

LEA, ROOSEVELT AND CHAVES COUNTIES

Bring 147 Wells into Compliance with Rule 201.B (Case 12758-A – Continued from February 7)

The Oil Conservation Division, upon its own motion, called this hearing seeking an order requiring the operator of 147 inactive wells located in Lea, Roosevelt and Chaves Counties, New Mexico, to bring said wells into compliance with OCD Rule 201.B by either restoring said wells to production or beneficial use, plugging and abandoning said wells or securing Division approval for temporary abandonment thereof. The affected wells are the following:

- No. 1 Chukar State located in Unit O, Sec. 16, T-19-S, R-34-E;
- No. 1 Dagger Lake 5 State located in Unit O, Sec. 5, T-22-S, R-33-E;
- No. 1 Merit Record 35 located in Unit P, Sec. 35, T-19-S, R-35-E;
- No. 4 Record located in Unit N, Sec. 26, T-19-S, R-35-E;
- No. 2 B M Justis A located in Unit H, Sec. 20, T-25-S, R-37-E;
- No. 6 B M Justis A located in Unit H, Sec. 20, T-25-S, R-37-E;
- No. 1 B T Lanehart located in Unit G, Sec. 21, T-25-S, R-37-E;

Monday, April 1, 2002

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## LEA, ROOSEVELT AND CHAVES COUNTIES

Bring 147 Wells into Compliance with Rule 201.B (Case 12758-A – Continued from February 7) (Continued)

No. 3 B T Lanehart located in Unit C, Sec. 21, T-25-S, R-37-E;  
No. 4 B T Lanehart located in Unit B, Sec. 21, T-25-S, R-37-E;  
No. 5 B T Lanehart located in Unit G, Sec. 21, T-25-S, R-37-E;  
No. 6 B T Lanehart located in Unit B, Sec. 21, T-25-S, R-37-E;  
No. 1 Patsy A located in Unit B, Sec. 20, T-22-S, R-37-E;  
No. 2 Patsy B located in Unit N, Sec. 17, T-22-S, R-37-E;  
No. 1 State O located in Unit A, Sec. 16, T-25-S, R-37-E;  
No. 2 V H Justis located in Unit D, Sec. 20, T-25-S, R-37-E;  
No. 2 Gulf Simmons located in Unit A, Sec. 19, T-8-S, R-31-E;  
No. 1 Gulf Wilcox located in Unit P, Sec. 19, T-8-S, R-31-E;  
No. 1 Pearsall Queen Sand Unit, located in Unit E, Sec. 4, T-18-S, R-32-E;  
No. 1 Pearsall Queen Sand Unit, located in Sec. 5, T-18-S, R-32-E;  
No. 1 Pearsall Queen Sand Unit, located in Unit I, Sec. 5, T-18-S, R-32-E;  
No. 1 Pearsall Queen Sand Unit, located in Unit K, Sec. 4, T-18-S, R-32-E;  
No. 1 Pearsall Queen Sand Unit, located in Unit P, Sec. 32, T-17-S, R-32-E;  
No. 1 Pearsall Queen Sand Unit, located in Unit O, Sec. 32, T-17-S, R-32-E;  
No. 2 Pearsall Queen Sand Unit, located in Sec. 4, T-18-S, R-32-E;  
No. 2 Pearsall Queen Sand Unit, located in Sec. 5, T-18-S, R-32-E;  
No. 14 Trigg Federal, located in Unit J, Sec. 4, T-14-S, R-31-E;  
No. 1 Shipman, located in Unit G, Sec. 35, T-22-S, R-37-E;  
No. 1 Mexico F located in Sec. 2, T-15-S, R-37-E;  
No. 4 Mexico F located in Sec. 4, T-15-S, R-37-E;  
No. 5 Mexico F located in Sec. 2, T-15-S, R-37-E;  
No. 1 State Jct located in Unit H, Sec. 34, T-20-S, R-36-E;  
No. 1 Gulf State H located in Unit H, Sec. 23, T-13-S, R-31-E;  
No. 1 Hondo Holloway State located in Unit F, Sec. 36, T-12-S, R-31-E;  
No. 5Y North Caprock Queen Unit 1 Tr 27 located in Unit E, Sec. 8, T-13-S, R-32-E;  
No. 3 Amerada State located in Unit G, Sec. 13, T-21-S, R-34-E;  
No. 2 Charlotte State located in Unit C, Sec. 32, T-20-S, R-36-E;  
No. 4 Charlotte State located in Unit N, Sec. 29, T-20-S, R-36-E;  
No. 1 Gulf Cookie State located in Unit G, Sec. 21, T-23-S, R-36-E;  
No. 2 Gulf Cookie State located in Unit H, Sec. 21, T-23-S, R-36-E;  
No. 5 Kaiser State located in Unit J, Sec. 13, T-21-S, R-34-E;  
No. 8 Kaiser State located in Unit O, Sec. 13, T-21-S, R-34-E;  
No. 8 Kaiser State located in Unit F, Sec. 13, T-21-S, R-34-E;  
No. 41 Kaiser State located in Unit E, Sec. 13, T-21-S, R-34-E;  
No. 42 Kaiser State located in Unit J, Sec. 13, T-21-S, R-34-E;  
No. 44 Kaiser State located in Unit F, Sec. 13, T-21-S, R-34-E;  
No. 1 Mobil State located in Unit O, Sec. 16, T-23-S, R-36-E;  
No. 1 Phillips State located in Unit G, Sec. 14, T-21-S, R-34-E;  
No. 1 Shell State located in Unit K, Sec. 7, T-21-S, R-35-E;  
No. 4 Shell State located in Sec. 7, T-21-S, R-35-E;  
No. 7 Shell State located in Unit F, Sec. 7, T-21-S, R-35-E;  
No. 8 Shell State located in Unit C, Sec. 7, T-21-S, R-35-E;  
No. 14 Shell State located in Sec. 7, T-21-S, R-35-E;  
No. 2 State located in Unit K, Sec. 16, T-21-S, R-34-E;  
No. 1 State A located in Unit O, Sec. 16, T-21-S, R-34-E;  
No. 1 State B located in Unit B, Sec. 21, T-21-S, R-34-E;  
No. 1 State Jct located in Unit B, Sec. 16, T-23-S, R-36-E;  
No. 1 Valero State located in Unit N, Sec. 16, T-21-S, R-34-E;  
No. 1 Wilson A State located in Unit G, Sec. 7, T-21-S, R-35-E;  
No. 2 Wilson A State located in Unit B, Sec. 7, T-21-S, R-35-E;  
No. 1 Wilson State located in Unit G, Sec. 23, T-21-S, R-34-E;  
No. 2 Wilson State located in Unit J, Sec. 23, T-21-S, R-34-E;  
No. 3 Wilson State located in Unit J, Sec. 23, T-21-S, R-34-E;  
No. 17 Wilson State located in Unit A, Sec. 23, T-21-S, R-34-E;  
No. 21 Wilson State located in Unit J, Sec. 23, T-21-S, R-34-E;  
No. 1 Chilkat State 6 located in Unit O, Sec. 6, T-21-S, R-35-E;  
No. 2 Murphy Kirkpatrick Federal located in Unit B, Sec. 14, T-8-S, R-37-E;  
No. 1 Langlie Jal Unit located in Unit B, Sec. 31, T-24-S, R-37-E;  
No. 2 Langlie Jal Unit located in Sec. 31, T-24-S, R-37-E;  
No. 3 Langlie Jal Unit located in Unit D, Sec. 32, T-24-S, R-37-E;  
No. 7 Langlie Jal Unit located in Unit H, Sec. 32, T-24-S, R-37-E;  
No. 10 Langlie Jal Unit located in Unit E, Sec. 32, T-24-S, R-37-E;  
No. 11 Langlie Jal Unit located in Unit H, Sec. 31, T-24-S, R-37-E;  
No. 12 Langlie Jal Unit located in Unit G, Sec. 31, T-24-S, R-37-E;  
No. 15 Langlie Jal Unit located in Sec. 31, T-24-S, R-37-E;  
No. 18 Langlie Jal Unit located in Unit I, Sec. 31, T-24-S, R-37-E;  
No. 31 Langlie Jal Unit located in Sec. 6, T-25-S, R-37-E;  
No. 36 Langlie Jal Unit located in Sec. 5, T-25-S, R-37-E;  
No. 39 Langlie Jal Unit located in Sec. 4, T-25-S, R-37-E;  
No. 44 Langlie Jal Unit located in Unit E, Sec. 4, T-25-S, R-37-E;  
No. 50 Langlie Jal Unit located in Unit G, Sec. 6, T-25-S, R-37-E;  
No. 51 Langlie Jal Unit located in Unit F, Sec. 6, T-25-S, R-37-E;

