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July 23, 1997

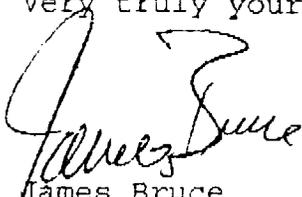
Via Fax: 827-1389

Michael E. Stogner
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Please continue Case 11,786 (Application of The Home-Stake Royalty Corporation) to the August 7th hearing. Thank you.

Very truly yours,



James Bruce

Attorney for The Home-Stake
Royalty Corporation

CASE 11790: (Continued from June 12, 1997, Examiner Hearing.)

Application of Manzano Oil Corporation for compulsory pooling and unorthodox location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation, Undesignated Northeast Lovington-Pennsylvanian Pool, and Undesignated North Lovington-Wolfcamp Pool, underlying the S/2 SE/4 of Section 2, Township 16 South, Range 36 East. Said unit is to be dedicated to its "SV" Killer Bee Well No. 1 to be drilled at an unorthodox well location 487 feet from the South line and 1270 feet from the East line (Unit P) of said Section 2. 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 1 mile east of Lovington, New Mexico. In the absence of objection, this matter will be taken under advisement.

CASE 11796: (Continued from June 12, 1997, Examiner Hearing.)

Application of the Penwell Energy Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all formations developed on 320-acre spacing underlying the E/2, in all formations developed on 160-acre spacing in the NE/4, in all formations developed on 80-acre spacing in the S/2 NE/4 and in all formations developed on 40-acre spacing in the SE/4 NE/4 from the surface to the base of the Morrow formation in Section 32, Township 19 South, Range 29 East. Applicant proposes to dedicate these pooled units to its Millman 32 State Com. Well No. 1 to be drilled at a standard location 1980 feet from the North line and 660 feet from the East line (Unit H) of said Section 32. 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 15 miles northeast of Carlsbad, New Mexico.

CASE 11805: **Application of Penwell Energy, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N/2 for all formations developed on 320-acre spacing; the NW/4 for all formations developed on 160-acre spacing; the N/2 NW/4 for all formations developed on 80-acre spacing; and the NE/4 NW/4 for all formations developed on 40-acre spacing, all in Section 28, Township 23 South, Range 26 East. Said units are to be dedicated to its Frontier Hills "28" State Com Well No. 1 to be drilled as a wildcat well at a standard location 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 28 to test any and all formations to the base of the Morrow formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 10 miles southwest of Carlsbad, New Mexico.

CASE 11730: (Continued from June 26, 1997, Examiner Hearing.)

Application of Penwell Energy, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Undesignated Red Tank-Bone Spring Pool underlying the SE/4 SE/4 (Unit P) of Section 24, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. 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 and completing said well. Said unit is located approximately 26 miles southwest by west of Eunice, New Mexico.

CASE 11731: (Continued from June 26, 1997, Examiner Hearing.)

Application of Penwell Energy, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Undesignated Red Tank-Bone Spring Pool underlying the NE/4 SE/4 (Unit D) of Section 24, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. 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 and completing said well. Said unit is located approximately 26 miles southwest by west of Eunice, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - JULY 10, 1997

8:15 AM - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos 22-97 and 23-97 are tentatively set for July 24, 1997 and August 7, 1997. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11804: *Application of Yates Petroleum Corporation for simultaneous dedication, Eddy County, New Mexico.* Applicant seeks the simultaneous dedication of its Martin ARH Well No. 1 with its Big Buck Pounds Com Well No. 1 to the S/2 of Section 17, Township 17 South, Range 26 East, for Morrow production. Said well is to be drilled at an orthodox location 1980 feet from the South line and 660 feet from the East line (Unit I) of said Section 27 to test any and all formations to the base of the Morrow formation. Said unit is located approximately 2 miles southeast of Artesia, New Mexico.

CASE 11786: (Continued from June 26, 1997, Examiner Hearing.)

Application of the Home-Stake Royalty Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Fusselman and Montoya formations underlying the NE/4 NE/4 of Section 29, Township 21 South, Range 37 East, to form a standard 40-acre oil spacing and proration unit for Undesignated Wantz-Fusselman Pool and the Undesignated Cary-Montoya Pool. Said unit is to be dedicated to the applicant's Eunice Dome Well No. 1, to be drilled at an orthodox oil well location. 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 unit is located approximately 2 miles northwest of Eunice, New Mexico.

