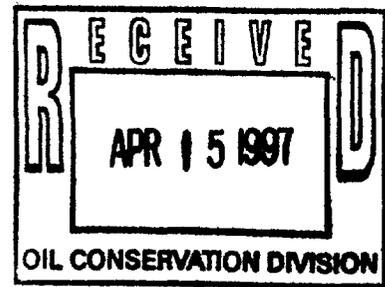


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April 15, 1997

**HAND-DELIVERED**

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Re: Oil Conservation Division Case No. 11764:  
Application of Louis Dreyfus Natural Gas Corp. for compulsory pooling, Eddy  
County, New Mexico

Dear Mr. LeMay:

Louis Dreyfus Natural Gas Corp., respectfully requests that this case currently set on the Division docket for the April 17, 1997 hearings be continued to the May 1, 1997 Examiner docket.

Your attention to this matter is appreciated.

Very truly yours,

WILLIAM F. CARR  
WFC:mlh

cc: Mr. Rusty Waters, District Landman  
Louis Dreyfus Natural Gas  
14000 Quail Springs Parkway, Suite 600  
Oklahoma City, OK 73134-2600

W. Thomas Kellahin, Esq.

**CASE 11649:** (Continued from March 20, 1997, Examiner Hearing.)

**Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the N/2, in all formations developed on 160-acre spacing underlying the NE/4, in all formations developed on 80-acre spacing underlying the N/2 NE/4, and in all formations developed on 40-acre spacing underlying the NW/4 NE/4 from the surface to the base of the Morrow formation, Cemetery-Morrow Gas Pool, of Section 26, Township 19 South, Range 25 East. Said units are to be dedicated to its Morris 26B Well No. 1 which will be drilled at a standard location 660 feet from the North line and 1650 feet from the East line (Unit B) of said Section 26. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 4 ½ miles west of Lakewood, New Mexico.

**CASE 11756:** (Continued from April 3, 1997, Examiner Hearing.)

**Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing from the surface to 12,300 feet or the base of the Atoka formation, whichever is less, under Lots 9 through 16 of Section 2, Township 16 South, Range 32 East. Said unit is to be dedicated to its Sunray State Land 76 Well No. 1 to be re-entered at a standard location 4620 feet from the South line and 1980 feet from the East line of said Section 2, or, if the proposed re-entry is unsuccessful, to a well to be drilled at a standard well location to a depth sufficient to test the Atoka formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 5 miles of Maljamar, New Mexico.

**CASE 11714:** (Continued from April 3, 1997, Examiner Hearing.)

**Application of Yates Petroleum Corporation for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the S/2, in all formations developed on 160-acre spacing underlying the SE/4, in all formations developed on 80-acre spacing underlying the S/2 SE/4, and in all formations developed on 40-acre spacing underlying the SW/4 SE/4 from the surface to the base of the Morrow formation in Section 3, Township 24 South, Range 33 East. Said unit is to be dedicated to its Quest "AQS" State Well No. 1 which will be drilled as a wildcat well at a standard location 660 feet from the South line and 1980 feet from the East line (Unit O) of said Section 3. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 9 miles east of the intersection of Highway FAS 1271 with the Lea County/Eddy County line.

**Application of Louis Dreyfus Natural Gas Corp. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the NE/4 SW/4 of Section 29, Township 22 South, Range 26 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing, including but not limited to the Happy Valley-Delaware Pool and the West Carlsbad-Delaware Pool. Said unit is to be dedicated to its Happy Valley "29" Well No. 23 to be drilled and completed at a standard location in Unit K of said Section 29. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6 miles southwest of Carlsbad, New Mexico.

**CASE 11639:** (Continued from March 20, 1997, Examiner Hearing.)

**Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the base of the Abo formation to the base of the Morrow formation underlying the N/2 of Section 8, Township 18 South, Range 28 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing. Applicant proposes to dedicate this pooled unit to its Scoggin Draw "8" State Well No. 1, to be drilled at an orthodox location 660 feet from the North line and 2250 feet from the East line (Unit B) of said Section 8. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 11 miles southwest of Artesia, New Mexico.

**CASE 11724:** (Continued from March 20, 1997, Examiner Hearing.)

Application of Gillespie-Crow, Inc. for unit expansion, statutory unitization, and qualification of the expanded unit area for the recovered oil tax rate and certification of a positive production response pursuant to the "New Mexico Enhanced Oil Recovery Act", Lea County, New Mexico. Applicant seeks an order expanding the West Lovington Strawn Unit and unitizing all mineral interests in the designated and Undesignated West Lovington-Strawn Pool underlying the S/2 SE/4 of Section 28, all of Section 33, and the W/2 and W/2 SE/4 of Section 34, Township 15 South, Range 35 East; Lots 1 through 8 of Section 1, Township 16 South, Range 35 East; and Lots 3 through 5 of Section 6, Township 16 South, Range 36 East, comprising 1618.95 acres, more or less, of state, federal, and fee lands. Among the matters to be considered at the hearing, pursuant to the New Mexico Statutory Unitization Act, Sections 70-7-1 et. seq., will be: the necessity of unit operations; the determination 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 investments, to each of the 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. Applicant further seeks to qualify the expanded unit area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5), and to certify two wells within the expanded unit area for a positive production response. Said unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

**CASE 11765:** In the matter of the hearing called by the Oil Conservation Division upon its own motion for an order creating, assigning a discovery allowable, and extending certain pools in Chaves and Lea Counties, New Mexico.

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the East Crazy Horse-Delaware Pool. The discovery well is the Basin Operating Company Kimo Sabe Well No. 1 located in Unit J of Section 16, Township 19 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM

Section 16: SE/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Fusselman production and designated as the North Dollarhide-Fusselman Pool. The discovery well is the Texaco E & P Inc. United Royalty A Well No. 5 located in Unit F of Section 19, Township 24 South, Range 38 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 38 EAST, NMPM

Section 19: NW/4

- (c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Hardin Tank-Bone Spring Pool. The discovery well is the Yates Petroleum Corporation Dean APQ Federal Well No. 1 located in Unit J of Section 3, Township 26 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 34 EAST, NMPM

Section 3: SE/4

- (d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Strawn production and designated as the North Lusk-Strawn Pool. The discovery well is the Chevron USA Inc. Spear Federal Well No. 1 located in Unit F of Section 33, Township 18 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 33: NW/4

- (e) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Devonian production and designated as the West Maljamar-Devonian Pool. The discovery well is the Conoco Inc. Elvis Well No. 1 located in Unit F of Section 20, Township 17 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM

Section 20: NW/4

Further, ASSIGN a discovery allowable of 68,725 barrels of oil to said discovery well to be produced over a two-year period. The discovery allowable is to be retroactive to March 1, 1997.