LEA, ROOSEVELT AND CHAVES COUNTIES

Bring 147 Wells into Compliance with Rule 201.B (Case 12758-A – Continued from February 7) (Continued)

- No. 53 Langlie Jal Unit located in Sec. 6, T-25-S, R-37-E;
- No. 57 Langlie Jal Unit located in Unit L, Sec. 5, T-25-S, R-37-E;
- No. 60 Langlie Jal Unit located in Unit I, Sec. 5, T-25-S, R-37-E;
- No. 62 Langlie Jal Unit located in Unit M, Sec. 4, T-25-S, R-37-E;
- No. 63 Langlie Jal Unit located in Unit P, Sec. 5, T-25-S, R-37-E;
- No. 65 Langlie Jal Unit located in Unit N, Sec. 5, T-25-S, R-37-E;
- No. 67 Langlie Jal Unit located in Unit P, Sec. 6, T-25-S, R-37-E;
- No. 68 Langlie Jal Unit located in Unit O, Sec. 6, T-25-S, R-37-E;
- No. 69 Langlie Jal Unit located in Unit N, Sec. 6, T-25-S, R-37-E;
- No. 70 Langlie Jal Unit located in Sec. 6, T-25-S, R-37-E;
- No. 71 Langlie Jal Unit located in Unit D, Sec. 8, T-25-S, R-37-E;
- No. 72 Langlie Jal Unit located in Unit C, Sec. 8, T-25-S, R-37-E;
- No. 73 Langlie Jal Unit located in Unit B, Sec. 8, T-25-S, R-37-E;
- No. 75 Langlie Jal Unit located in Unit D, Sec. 9, T-25-S, R-37-E;
- No. 76 Langlie Jal Unit located in Unit E, Sec. 9, T-25-S, R-37-E;
- No. 77 Langlie Jal Unit located in Unit H, Sec. 8, T-25-S, R-37-E;
- No. 79 Langlie Jal Unit located in Unit F, Sec. 8, T-25-S, R-37-E;
- No. 81 Langlie Jal Unit located in Unit J, Sec. 8, T-25-S, R-37-E;
- No. 83 Langlie Jal Unit located in Unit L, Sec. 9, T-25-S, R-37-E;
- No. 85 Langlie Jal Unit located in Unit P, Sec. 8, T-25-S, R-37-E;
- No. 88 Langlie Jal Unit located in Unit A, Sec. 17, T-25-S, R-37-E;
- No. 89 Langlie Jal Unit located in Unit H, Sec. 17, T-25-S, R-37-E;
- No. 93 Langlie Jal Unit located in Unit P, Sec. 17, T-25-S, R-37-E;
- No. 94 Langlie Jal Unit located in Unit O, Sec. 17, T-25-S, R-37-E;
- No. 96 Langlie Jal Unit located in Unit N, Sec. 32, T-24-S, R-37-E;
- No. 97 Langlie Jal Unit located in Unit P, Sec. 32, T-24-S, R-37-E;
- No. 99 Langlie Jal Unit located in Unit K, Sec. 32, T-24-S, R-37-E;
- No. 103 Langlie Jal Unit located in Unit P, Sec. 1, T-24-S, R-37-E;
- No. 104 Langlie Jal Unit located in Unit M, Sec. 32, T-24-S, R-37-E;
- No. 106 Langlie Jal Unit located in Unit A, Sec. 32, T-24-S, R-37-E;
- No. 112 Langlie Jal Unit located in Unit C, Sec. 8, T-25-S, R-37-E;
- No. 115 Langlie Jal Unit located in Unit I, Sec. 5, T-25-S, R-37-E;
- No. 310 Langlie Jal Unit located in Sec. 31, T-24-S, R-37-E;
- No. 1 Hover located in Unit A, Sec. 31, T-17-S, R-32-E;
- No. 2 E B Anderson located in Unit M, Sec. 6, T-13-S, R-38-E;
- No. 3 E B Anderson located in Unit M, Sec. 6, T-13-S, R-38-E;
- No. 2 East Ek Unit located in Unit J, Sec. 22, T-18-S, R-34-E;
- No. 3 East Ek Unit located in Unit K, Sec. 22, T-18-S, R-34-E;
- No. 7 East Ek Unit located in Unit G, Sec. 22, T-18-S, R-34-E;
- No. 9 East Ek Unit located in Unit E, Sec. 23, T-18-S, R-34-E;
- No. 12 East Ek Unit located in Unit F, Sec. 22, T-18-S, R-34-E;
- No. 1 Federal A located in Unit P, Sec. 12, T-15-S, R-34-E;
- No. 1 Gulf Federal located in Unit H, Sec. 12, T-15-S, R-34-E;
- No. 1 Maxwell located in Unit F, Sec. 6, T-13-S, R-38-E;
- No. 2 Maxwell located in Unit E, Sec. 6, T-13-S, R-38-E;
- No. 12 So. Caprock Queen Unit located in Unit L, Sec. 33, T-14-S, R-31-E;
- No. 14 So. Caprock Queen Unit located in Unit N, Sec. 33, T-14-S, R-31-E;
- No. 15 So. Caprock Queen Unit located in Unit O, Sec. 28, T-14-S, R-31-E;
- No. 1 State Land 76 located in Sec. 2, T-16-S, R-32-E;
- No. 3 State Land 76 located in Sec. 2, T-16-S, R-32-E;
- No. 1 Be Shipp Estate located in Unit G, Sec. 4, T-17-S, R-37-E;
- No. 1 Byers located in Unit I, Sec. 3, T-17-S, R-37-E;
- No. 1 Gallagher State located in Sec. 3, T-17-S, R-34-E;
- No. 6 Mallon 34 Federal located in Unit C, Sec. 34, T-19-S, R-34-E;
- No. 9 Mallon 34 Federal located in Unit G, Sec. 34, T-19-S, R-34-E;
- No. 1 Mobil State located in Unit G, Sec. 3, T-17-S, R-34-E;
- No. 2 Pennzoil State located in Unit B, Sec. 18, T-16-S, R-37-E;
- No. 3 Pennzoil State located in Unit C, Sec. 18, T-16-S, R-37-E;
- No. 4 Pennzoil State located in Sec. 18, T-16-S, R-37-E;
- No. 1 Price Family Trust located in Unit E, Sec. 1, T-17-S, R-37-E;
- No. 2 Price Family Trust located in Unit N, Sec. 1, T-17-S, R-37-E;
- No. 1 Simmons Estate located in Unit N, Sec. 3, T-17-S, R-37-E;
- No. 3 State C located in Unit O, Sec. 17, T-16-S, R-37-E;
- No. 4 State C located in Unit G, Sec. 20, T-16-S, R-37-E;
- No. 2 Viersen located in Unit O, Sec. 4, T-17-S, R-37-E;
- No. 2 Waldron located in Sec. 3, T-17-S, R-37-E.