CASE 11751: (Continued from June 26, 1997, Examiner Hearing.)

Application of NM&O Operating Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant seeks an order pooling all mineral interests in the Mesaverde formation (Undesignated Blanco-Mesaverde Gas Pool) underlying the S/2 of Section 26, Township 25 North, Range 2 West. Said unit is to be dedicated to applicant's Gavilan Well No. 2, recompleted at an orthodox location in said Section 26. Also to be considered will be the cost of recompleting 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 recompleting said well. Said area is located approximately 4.5 miles north-northeast of Lindrieth, New Mexico.

CASE 11789: (Reopened)

Application of Apache Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 160-acre spacing in the SE/4; in all formations developed on 80-acre spacing in the S/2 SE/4; and in all formations developed on 40-acre spacing in the SW/4 SE/4 of Section 28, Township 16 South, Range 38 East. Said units are to be dedicated to its Maltese Falcon "28" Well No. 1 to be drilled at a standard location in the SE/4 of said Section 28. 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 13 miles north of Hobbs, New Mexico.

CASE 11725: (Reopened)

Application of Manzano Oil Corporation to reopen Case 11725 and Order No. R-10775 for compulsory pooling and an unorthodox well location, Lea County, New Mexico. Applicant seeks to reopen Case No. 11725 which was heard by the Division on February 20, 1997 to present additional evidence and seek the pooling of additional interests in the pooled unit comprising the S/2 SE/4 of Section 2, Township 16 South, Range 36 East, which were discovered after Order No. R-10775 was entered. Said unit is located approximately one mile east of Lovington, New Mexico.

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CASE 11639: (Continued from June 26, 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 11786: (Continued from July 10, 1997, Examiner Hearing.)

Application of the Home-Stake Royalty Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Fusselman and Montoya formations underlying the NE/4 NE/4 of Section 29, Township 21 South, Range 37 East, to form a standard 40-acre oil spacing and proration unit for Undesignated Wantz-Fusselman Pool and the Undesignated Cary-Montoya Pool. Said unit is to be dedicated to the applicant's Eunice Dome Well No. 1, to be drilled at an orthodox oil well location. 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 unit is located approximately 2 miles northwest of Eunice, New Mexico.

CASE 11751: (Continued from July 10, 1997, Examiner Hearing.)

Application of NM&O Operating Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant seeks an order pooling all mineral interests in the Mesaverde formation (Undesignated Blanco-Mesaverde Gas Pool) underlying the S/2 of Section 26, Township 25 North, Range 2 West. Said unit is to be dedicated to applicant's Gavilan Well No. 2, recompleted at an orthodox location in said Section 26. Also to be considered will be the cost of recompleting 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 recompleting said well. Said area is located approximately 4.5 miles north-northeast of Lindrieth, New Mexico.

CASE 11820: **Application of McElvain Oil & Gas Properties, Inc. for a non-standard gas proration unit, San Juan County, New Mexico.** Applicant seeks to establish a non-standard 288.73-acre gas spacing and proration unit for the Blanco-Mesaverde Pool comprising all of irregular Section 7, Township 32 North, Range 9 West. Said unit is to be dedicated to the proposed Stateline Com Well No. 1 (API No. 30-045-29464), to be drilled at a standard gas well location 800 feet from the South line and 805 feet from the West line (Lot 17/Unit N) of said Section 7. Said unit is located approximately 9 miles east of U. S. Highway 550 at the New Mexico/Colorado state line. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 11821: **Application of Paloma 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 Strawn formation underlying the following described acreage in Section 28, Township 16 South, Range 37 East, and in the following manner: the W/2 SW/4 thereby forming a standard 80-acre oil spacing and proration unit for any and all pools developed on 80-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated West Knowles-Drinkard Pool and the Undesignated West Casey-Strawn Pool; and the SW/4 SW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Lovington-Grayburg San Andres Pool, Undesignated Lovington-Paddock Pool, Lovington-Abo Pool, and the Undesignated East Lovington-Upper Pennsylvanian (Cisco and Canyon formations) Pool. Said units are to be dedicated to the plugged and abandoned Shell Oil Company Home Stake Well No. 1 (T.D. - 12,125 feet) located at a standard oil well location 660 feet from the South and West lines (Unit M) of said Section 28. Also to be considered will be the costs of re-entering and the recompletion of said well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in the re-entry of said well. The location of this wellbore is approximately 7 miles north-northwest of Humble City, New Mexico.

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June 24, 1997

Via Fax: 827-1389

MS.

