

CASE 13236: Application of Preston Exploration, L.L.C. for compulsory pooling, Eddy County New Mexico. Applicant seeks an order pooling all mineral interests in the Strawn formation, (Eagle Creek Strawn Gas Pool), Atoka and Morrow formations, (Eagle Creek East Atoka-Morrow Gas Pool) and the Pennsylvanian formation (Eagle Creek Permo-Pennsylvanian Gas Pool) underlying the N/2 of Section 29, Township 17 South, Range 26 East to form standard 320-acre gas spacing and proration units for any and all formations and/or pools developed on 320-acre spacing within that vertical extent. The units are to be dedicated to applicant's Roughneck Red 29 Com Well No. 1 to be located at a standard gas well location 1480 feet from the North line and 1980 feet from the West line of said Section 29. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The units are to be located approximately 8 miles southeast of Artesia, New Mexico.

CASE 13217: Continued from March 4, 2004, Examiner Hearing.
Application of Concho Resources Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 21, Township 21 South, Range 35 East, and in the following manner: The W/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated North Grama Ridge-Wolfcamp Gas Pool and Undesignated South Osudo-Morrow Gas Pool; the NW/4 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent, including the Undesignated North San Simon-Yates Associated Pool and Undesignated South Osudo-Wolfcamp Pool; and the SW/4 NW/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent, including the Undesignated North San Simon-Yates Associated Pool. The units are to be dedicated to applicant's San Simon State Com. Well No. 2, to be located at an orthodox location in the SW/4 NW/4 of Section 21. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The units are located approximately 7 miles southwest of Oil Center, New Mexico.

CASE 13237: Application of J. C. Well Service, Inc. for an order of the Division rescinding the approvals of C-104A Change of Operator forms issued by the District III office. Applicant seeks rescission of the approvals for Action Oil, Inc. for the following described wells located in San Juan County, New Mexico:

Well Name	API Number	Legal Description
KING KONG No. 020	3004509899	L-4-30N-17W
UTE MTN B No. 007	3004510056	5-31-31N-15W
UTE MTN B No. 004	3004510143	F-32-31N-15W
UTE MTN B No. 011	3004510145	F-31-31N-15W
UTE MTN B No. 008	3004510155	H-31-31N-15W
UTE MTN B No. 010	3004510240	N-29-31N-15W
UTE MTN B No. 002	3004510346	F-29-31N-15W
UTE MTN B No. 001	3004510380	B-29-31N-15W
KING KONG No. 001X	3004520209	L-4-30N-17W
KING KONG No. 005	3004520224	Z-4-30N-17W
CLARK KENT No. 001	3004520225	I-5-30N-17W
CLARK KENT No. 004	3004520254	I-5-30N-17W
KING KONG No. 008	3004520624	G-4-30N-17W
KING KONG No. 009	3004520806	G-4-30N-17W
KING KONG No. 014	3004521834	G-4-30N-17W
KING KONG No. 019	3004521840	J-4-30N-17W
KING KONG No. 015	3004521842	G-4-30N-17W
KING KONG No. 022	3004521867	G-4-30N-17W
UTE MTN B No. 016	3004524621	J-31-31N-15W
UTE MTN B No. 022	3004525224	M-29-31N-15W
UTE MTN B No. 021	3004525239	B-31-31N-15W
UTE MTN B No. 020	3004525240	G-31-31N-15W

The subject lands and wells are located approximately 6 miles north of Waterflow, New Mexico.

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

CONTINUED AND DISMISSED CASES

RECEIVED

APR 1 2004

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

REPORTER'S TRANSCRIPT OF PROCEEDINGS

BEFORE: WILLIAM V. JONES, JR., Hearing Examiner

March 18th, 2004

Santa Fe, New Mexico

ORIGINAL

These matters came on for hearing before the New Mexico Oil Conservation Division, WILLIAM V. JONES, JR., Hearing Examiner, on Thursday, March 18th, 2004, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

STEVEN T. BRENNER, CCR
(505) 989-9317

I N D E X

March 18th, 2004
Continued and Dismissed Cases

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* * *

1 WHEREUPON, the following proceedings were had at
2 8:18 a.m.:

3 EXAMINER JONES: Let's call the hearing to order.
4 This is Docket Number 08-04. This is March the 19th [sic],
5 2004, Examiner Hearing for the Oil Conservation. First
6 we'll call the continuances and the dismissals.