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**ORDERS ENTERED**

LEA COUNTY

Unorthodox Subsurface Gas Well Location and Exception to Rule 104.D.(3) (Case 12743)

Texaco Exploration and Production Inc. has received an order for a standard surface gas well location 1985 feet from the South line and 660 feet from the West line (Unit L) of Sec. 12, T-20-S, R-37-E, Lea County. This is Order No. R-11743; the hearing was held November 1, 2001.

LEA COUNTY

Unit Agreement (Case 12764 – Dismissed)

Dismissed is the application of Discovery Exploration for a unit agreement located in Lea County. This is Order No. R-11736; the hearing was held March 7, 2002.

LEA COUNTY

Unorthodox Gas Well Location (Case 12765 – Dismissed)

Dismissed is the application of Discovery Exploration seeking an order for an unorthodox gas well location located in Lea County. This is Order No. R-11737; the hearing was held March 7, 2002.

LEA COUNTY

Waterflood Project (Case 12785)

Apache Corporation has received an order for a waterflood project in Lea County. This is Order No. R-11744; the hearing was held January 10, 2002.

EDDY COUNTY

Compulsory Pooling (Case 12789 – Dismissed)

Dismissed is the application of Nearburg Exploration Company, L.L.C. seeking an order for compulsory pooling in Eddy County. This is Order No. R-11730; the hearing was held February 21, 2002.

RIO ARRIBA COUNTY

Compulsory Pooling (Case 12801 – Dismissed)

Dismissed is the application of McElvain Oil & Gas Properties, Inc. seeking an order for compulsory pooling in Rio Arriba County. This is Order No. R-11731; the hearing was held February 21, 2002.

RIO ARRIBA COUNTY

Compulsory Pooling (Case 12802 - Dismissed)

Dismissed is the application of D. J. Simmons Inc. seeking an order for compulsory pooling in Rio Arriba County. This is Order No. R-11738; the hearing was held March 7, 2002.

EDDY COUNTY

Compulsory Pooling (Case 12806 – Dismissed)

Dismissed is the application of Nearburg Exploration Company, L.L.C. seeking an order for compulsory pooling in Eddy County. This is Order No. R-11739; the hearing was held March 7, 2002.

EDDY COUNTY

Compulsory Pooling (Case 12807 – Dismissed)

Dismissed is the application of Nearburg Exploration Company, L.L.C. seeking an order for compulsory pooling in Eddy County. This is Order No. R-11740; the hearing was held March 7, 2002.

LEA COUNTY

Shutting in a Well, Terminating Allowable and Assessing Civil Penalties (Case 12809 – Dismissed)

Dismissed is this case, which would be an order shutting in a well, terminating allowables and assessing civil penalties, located in Lea County. This is Order No. R-11741; the hearing was held March 7, 2002.

LEA COUNTY

Surface Commingling and Off Lease Storage (Case 12818 – Dismissed)

Dismissed is the application of Chevron U.S.A. Inc. seeking an order for surface commingling and off lease storage in Lea County. This is Order No. R-11732; the hearing was held February 21, 2002.

RIO ARRIBA COUNTY

Compulsory Pooling (Case 12821 – Dismissed)

Dismissed is the application of D. J. Simmons seeking an order for compulsory pooling in Rio Arriba County. This is Order No. R-11742; the hearing was held March 7, 2002.

CHAVES AND EDDY COUNTIES  
Creating, Contracting and Extending Pools (Case 12833)

The Oil Conservation Division, upon its own motion, has ordered the creation, contraction and extension of pools in Chaves and Eddy Counties. This is Order No. R-11745; the hearing was held March 7, 2002.

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**ADMINISTRATIVE ORDER**

CHAVES COUNTY  
Non-Standard Location (Order NSL-4709)

Dominion Exploration & Production, Inc. has received an order for an unorthodox Morrow wildcat gas well location for the proposed No. 1 Excalibur 20 Fed Com Well to be drilled 1190 feet from the North line and 2180 feet from the West line (Unit C) of Sec. 20, T-15-S, R-29-E, Chaves County. The N/2 of Sec. 20, being a standard 320-acre lay down deep gas spacing and proration unit for the Morrow formation is to be dedicated to this well. This is Order NSL-4709, signed March 14, 2002.

\* \* \* \* \*



**United States Department of the Interior**

Bureau of Land Management

New Mexico State Office

1474 Rodeo Road

P.O. Box 27115

Santa Fe, New Mexico 87502-0115

IBWC - SS

IN REPLY REFER TO:  
3120 (93200-gsb)

March 22, 2002

**AMENDMENT  
COMPETITIVE SALE NOTICE  
SALE LOCATION ADDRESS**  
Bureau of Land Management  
1474 Rodeo Road  
Santa Fe, NM 87505

Notice dated February 28, 2002, of the Competitive Oil and Gas Lease Sale for the April 17, 2002, is hereby amended as follows:

1. Parcel No. 200204006, on page 2, should read 100% mineral interest.
2. Parcel No. 200204050, on page 12, should read 100% mineral interest.
3. Parcel No. 200204052, on page 13, makes reference to the attached stipulation IBWC-(SS) which applies to this tract.

If you have any questions, please call me at (505) 438-7566.

Gloria S. Baca  
Land Law Examiner  
Fluids Adjudication Team

**SPECIAL STIPULATIONS**  
**INTERNATIONAL BOUNDARY AND WATER COMMISSION**  
**UNITED STATES AND MEXICO**  
**UNITED STATES SECTION**

1. The surface of the land described herein shall not be used for the extraction of oil and/or gas. Drilling operations by the Lessee/Operator on adjacent lands for removing oil and/or gas under the leased land shall be accomplished only in such a manner as will not damage or interfere with use of said leased land by the United States.
2. The lessee agrees not to subdivide or assign such lease without prior written approval of the United States Commissioner, International Boundary and Water Commission, Commons Building C, Suite 310 4171 North Mesa, El Paso, TX 79902, has been requested and obtained prior to any submission for approval to the Department of Interior.
3. Prior to any drilling operations, all requirements of the National Environmental Policy Act, (NEPA) will be completed and reports provided to the Bureau of Land Management (BLM) and the International Boundary and Water Commission (IBWC).