Michael E. Stogner
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Please continue Case 11,786 (Application of The Home-Stake Royalty Corporation) to the July 10th hearing. Thank you.

Very truly yours,


James Bruce
Attorney for The Home-Stake
Royalty Corporation

CASE 11803: Application of Nearburg Exploration Company, L.L.C. for compulsory pooling and a non-standard oil proration and spacing unit, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Bone Springs formation underlying Lot 4 and the SE/4 SW/4 (S/2 SW/4 equivalent) of Irregular Section 31, Township 18 South, Range 34 East, forming a non-standard 78.09-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre oil spacing within said vertical extent, which presently may include but is not necessarily limited to the EK-Bone Spring Pool, and forming a non-standard 38.09-acre oil spacing and proration unit underlying Lot 4 (SW/4 SW/4 equivalent) of said Section 31 for any and all formations/pools developed on 40-acre oil spacing. Said unit(s) is to be dedicated to its McElvain "31" Federal Well No. 1 to be drilled and completed at a standard well location in Unit M of said Section 31. 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 operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 14 miles southeast of Maljamar, New Mexico.

CASE 11751: (Continued from June 12, 1997, Examiner Hearing.)

Application of NM&O Operating Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant seeks an order pooling all mineral interests in the Mesaverde formation (Undesignated Blanco-Mesaverde Gas Pool) underlying the S/2 of Section 26, Township 25 North, Range 2 West. Said unit is to be dedicated to applicant's Gavilan Well No. 2, recompleted at an orthodox location in said Section 26. Also to be considered will be the cost of recompleting 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 recompleting said well. Said area is located approximately 4.5 miles north-northeast of Lindrith, New Mexico.

CASE 11638: (Continued from May 29, 1997, Examiner Hearing.)

Application of Citation Oil & Gas Corp. for two unorthodox gas well locations and for simultaneous dedication, Lea County, New Mexico. Applicant seeks approval of two unorthodox gas well locations in the Eumont Gas Pool for its existing: (i) Devonian State Well No. 2 (API No. 30-025-04729), located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 20, Township 21 South, Range 36 East; and, (ii) Devonian State Well No. 3 (API No. 30-025-04730), located 660 feet from the North and East lines (Unit A) of said Section 20. Applicant also seeks approval for Eumont gas production from both wells to be simultaneously dedicated to the existing 320-acre non-standard gas spacing and proration unit comprising the E/2 of said Section 20 (established by Division Administrative Order NSP-488, dated May 11, 1959), which is currently dedicated to its Devonian State Com Well No. 1 (API No. 30-025-04728), located at a standard gas well location 1980 feet from the North and East lines (Unit G) of said Section 20. Further, the applicant at the time of the hearing shall review the status of all other Eumont production, both oil and gas, within the E/2 of said Section 20 and the status and/or effect of Division Administrative Order NSL-3646(SD), dated April 3, 1996, with respect to this application. Said unit is located approximately 2.5 miles south-southeast of Oil Center, New Mexico.

CASE 11786: (Continued from June 12, 1997, Examiner Hearing.)

Application of the Home-Stake Royalty Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Fusselman and Montoya formations underlying the NE/4 NE/4 of Section 29, Township 21 South, Range 37 East, to form a standard 40-acre oil spacing and proration unit for Undesignated Wantz-Fusselman Pool and the Undesignated Cary-Montoya Pool. Said unit is to be dedicated to the applicant's Eunice Dome Well No. 1, to be drilled at an orthodox oil well location. 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 unit is located approximately 2 miles northwest of Eunice, New Mexico.

CASE 11785: (Continued from June 12, 1997, Examiner Hearing.)

Application of Plains Petroleum Operating Company to Amend Order No. R-10474 by Expanding its Hill-Cayless McKee Pressure Maintenance Project, and Qualification of this Expanded Area for the Recovered Oil Tax Rate Pursuant to the "New Mexico Enhanced Oil Recovery Act", Lea County, New Mexico. Applicant seeks authority to expand its Hill-Cayless McKee Pressure Maintenance Project, previously approved by Division Order No. R-10474, and which currently comprises the SE/4 of Section 34 and the SW/4 of Section 35, both in Township 23 South, Range 37 East, to include the S/2 NE/4 of Section 34 and the S/2 NW/4 of Section 35, Teague (Simpson) Pool. The applicant further seeks to qualify this expanded area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act". This project is located approximately 9 miles north of Jal, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - JUNE 26, 1997

8:15 AM - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos 20-97 and 21-97 are tentatively set for July 10, 1997 and July 24, 1997. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11780: (Continued from June 12, 1997, Examiner Hearing.)