7 On the first page of the docket, Case 13,231 is
8 dismissed, Case 13,205 is continued to May the 13th, and
9 Case 13,232 is continued to April the 1st.

10 And on the second page -- and let's go on the
11 third page. Third page, Case 13,236 is continued to April
12 the 1st, Case 13,217 continued to April 1st, Case 13,237
13 continued to April 15th.

14 And on the fourth page Case 13,238 is continued
15 to April the 15th.

16 Is there any other continuances and dismissals.

17 MR. BRUCE: Mr. Examiner, on page 2 the case at
18 the top, Mewbourne Oil Company, 13,234, I'd request that
19 that case be continued for two weeks to April -- what is
20 that, April 1?

21 EXAMINER JONES: Yes.

22 MR. BRUCE: And the -- two cases down, 13,218
23 Concho Resources, I'd ask that that be continued four weeks
24 to April 15th.

25 EXAMINER JONES: Any other --

1 MR. FELDEWERT: Mr. Examiner, that same page,
2 Case 12,940, which is a matter that's being reopened
3 pursuant to Division Order R-11,856, Mr. Bruce and I were
4 recently involved in a case on those same pool rules. This
5 week Examiner Catanach issued an order in which he
6 addressed those pool rules and made them permanent, and the
7 order is styled R-11,856-A.

8 So I think we can dismiss Case 12,940, because it
9 was dealt with in the order that was issued by Examiner
10 Catanach. And I forget the case number, but the Order
11 Number was R-11,856-A, and it came out -- I think he signed
12 it last Friday.

13 MR. BRUCE: It was designated -- What happened,
14 Mr. Examiner, was that Mewbourne Oil Company applied to
15 reopen that case a few months ago, so it was styled 12,940
16 Reopened. And Ms. Davidson put the case back on the docket
17 just because it was scheduled in her files to do so.

18 EXAMINER JONES: She put the original case back
19 on, or --

20 MR. BRUCE: Yeah, correct, so I think Mr.
21 Feldewert --

22 EXAMINER JONES: So we need to --

23 MR. BRUCE: -- is correct --

24 EXAMINER JONES: -- take it under advisement,
25 then, and it's already been handled, obviously, but --

1 MR. BRUCE: Yeah, but no action needs to be --

2 EXAMINER JONES: But no -- just -- If we dismiss
3 it, well, it's -- it would be --

4 MR. FELDEWERT: Probably a question here for Mr.
5 Brooks.

6 EXAMINER JONES: Yes.

7 MR. BROOKS: Well, I don't know anything about
8 it, but just guessing, the pool -- just based on the style
9 and what it says here, do I understand that this was one
10 where temporary pool rules were adopted and the order
11 provided a certain date that it would be reopened to
12 determine if those pool rules should be made permanent?

13 MR. BRUCE: That's correct.

14 MR. BROOKS: And what you're saying is, the
15 Division has already entered an order making those pool
16 rules permanent?

17 MR. BRUCE: Yes.

18 MR. FELDEWERT: Correct.

19 MR. BROOKS: Okay. Well, I don't see any reason
20 why it shouldn't be dismissed then. It can always be
21 reopened again if there's some reason to.

22 EXAMINER JONES: Any other continuances and
23 dismissals?

24 With that, let's make a correction. When I
25 called the docket, this is actually March the 18th, and on

1 the header of the docket it says March 19th. That should
2 be March 18th.

3 And we'll continue to April 1st Case 13,234, Case
4 12,940 is dismissed, and Case 13,218 is continued to April
5 15th.

6 Thank you.

7 (Thereupon, these proceedings were concluded at
8 8:24 a.m.)

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 13,218
heard by me on 4/1/04

WJD, Examiner
Oil Conservation Division

CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL March 18th, 2004.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2006