**NORTHWESTERN NEW MEXICO**

| <u>Operator<br/>&amp; Well No.</u>                       | <u>Location</u>              | <u>Remarks</u>                    |
|--|------------------------------|-----------------------------------|
| <b><u>NEW LOCATIONS:</u></b>                             |                              |                                   |
| <b><u>RIO ARRIBA COUNTY</u></b>                          |                              |                                   |
| Energen Res. Corp.<br>#11 Carson                         | 21-30N-4W<br>1680/N; 1650/W  | E. Blanco PC.                     |
| Phillips Pet. Co. NW<br>#47M San Juan 31 6 Unit          | 32-31N-6W<br>815/N; 1465/W   | Basin Dakota; Blanco MV.          |
| <b><u>SAN JUAN COUNTY:</u></b>                           |                              |                                   |
| Devon Energy Prod. Co., LP<br>#71M Northeast Blanco Unit | 23-31N-7W<br>1395/S; 665/E   | Blanco MV; Basin Dakota.          |
| Burlington Res. O&G Co.<br>#1B Lambe                     | 21-31N-10W<br>1235/N; 1890/W | Blanco MV; Basin Dakota.          |
| Burlington Res. O&G Co.<br>#2B Lambe                     | 20-31N-10W<br>1160/S; 675/E  | Blanco MV; Basin Dakota.          |
| Dugan Prod. Corp.<br>#1R Cline                           | 33-30N-14W<br>695/S; 815/W   | Twin Mounds FS PC.                |
| Richardson Operating Co.<br>#1 Navajo 26                 | 26-29N-14W<br>1415/S; 1150/W | Basin Fruitland Coal; W. Kutz PC. |
| Coleman Oil & Gas Inc.<br>#41 Juniper 17                 | 17-24N-10W<br>900/N; 1140/E  | Basin Fruitland Coal.             |
| Richardson Operating Co.<br>#1 Navajo 13                 | 13-29N-14W<br>1300/N; 1230/E | Basin Fruitland Coal; W. Kutz PC. |
| Dugan Prod. Corp.<br>#90R State Com                      | 16-32N-12W<br>790/N; 2415/E  | Basin Fruitland Coal.             |
| Markwest Res. Inc.<br>#14 Fullerton Federal 27 11        | 14-27N-11W<br>1025/S; 685/W  | Kutz PC West.                     |
| Burlington Res. O&G Co.<br>#2N Roelofs                   | 10-29N-8W<br>730/S; 1910/W   | Blanco MV; Basin Dakota.          |
| Burlington Res. O&G Co.<br>32C Hale                      | 27-31N-8W<br>1275/S; 1970/W  | Blanco MV; Basin Dakota.          |
| Burlington Res. O&G Co.<br>#3B Hubbard                   | 15-32N-12W<br>660/N; 2630/W  | Blanco Mesaverde.                 |
| Richardson Operating Co.<br>#2 Eaton White               | 20-29N-13W<br>1250/N; 1428/E | W. Kutz PC; Basin-Fruitland Coal. |
| Phillips Pet. Co. NW<br>#2A San Juan 32 8 Unit           | 16-31N-8W<br>1663/S; 2004/E  | Blanco Mesaverde.                 |
| Burlington Res. O&G Co.<br>#2C Walker Koch               | 10-31N-10W<br>885/S; 1740/W  | Blanco Mesaverde.                 |
| Dugan Prod. Corp.<br>#90 No Doubt                        | 06-27N-13W<br>790/N; 1850/E  | WAW Fruitland Sand PC.            |

**ADD A ZONE:****SAN JUAN COUNTY**

|   |                              |                       |
|---|------------------------------|-----------------------|
| XTO Energy, Inc.<br>#3 T L Rhodes C     | 31-28N-11W<br>1190/N; 2180/E | Kutz Gallup.          |
| BP America Production Co.<br>#1 Tallant | 26-30N-8W<br>1510/S; 1460/E  | Blanco-Mesaverde.     |
| Dugan Prod. Corp.<br>#1 Hop-Sing        | 27-23N-11W<br>990/N; 1980/E  | Basin Fruitland Coal. |

Monday, April 1, 2002

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**NORTHWESTERN NEW MEXICO, continued:**

**Operator**  
**& Well No.**                      **Location**                      **Remarks**

**DEEPENING:**

**SAN JUAN COUNTY**

Burlington Res. O&G Co.      33-27N-9W                      Ballard PC.  
#32 Huerfanito Unit              990/N; 990/W

**COMPLETIONS:**

**SAN JUAN COUNTY**

Burlington Res. O&G Co.      24-32N-12W                      Blanco-Mesaverde; Completed 2/1/02.  
#1B Dalsant                      1610/S; 1835/E

Richardson Operating Co.      33-30N-14W                      Twin Mounds Fruitland Sand PC; Completed 9/25/01.  
#2 WF Federal 33                      1637/N; 746/W

Richardson Operating Co.      27-30N-14W                      Harper Hill Fruitland Sand PC; Completed 11/21/01.  
#2 WF Federal 27                      1021/N; 1940/W

Dugan Prod. Corp.              19-30N-14W                      Harper Hill Fruitland Sand PC; Completed 1/30/02.  
#10 Turks Toast                      660/N; 1980/W

Dugan Prod. Corp.              19-30N-14W                      Twin Mounds Fruitland Sand PC; Completed 1/30/02.  
#10 Turks Toast                      660/N; 1980/W

Burlington Res. O&G Co.      11-30N-10W                      Basin Dakota; Completed 1/28/02.  
#6M Sunray H Com.                      1170/S; 1855/E

Merrion Oil & Gas Corp.      16-25N-13W                      Basin Fruitland Coal; Completed 2/5/02.  
#1 Hoodoo                      660/N; 660/E

Roddy Prod. Co., Inc.          17-30N-11W                      Basin Dakota; Completed 1/31/02.  
#2 Raymond Simmons                      680/S; 1160/E

XTO Energy, Inc.              28-29N-10W                      Basin Fruitland Coal; Completed 2/6/02.  
#1 Armenta Gas Com G                      2254/N; 698/E

**PLUGGED AND ABANDONED WELLS:**

**RIO ARRIBA COUNTY**

Burlington Res. O&G Co.      27-27N-5W                      Plugged and abandoned 10/19/01.  
#81 San Juan 27 5 Unit                      1000/N; 1650/W

Burlington Res. O&G Co.      36-27N-4W                      Plugged and abandoned 10/25/01.  
#67 San Juan 27 4 Unit                      1840/N; 1660/E

Burlington Res. O&G Co.      27-27N-4W                      Plugged and abandoned 10/17/01.  
#63 San Juan 27 4 Unit                      1838/N; 1765/W

Burlington Res. O&G Co.      35-27N-5W                      Plugged and abandoned 11/19/01.  
#159 San Juan 27 5 Unit                      1450/S; 790/E

Schalk Development Co.      2-30N-5W                      Plugged and abandoned 10/30/01.  
#2 Schalk 54                      1650/S; 790/E

Burlington Res. O&G Co.      28-25N-7W                      Plugged and abandoned 12/18/01.  
#289 Canyon Largo Unit                      1460/S; 1460/W

Burlington Res. O&G Co.      33-25N-7W                      Plugged and abandoned 12/14/01.  
#290 Canyon Largo Unit                      900/N; 1550/W

Burlington Res. O&G Co.      20-24N-6W                      Plugged and abandoned 12/6/01.  
#434 Canyon Largo Unit                      1190/S; 1190/W

Dugan Prod. Corp.              4-23N-6W                      Plugged and abandoned 11/20/01.  
#1 Lough Erne                      2160/N; 2310/E

Burlington Res. O&G Co.      3-27N-5W                      Plugged and abandoned 10/11/01.  
#109E San Juan 27 5 Unit                      1510/S; 1710/E

**NORTHWESTERN NEW MEXICO, continued:**

| <u>Operator<br/>&amp; Well No.</u>                 | <u>Location</u>             | <u>Remarks</u>                       |
|--|-----------------------------|--------------------------------------|
| <b><u>TEMPORARY ABANDONMENT:</u></b>               |                             |                                      |
| <b><u>RIO ARRIBA COUNTY</u></b>                    |                             |                                      |
| Elm Ridge Resources Inc.<br>#13 Jicarilla Apache B | 29-24N-5W<br>1000/N; 1000/E | Basin Dakota; Effective date 6/7/96. |

**SOUTHEASTERN NEW MEXICO****HOBBS AREA****NEW LOCATIONS:****CHAVES COUNTY**

|   |                          |                       |
|---|--------------------------|-----------------------|
| Yates Pet. Corp.<br>#3 Getty PS 7 Federal | 7-6S-27E<br>660/S; 660/W | Wildcat Pre-Cambrian. |
|---|--------------------------|-----------------------|