Application of Cobra Oil & Gas Corporation for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Gainer Unit Agreement for an area comprising 80 acres, more or less, of State lands in portions of Sections 21 and 22, Township 10 South, Range 36 East, which is located approximately 12 miles northeast of Tatum, New Mexico.

CASE 11801: (This Case will be continued to the July 10, 1997, Examiner Hearing.)

Application of OXY USA Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 32, Township 19 South, Range 29 East, forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently may include but is not necessarily limited to the West Parkway-Morrow Gas Pool. Said unit is to be dedicated to its OXY Pearl State Com Well No. 1 to be drilled and completed at a standard gas well location in Unit I of said Section 32. 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 operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 12 miles northeast of Carlsbad, New Mexico.

CASE 11802: Application of Xeric Oil & Gas Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the SW/4 SW/4 of Section 19, Township 20 South, Range 39 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 D-K-Abo Pool. Said unit is to be dedicated to its Carter Well No. 1 to be drilled and completed at a standard well location in Unit M of said Section 19. 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 operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 10 miles southeast of Hobbs, New Mexico.

CASE 11632: (Continued from May 15, 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 11774: (Reopened)

Application of Marathon Oil Company to reopen Case No. 11774 to amend its proposed unorthodox gas well location, Eddy County, New Mexico. Applicant seeks to reopen Case 11774 concerning an order pooling all mineral interests from 500 feet below the top of the San Andres formation to the base of the Morrow formation underlying the S/2, the SE/4 and the SE/4 SE/4 of Section 11, Township 18 South, Range 28 East, to be dedicated to its Jim Bowie "11" Federal Well No. 1 and to amend its proposed unorthodox gas well location 1000 feet from the South line and 700 feet from the East line to a new unorthodox gas well location 990 feet from the South and East lines (Unit P) of said Section 11. Said unit is located approximately 15 miles southeast of Artesia, New Mexico.

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June 12, 1997

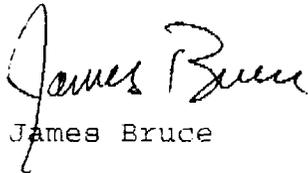
Via Fax

David Catanach
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Catanach:

Please continue Case 11,786 (Application of The Home-Stake Royalty Corporation) to the June 26th hearing. Thank you.

Very truly yours,



James Bruce

Attorney for The Home-Stake
Royalty Corporation

CASE 11788: (Continued from May 29, 1997, Examiner Hearing.)

Application of Nearburg Producing Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the N/2, in all formations developed on 160-acre spacing in the NE/4, in all formations developed on 80-acre spacing in the N/2 NE/4, and in all formations developed on 40-acre spacing in the NW/4 NE/4 of Section 13, Township 19 South, Range 33 East. Said unit is to be dedicated to its Stetson "13" Federal Well No. 1 to be drilled at a standard location 660 feet from the North line and 1650 feet from the East line (Unit B) of said Section 13. 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 8 miles northeast of Halfway, New Mexico.

CASE 11798: Application of Collins & Ware, Inc. for special pool rules, Lea County, New Mexico. Applicant seeks the promulgation of Special Pool Rules for the East Warren-Tubb Pool located in portions of Sections 23, 24, 25 and 36, of Township 20 South, Range 38 East, NMPM, including the adoption of a special gas-oil ratio for the pool of 6000 cubic feet of gas for each barrel of oil produced. Said area is located approximately 5 miles south-southwest of Monument, New Mexico.

CASE 11751: (Continued from May 29, 1997, Examiner Hearing.)

Application of NM&O Operating Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant seeks an order pooling all mineral interests in the Mesaverde formation (Undesignated Blanco-Mesaverde Gas Pool) underlying the S/2 of Section 26, Township 25 North, Range 2 West. Said unit is to be dedicated to applicant's Gavilan Well No. 2, recompleted at an orthodox location in said Section 26. Also to be considered will be the cost of recompleting 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 recompleting said well. Said area is located approximately 4.5 miles north-northeast of Lindrith, New Mexico.

CASE 11786: (Continued from May 29, 1997, Examiner Hearing.)