**EDDY COUNTY**

|   |                            |                          |
|---|----------------------------|--------------------------|
| Louis Dreyfus Nat. Gas Corp.<br>#2 Artesia 21 State Com | 21-18S-28E<br>990/N; 660/E | N. Illinois Camp Morrow. |
|---|----------------------------|--------------------------|

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|---|------------------------------|---------------------|
| Mack Energy Corp.<br>#8 Woolley Federal | 21-17S-30E<br>1550/S; 1650/E | Loco Hills Paddock. |
|---|------------------------------|---------------------|

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| Marbob Energy Corp.<br>#17 Tony Federal | 18-17S-31E<br>1750/S; 2047/W | Cedar Lake Yeso. |
|---|------------------------------|------------------|

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| Arco Permian<br>#3 West Brushy 4 Federal | 4-26S-29E<br>495/N; 1980/W | Brushy Draw Delaware. |
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| Arco Permian<br>#6 West Brushy 4 Federal | 4-26S-29E<br>660/N; 1980/E | Brushy Draw Delaware. |
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| Arco Permian<br>#3 West Brushy 5 Federal | 5-26S-29E<br>1980/N; 660/E | Brushy Draw Delaware. |
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| Marathon Oil Co.<br>#35 Indian Hills Unit | 33-21S-24E<br>1087/N; 2037/E | Indian Basin Morrow. |
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| Burnett Oil Co. Inc.<br>#31 Gissler B | 14-17S-30E<br>1650/S; 990/W | Cedar Lake Yeso. |
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| Oxy USA WTP Limited<br>Partnership<br>#1 Oxy Xica Federal Com | 25-18S-30E<br>835/S; 660/E | Wildcat Morrow. |
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| Chi Operating Inc.<br>#2Q USA 9 Federal Com | 9-20S-28E<br>660/N; 660/E | Burton Flat Morrow. |
|---|---------------------------|---------------------|

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| Devon Energy Prod. Co., LP<br>#2 Todd 22 B Federal | 22-23S-31E<br>510/N; 1980/E | Ingle Wells Delaware. |
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| Mewbourne Oil Co.<br>#1 Liberty 25 Federal Com | 25-20S-28E<br>1310/N; 1650/W | Burton Flat Morrow. |
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| Yates Petroleum Corp.<br>#1 Pokey Bak State | 36-19S-21E<br>660/N; 660/E | Bunting Ranch Morrow. |
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| Texaco Explor. & Prod. Inc.<br>#932 Skelly Unit | 21-17S-31E<br>1650/N; 1650/E | Fren Paddock. |
|---|------------------------------|---------------|

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| Yates Pet. Corp.<br>#16 Creek Al Federal | 24-18S-30E<br>990/S; 1780/E | Wildcat Bone Spring. |
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| Yates Pet. Corp.<br>#17 Creek Al Federal | 24-18S-30E<br>660/S; 480/E | N. Shugart Bone Spring. |
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|---|------------------------------|-------------------|
| Devon SFS Operating Inc.<br>#3 Crow Flat 20 Federal Com | 20-16S-28E<br>1380/N; 1330/E | Crow Flat Morrow. |
|---|------------------------------|-------------------|

Monday, April 1, 2002

Page C

**SOUTHEASTERN NEW MEXICO, continued:**

**HOBBS AREA, continued:**

| <u>Operator<br/>&amp; Well No.</u> | <u>Location</u> | <u>Remarks</u> |
|------------------------------------|-----------------|----------------|
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**NEW LOCATIONS, continued:**

**LEA COUNTY**

|  |                              |                |
|--|------------------------------|----------------|
| Ray Westall<br>#4 Federal 30                                   | 30-23S-34E<br>2180/S; 990/E  | Delaware.      |
| Devon Energy Prod. Co., LP<br>#1 Keller 4 State                | 4-23S-35E<br>1980/S; 990/W   | Morrow.        |
| Devon Energy Prod. Co., LP<br>#2 Keller 4 State                | 4-23S-35E<br>1420/N; 660/W   | Morrow.        |
| Nadel and Gussman Permian,<br>LLC<br>#1 Santo State            | 5-21S-35E<br>4290/S; 1980/W  | Morrow.        |
| Pogo Producing Co.<br>#12 Red Tank 34 Federal                  | 34-22S-32E<br>1980/N; 1980/W | Bone Spring.   |
| Conoco Inc.<br>#165 SEMU                                       | 14-20S-37E<br>1310/S; 480/W  | Penn.          |
| Conoco Inc.<br>#166 SEMU                                       | 23-20S-37E<br>490/S; 1335/E  | Penn.          |
| Louis Dreyfus Nat. Gas Corp.<br>#2 Toro 21                     | 21-19S-35E<br>2310/S; 2310/E | Wolfcamp.      |
| David H. Arrington Oil & Gas<br>Inc.<br>#1 Chocolate Foam Wing | 34-14S-35E<br>1800/S; 760/W  | Mississippian. |
| Concho Oil & Gas Corp.<br>#3 Appleseed 17 Federal              | 17-20S-35E<br>1980/N; 1980/E | Bone Spring.   |
| Texaco Explor. & Prod. Inc.<br>#2 Shoebar 4                    | 4-17S-34E<br>1340/S; 660/W   | Atoka.         |
| Ray Westall<br>#1 JG State                                     | 9-18S-34E<br>330/S; 660/E    | Wolfcamp.      |
| Conoco Inc.<br>#312 Warrant Unit Blinebry<br>Tubb WF           | 27-20S-38E<br>2520/S; 2600/W | Blinebry.      |
| Harvard Pet. Corp.<br>#3 James Federal                         | 29-23S-32E<br>1980/S; 2306/W | Delaware.      |
| Mack Energy Corp.<br>#7 BC Federal                             | 19-17S-32E<br>2410/S; 1650/E | Paddock.       |
| Apache Corp.<br>#27 Hawk B1                                    | 9-21S-37E<br>830/S; 900/E    | Grayburg.      |
| Apache Corp.<br>#29 Hawk B1                                    | 8-21S-37E<br>1830/S; 1980/W  | Grayburg.      |
| Kukui Operating Co.<br>#1 Degas 6 State Com                    | 6-16S-35E<br>1980/N; 1330/E  | Morrow.        |
| Apache Corp.<br>#18 Hawk B1                                    | 8-21S-37E<br>760/S; 840/E    | Grayburg.      |
| Apache Corp.<br>#19 Hawk B1                                    | 9-21S-37E<br>660/S; 425/W    | Grayburg.      |
| Apache Corp.<br>#24 Hawk B1                                    | 9-21S-37E<br>2000/N; 2120/W  | Grayburg.      |

**SOUTHEASTERN NEW MEXICO, continued:**

**HOBBS AREA, continued:**

| <u>Operator<br/>&amp; Well No.</u> | <u>Location</u> | <u>Remarks</u> |
|------------------------------------|-----------------|----------------|
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**COMPLETIONS:**

**CHAVES COUNTY**

|  |                             |   |
|--|-----------------------------|---|
| Yates Pet. Corp.<br>#1 Pueblo "AXJ" St Com | 3-5S-24E<br>1980/S; 19980/W | Pecos Slope Pool; Spd. 5/31/01; Compl. 7/3/01; Elev. 3922 GR; TD 4114; PBTd 468; Top Pay (Abo) 3508; perfs 3508-2704; treat 500 gas. 7.5% Hcl., frac w-96395 gals. 65q foamed gel & 241,000# 16/30 sd.; IP 7/26/01: Flow, 24 hrs., 0 BO, 135 BW, 108 MCF, 16/54" Ch., TP 200; Csg. 11-3/4 @ 910 w/650; 4 @ 4114 w/325; 2-3/8 @ 3475; Tops: SA 511, Glo. 1352, Yeso 1468, Tubb 2839, Abo 3460. |
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| Yates Pet. Corp.<br>#7 Binnion "TT" Federal | 24-7S-25E<br>660/N; 660/E | Binnion Pool; Spd. 6/12/01; Compl. 7/18/01; Elev. 3620 GR; TD 5150; PBTd 5097; Top Pay (Permo Penn) 4690; perfs 4690-4816; Treat 2200 gals. 7.5% Hcl.; IP 8/20/01: Flow, 24 hrs., 0 BO, 3 BW, 866 MCF, 15/64" Ch., TP 540, CP Pkr.; Csg. 11-3/4 @ 915 w/650; 4 @ 5150 w/550; 2-3/8 @ 4611; Tops: SA 436, Glo. 1418, Yeso 1528, Tubb 2965, Abo 3644, WC 4390, Cisco 4849, Strawn 4946, Granite Wash 4970. |
|---|---------------------------|--|

|  |                            |   |
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| Yates Pet. Corp.<br>#4 Thunderhead TD State<br>Com | 32-8S-26E<br>1980/N; 660/W | NW Foor Ranch Pool; Spd. 5/4/00; Compl. 5/3/01; Elev. 3741 GR; TD 6740; PBTd 5600; Top Pay (Wolfcamp) 5430; perfs 5430-5540; Treat Acidize w-2500 gals. 15% Hcl.; IP 5/1/01: Flow, 24 hrs., 0 BO, 0 BW, 30 MCF, 1/8" Ch., TP 73; Csg. 8-5/8 @ 1103 w/650; 5 @ 6740 w/1152; 2-7/8 @ 5365; Tops: SA 950, Glo. 2007, Yeso 2122, Tubb 3572, Abo 4338, WC 5072, Penn. 5838, Cisco 5712, Miss. 6309, Ord. 6626. |
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|--|---|--|
| Northland Oper. Co.<br>#54 Drickey Queen Sand Unit | 15-14S-31E<br>200/S; 330/E<br>BHL 2706/S; 286/E | Caprock Pool; Spd. 11/8/99; Compl. 11/13/00; Elev. 4414 GL; TD 5500 MD; TVD 3108, PBTd 2797, Top Pay (Queen) 3111; perfs OH 3111-5410; Treat None; IP WIW; Csg. 8-5/8 @ 365 w/150; 5 @ 3111 w/350; 2-7/8 @ 3111; Tops: Anhy 1210, X 1300, BX 1940, Yates 2050, SR 2160, Qu 2793. |
|--|---|--|

**LEA COUNTY**

|                                       |  |  |
|---------------------------------------|--|--|
| Yates Pet. Corp.<br>#1 Arreguy AV Com | 24-15S-34E<br>660/S; 660/E<br>BHL 1930/S; 1400/E | North Eidson Morrow Pool; Spd. 12/9/00; P&A 11/16/01; Elev. 4039 GR; TD 13449 TVD; 13720 MD; PBTd 13379 TVD, 13650 MD; Csg. 11 @ 419 w/325; 8-5/8 @ 4598 w/1200; 5 @ 132720 w/1300; 2-7/8 @ 12800; Tops: Yates 2953, GB 4178, Abo 8097, WC 9791, Strawn 11880, Atoka 12022, Morrow 12676, Miss. 13392. |
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|---|---------------------------|--|
| Mack Energy Corp.<br>#1-Y Barracuda State | 9-17S-33E<br>945/N; 966/W | (Re-entry of Marathon Oil Co., P&A, Old TD 11800); Malajamar Pool; Re-entered 821/01; Compl. 9/7/01; Elev. 4199 GR; TD 11,816; PBTd 11,769; Top Pay (Cisco) 11592; perfs 11592-11629; Treat 2000 gals. 15% NEFE; IP 9/25/01: Flow, 24 hrs., 62 BO, 0 BW, 52 MCF, GOR 839, Gty. 40; Csg. 13-3/8 @ 450 w/650; 9-5/8 @ 4568 w/1925; 5 @ 11816 w/1933; 2-3/8 @ 11543; Tops: Yates 2760, SR 3070, Qu 3718, SA 4462, Glo. 5929, Pad. 6004, Tubb 7300, Drinkard 7464, Abo 8052, WC 9632, Penn. 11490. |
|---|---------------------------|--|

|                                       |                              |  |
|---------------------------------------|------------------------------|--|
| Mack Energy Corp.<br>#1 Chinook State | 10-17S-33E<br>1650/N; 2001/E | Sanmal Pool; Spd. 8/28/01; Compl. 11/7/01; Elev. 4163 GL; TD 11,882; PBTd 11,837; Top Pay (Penn) 11,738; perfs 11738-11758; Treat 2000 gals. HCL, N2/CO2 & 24000# 20/40; IP 12/4/01: Flow, 24 hrs., 5 BO, 0 BW, 40 MCF, GOR 8000, Gty. 42; Csg. 13-3/8 @ 464 w/500; 8-5/8 @ 4512 w/1220; 5 @ 11882 w/1950; 2-3/8 @ 11,676; Tops: SA 4522, Glo. 5980, Tubb 7345, Abo 8110, WC 9920, Cisco 11,590. |
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|--|-----------------------------|--|
| Amerada Hess Corp.<br>#326 N. Monument GB/SA<br>Unit Blk. 16 | 32-19S-37E<br>2630/S; 130/W | Eunice Monument Pool; Spd. 11/22/01; Compl. 11/26/01; Elev. 3576 GR; TD 3916; PBTd 3912 GL; Top Pay (Grayburg-San Andres) 3728; perfs 3728-3903; Treat acidize w-7000 gals. 15% Hcl.; IP 12/9/01: Pump, 24 hrs., 14 BO, 169 BW, 1 MCF, GOR 71; Csg. 8-5/8 @ 1242 w/450; 5 @ 3916 w/750; 2-7/8 @ 3893; Tops: Anhy 1160, X 1270, BX 2380, Yates 2530, SR 2580, Qu 3295, GB 3610. |
|--|-----------------------------|--|

**SOUTHEASTERN NEW MEXICO, continued:**

**HOBBS AREA, continued:**

Operator  
& Well No.                      Location                      Remarks

**OLD WELLS RECOMPLETED AND DUAL COMPLETED:**

**EDDY COUNTY**

Yates Pet. Corp.                      22-21S-24E                      Recomplete from Indian Basin Morrow to Indian Basin Upper  
#1 Lowe Staple AMR Fed              1650/S; 2310/W;              Penn; set CIBP @ 7558 w/35' cmt. 50 sx 5920-5620, 60 sx  
Com                                      BHL 660/S; 660/W              6=523705037, 300 sx 100-3600, DO cmt. F-3489-8600 TD; perf  
7952-8022; acidize w/50000 gals. gel 20% Hcl., set 3 @ 8021; Ret.  
to Prod. 9/30/01: Pump, 24 hrs., 485 BO, 3827 BW, 2192 MCF,  
GOR 4520;1, Gty. 41.2; Orig. well data: Spd. 6/10/93; Elev. 3679  
GL; TD 9900; Csg. 13-3/8 @ 361 w/450; 9-5/8 @ 3163 w/2220; 7 @  
9899 w/700; Tops: GB 355, SA 805, Glo. 2475, BS 3540, WC 4935,  
Cisco 7600, Strawn 8650, Atoka 8950.

Exxon Mobil Corp.                      5-21S-27E                      Recomplete from Burton Flat Atoka to Burton Flat Strawn; set  
#31 Yates C Federal                      1830/S; 1980/E                      CIBP @ 10650 w/35' cmt.; perfs 10186-10498, treat w/25,000 gals  
15% & 80 BS; set 2-7/8 tubing @ 9999; Ret. to Prod. 9/25/01: Flow,  
24 hrs., 0 BO, 0 BW, 2 MCF; Orig. well data: Spd. 9/16/83; Elev.  
3258 GL; TD 11,592; Csg. 13-3/8 @ 600 w/325; 8-5/8 @ 2491  
w/1050; 5 @ 11586 w/975; Tops: Dela 2720, BS 5003, 3<sup>rd</sup> BS 8448,  
WC 8995, Penn. 9880, Canyon 10001, Strawn 10185, Atoka  
10509, Morrow 10893.

**LEA COUNTY**

Raptor Res. Inc.                      5-22S-36E                      Recomplete from S. Eunice SR-Qu to Jalmat T-Y-SR; set CIBP @  
#78 State A A/C 2                      1980/N; 660/W                      3410; perfs 3188-3315, acidize w-1000 gals. 15% NEFE, frac w-  
66,108 gals. 40# foamed w-335 tons CO2 & 52,000# 20/40,  
250,600# 12/20 sd.; set 2-3/8 tubing @ 3243; Ret. to Prod. 8/31/01:  
Pump, 24 hrs., 5 BO, 62 BW, 337 MCF; Orig. well data: Spd.  
3/2/00; Elev. 3600 GL; TD 4000; Csg. 8-5/8 @ 6300 w/240; 5 @  
4000 w/850; Tops: Tansill 3132, Yates 3170, SR 3380, Qu 3812.

Raptor Res. Inc.                      9-22S-36E                      Recomplete from South Eunice to Jalmat; set RBP @ 3600; perfs  
#48 State A A/C 2                      660/N; 1980/E                      3206-3597, acidize w-2000 gals. 15% Hcl., frac w-46,000 gals.  
water frac w/258 tons CO2 w/15,000# 20/40 sd. & 175,000#  
12/20; set 2-3/8 tubing @ 3413; Ret. to Prod. 8/3/00: Pump, 24 hrs.,  
0 BO, 0 BW, 276 MCF; Orig. well data: Spd. 8/22/60; Elev. 3558  
GL; TD 3817; Csg. 8-5/8 @ 320 w/300; 5 @ 3760 w/250; Tops: A  
1502, X 1734, BX 2975, Y 3153, SR 3391, Qu 3770.

Yates Pet. Corp.                      17-15S-32E                      Recomplete from N. Feather Morrow to Wildcat Wolfcamp; set  
#1 Wings AUT State                      560/S; 660/W                      CIBP @ 12120 w/35 cmt. Perfs 9808-850, acidize w-3000 gals.  
15% Hcl.; set 2-3/8 tubing @ 9721; Ret. to Prod. 8/30/01: Flow, 24  
hrs., 39 MCF, 9/64" Ch., TP 30, CP Pkr.; Orig. well data: Spd.  
6/19/00: Elev. 4324 GL; TD 12700; Csg. 11 @ 414 w/300; 8-5/8 @  
4060 w/500; 7 @ 1940 w/600; 4-1/2 @ 12700 w/925; Tops: Tubb  
6920, WC 9040, Cisco 9906, Canyon 10662, Strawn 11582, Atoka  
11730.

Conoco Inc.                              23-20S-37E                      Recomplete from Monument Tubb to Weir Blinebry; set RBP @  
#115 SEMU                              1980/S; 660/W                      6310; perfs 5691-5944, treat w-2000 gals. 15% acid; set 2-3/8  
tubing @ 5664; Ret. to Prod. 8/22/01: Pump, 24 hrs., 12 BO, 75  
BW, 38 MCF, GOR 3800; Orig. well data: Spd. 3/2/80; Elev. 3523  
GR; TD 6988; Csg. 13-3/8 @ 1264 w/1225; 8-5/8 @ 2780 w/1233; 5  
@ 6987 w/2547; Tops: Glo. 5153, Bli. 5784, Tubb 6298, Drk. 6610.

Apache Corp.                              22-21S-37E                      Recomplete from Paddock to Penrose Skelly Grayburg; set CIBP  
#11 Turner                              915/S; 1650/W                      @ 5190 w/35' cmt.; perfs 3740-3882, acidize w-4500 gals. 15%  
Hcl., frac w-23200 gals. gel & 44000# 16/30 sd.; CO sd. to 4200;  
set 2-7/8 tubing @ 3912; Ret. to Prod. 11/24/01: Pump, 24 hrs., 27  
BO, 140 BW, 59 MCF, GOR 2185; Gty. 37.9; Orig. well data: Spd.  
6/15/50; Elev. 3420 DF; TD 7782; Csg. 13-3/8 @ 224 w/300; 8-5/8  
@ 2905 w/2000; 5 @ 7559 w/500; Tops: Glo. 5065, Drk. 6351,  
Permian 7333, Ellenburger 7484, Gr. Wash 7755, Granite 7777.

**SOUTHEASTERN NEW MEXICO, continued:****HOBBS AREA, continued:**

| <u>Operator<br/>&amp; Well No.</u> | <u>Location</u> | <u>Remarks</u> |
|------------------------------------|-----------------|----------------|
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**RE-ENTRIES:****CHAVES COUNTY**

|   |                           |                     |
|---|---------------------------|---------------------|
| Yates Pet. Corp.<br>#1 Joya AYJ State Com | 13-9S-27E<br>660/N; 660/E | Wildcat Ordovician. |
|---|---------------------------|---------------------|

**EDDY COUNTY**

|                                    |                            |         |
|------------------------------------|----------------------------|---------|
| SDX Resources Inc.<br>#1 State 20` | 20-19S-28E<br>660/N; 660/W | Morrow. |
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| Devon SFS Operating Inc.<br>31 Crow Flats 15 Federal<br>Com | 15-16S-28E<br>2180/N; 660/E | N/A Pool. |
|---|-----------------------------|-----------|

**LEA COUNTY**

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| Apache Corp.<br>#3 Hawk B 10 | 10-21S-37E<br>1980/N; 1980/E | Abo. |
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| Apache Corp.<br>#1 Hawk B 10 | 10-21S-37E<br>1715/N; 409/E | Grayburg. |
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| Apache Corp.<br>#1 Hawk B 3 | 3-21S-37E<br>510/S; 660/E | Grayburg. |
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| BTA Oil Producers<br>#1 Townsend 9401 JV-P | 30-15S-35E<br>760/S; 1700/E | Mississippian/Dry Hole. |
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| Amerada Hess Corp.<br>#4 LM Lambert | 6-20S-37E<br>1980/N; 660/E | Abo. |
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**PLUGGED AND ABANDONED WELLS:****EDDY COUNTY**

|                                       |                             |                                |
|---------------------------------------|-----------------------------|--------------------------------|
| Ralph E. Williamson<br>#2 MWJ Federal | 35-26S-29E<br>660/N; 1980/E | Plugged and abandoned 2/12/02. |
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| BP America Prod. Co.<br>#1 Jackson Federal | 35-17S-29E<br>660/N; 2310/E | Plugged and abandoned 2/18/87. |
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| Nearburg Producing Co.<br>#2 Anderson 10J | 10-20S-25E<br>1980/S; 1980/E | Plugged and abandoned 1/29/02. |
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| Devon Energy Prod. Co., LP<br>#2 State of New Mexico 7 | 7-24S-25E<br>1800/S; 1980/W | Plugged and abandoned 3/27/00. |
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| Guadalupe Operating Co.<br>LLP<br>#10 Yates Federal | 6-20S-27E<br>350/S; 2251/E | Plugged and abandoned 10/11/01. |
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| Kimbell Oil Co. of Texas<br>#1 B and B Federal | 36-18S-26E<br>330/N; 1980/W | Plugged and abandoned 11/21/01. |
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| Kersey & Donohue<br>#2 Federal | 3-17S-28E<br>1650/N; 1650/E | Plugged and abandoned 1/3/01. |
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| Mack Energy Corp.<br>31 Randel State | 16-17S-30E<br>990/N; 2310/W | Plugged and abandoned 2/12/02. |
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| Marbob Energy Corp.<br>#3 Foster Eddy | 17-17S-31E<br>1980/N; 1980/W | Plugged and abandoned 1/17/02. |
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| Yates Pet. Corp.<br>#10 W L H G4S Unit | 10-18S-29E<br>2310/S; 990/E | Plugged and abandoned 2/7/02. |
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| Mack Energy Corp.<br>#10 McIntyre A | 20-17S-30E<br>990/S; 2310/E | Plugged and abandoned 9/20/96. |
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Monday, April 1, 2002

Page G

**SOUTHEASTERN NEW MEXICO, continued:**

**HOBBS AREA, continued:**

| <u>Operator<br/>&amp; Well No.</u> | <u>Location</u> | <u>Remarks</u> |
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**PLUGGED AND ABANDONED WELLS, continued:**

**LEA COUNTY**

|  |                             |                                |
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| Oxy USA WTP Limited Partnership<br>#28 Myers Langlie Mattix Unit | 30-23S-37E<br>1980/S; 660/E | Plugged and abandoned 11/9/00. |
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| Exxon Mobil Corp.<br>#33 Bowers A Federal Com | 29-18S-38E<br>800/N; 660/W | Plugged and abandoned 10/3/72. |
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| Oxy USA WTP Limited Partnership<br>#30 Myers Langlie Mattix Unit | 30-23S-37E<br>1980/S; 1980/W | Plugged and abandoned 12/20/00. |
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| Chevron USA Inc.<br>#431 Central Drinkard Unit | 33-21S-37E<br>2493/S; 2392/W | Plugged and abandoned 9/24/01. |
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| Texaco Explor. & Prod. Inc.<br>#9 Central Vacuum Unit | 30-17S-35E<br>1955/N; 2080/E | Plugged and abandoned 11/5/01. |
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| Oxy USA WTP Limited Partnership<br>#255 Myers Langlie Mattix Unit | 12-24S-36E<br>2535/S; 1310/E | Plugged and abandoned 1/1/01. |
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**ZONE ABANDONMENTS:**

**EDDY COUNTY**

|  |                             |   |
|--|-----------------------------|---|
| Kaiser-Francis Oil Co.<br>#1 Pure Gold A Federal | 21-23S-31E<br>800/S; 1980/W | Sand Dunes, West-Morrow; Zone abandoned 10/24/01. |
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| Pogo Producing Co.<br>#5 Harroun 15 | 15-24S-29E<br>330/N; 1650/E | Pierce Crossing, East-Bone Spring; Zone abandoned 2/1/02. |
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| OXY WTP Limited Partnership<br>#1 Oxy Duke Federal | 13-17S-27E<br>1980/N; 660/E | Logan Draw-Morrow; Zone abandoned 9/7/01. |
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**LEA COUNTY**

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|--|-----------------------------|---|
| Texaco Explor. 7 Prod. Inc.<br>#8 West Vacuum Unit | 33-17S-34E<br>990/N; 2310/E | Vacuum-Grayburg-San Andres; Zone abandoned 1/21/02. |
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| Chevron USA Inc.<br>#106 Eunice Monument South Unit | 25-20S-36E<br>1980/N; 990/W | Eunice Monument-Grayburg-San Andres; Zone abandoned 1/16/02. |
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| Apache Corp.<br>#8 Argo A | 22-21S-37E<br>990/N; 990/W | Wantz; Abo; Zone abandoned 8/28/01. |
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| Apache Corp.<br>#4 Turner | 22-21S-37E<br>660/S; 330/W | Paddock; Zone abandoned 9/24/01. |
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| Apache Corp.<br>#8 Turner | 22-21S-37E<br>1740/S; 350/W | Wantz-Abo; Zone abandoned 9/27/01. |
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| Chevron USA Inc.<br>#4 Alice Paddock | 1-22S-37E<br>1980/N; 1980/E | Blinebry Oil and Gas; Zone abandoned 8/23/01. |
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| G P II Energy Inc.<br>#33 New Mexico M State | 19-22S-37E<br>1980/S; 1980/W | Langlie Mattix Seven Rivers-Queen-Grayburg; Zone abandoned 1/15/02. |
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| GP II Energy Inc.<br>#37 New Mexico M State | 20-22S-37E<br>330/S; 330/W | Langlie Mattix Seven Rivers-Queen-Grayburg; Zone abandoned 1/22/02. |
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**SOUTHEASTERN NEW MEXICO, continued:**

**HOBBS AREA, continued:**

| <u>Operator<br/>&amp; Well No.</u> | <u>Location</u> | <u>Remarks</u> |
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**ZONE ABANDONMENTS, continued:**

**ROOSEVELT COUNTY**

|  |                            |   |
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| Saga Pet. Limited Liability Co.<br>#12 Todd Lower San Andres<br>Unit | 32-7S-36E<br>2180/S; 660/W | Todd Lower San Andres; Zone abandoned 2/1/02. |
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| Plains Pet. Oper. Co.<br>#12 Todd Lower SA Unit | 32-7S-36E<br>2180/S; 660/W | SWD-San Andres; Zone abandoned 1/1/94. |
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**TEMPORARY ABANDONMENTS:**

**LEA COUNTY**

|   |                             |   |
|---|-----------------------------|---|
| The Wiser Oil Co.<br>#1 Caprock Maljamar Unit | 27-17S-33E<br>1650/S; 330/W | Maljamar Grayburg-San Andres; Effective date 1/28/02. |
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| Chevron USA Inc.<br>#166 Eunice Monument<br>South Unit | 36-20S-36E<br>660/S; 660/W | Eunice Monument-Grayburg-San Andres; Effective date 1/28/02. |
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| Chevron USA Inc.<br>#383 Eunice Monument<br>South Unit | 16-21S-36E<br>1980/N; 1980/E | Eunice Monument-Grayburg-San Andres; Effective date 1/28/02. |
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| Quay Valley Inc.<br>#2 North El Mar Unit | 24-26S-32E<br>660/S; 660/E | El Mar-Delaware; Effective date 8/13/01. |
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|---|-----------------------------|--|
| Quay Valley Inc.<br>#28 North El Mar Unit | 26-26S-32E<br>1980/S; 660/W | El Mar-Delaware; Effective date 8/13/01. |
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| Quay Valley Inc.<br>#10 North El Mar Unit | 26-26S-32E<br>1980/N; 1980/W | El Mar-Delaware; Effective date 8/14/01. |
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| Quay Valley Inc.<br>#46 North El Mar Unit | 35-26S-32E<br>660/N; 1650/E | El Mar-Delaware; Effective date 8/14/01. |
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| Quay Valley Inc.<br>#52 North El Mar Unit | 35-26S-32E<br>490/N; 330/E | El Mar-Delaware; Effective date 8/14/01. |
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|---|-----------------------------|--|
| Quay Valley Inc.<br>#20 North El Mar Unit | 30-26S-33E<br>1980/S; 660/W | El Mar-Delaware; Effective date 8/13/01. |
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