Application of the Home-Stake Royalty Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Fusselman and Montoya formations underlying the NE/4 NE/4 of Section 29, Township 21 South, Range 37 East, to form a standard 40-acre oil spacing and proration unit for Undesignated Wantz-Fusselman Pool and the Undesignated Cary-Montoya Pool. Said unit is to be dedicated to the applicant's Eunice Dome Well No. 1, to be drilled at an orthodox oil well location. 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 unit is located approximately 2 miles northwest of Eunice, New Mexico.

CASE 11799: In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, Jack F. Grimm, N. B. Hunt, George R. Brown and AM Arctic, Ltd. and all other interested parties to appear and show cause why the Mobil-32 Well No. 1, located 1,315 feet from the North and West lines (Unit D) of Section 32, Township 25 South, Range 1 East, Dona Ana County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug said well, the Division seeks an order directing the operator to pay the costs of such plugging and if failing to do so, ordering a forfeiture of the plugging bond, if any, covering said wells. Said well is located approximately 14 miles south of Las Cruces, New Mexico.

CASE 11516: (Continued from May 1, 1997, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, H & W Enterprises, American Employers' Insurance Company, and all other interested parties to appear and show cause why the Mobil State Well No. 1, located in Unit H of Section 16, Township 17 South, Range 31 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program, authorizing the Division to plug said well, and ordering a forfeiture of the plugging bond. Said well is located approximately 6 miles west-southwest of Maljamar, New Mexico.

CASE 11733: (Continued from May 29, 1997, Examiner Hearing.)

Application of Penwell Energy, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Red Tank-Bone Spring Pool underlying the SW/4 SW/4 (Unit M) of Section 24, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. 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 and completing said well. Said unit is located approximately 26 miles southwest by west of Eunice, New Mexico.

CASE 11734: (Continued from May 29, 1997, Examiner Hearing.)

Application of Penwell Energy, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Red Tank-Bone Spring Pool underlying the NW/4 SW/4 (Unit L) of Section 24, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. 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 and completing said well. Said unit is located approximately 26 miles southwest by west of Eunice, New Mexico.

CASE 11735: (Continued from May 29, 1997, Examiner Hearing.)

Application of Penwell Energy, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Undesignated Red Tank-Bone Spring Pool underlying the SW/4 SE/4 (Unit O) of Section 24, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. 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 and completing said well. Said unit is located approximately 26 miles southwest by west of Eunice, New Mexico.

CASE 11796: **Application of the Penwell Energy Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all formations developed on 320-acre spacing underlying the E/2, in all formations developed on 160-acre spacing in the NE/4, in all formations developed on 80-acre spacing in the S/2 NE/4 and in all formations developed on 40-acre spacing in the SE/4 NE/4 from the surface to the base of the Morrow formation in Section 32, Township 19 South, Range 29 East. Applicant proposes to dedicate these pooled units to its Millman 32 State Com. Well No. 1 to be drilled at an standard location 1980 feet from the North line and 660 feet from the East line (Unit H) of said Section 32. 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 15 miles northeast of Carlsbad, New Mexico.

CASE 11642: (Continued from May 15, 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 1/2 miles west of Lakewood, New Mexico.

CASE 11797: **Application of Nearburg Producing Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all minerals interests in all formations developed on 320-acre spacing in the N/2, in all formations developed on 160-acre spacing in the NE/4, in all formations developed on 80-acre spacing in the N/2 NE/4, and in all formations developed on 40-acre spacing in the NW/4 NE/4 of Section 13, Township 19 South, Range 33 East. Said unit is to be dedicated to its Stetson "13" Federal Well No. 1 to be drilled at an standard location 1980 feet from the North line and 1650 feet from the East line (Unit G) of said Section 13. 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 8 miles northeast of Halfway, New Mexico.

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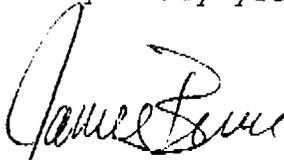
M.S.

Michael E. Stogner
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Please continue Case 11,786 (Application of The Home-Stake Royalty Corporation) to the June 12th hearing. Thank you.

Very truly yours,



James Bruce

Attorney for The Home-Stake
Royalty Corporation

CASE 11638: (Continued from May 1, 1997, Examiner Hearing.)

Application of Citation Oil & Gas Corp. for two unorthodox gas well locations and for simultaneous dedication, Lea County, New Mexico. Applicant seeks approval of two unorthodox gas well locations in the Eumont Gas Pool for its existing: (i) Devonian State Well No. 2 (API No. 30-025-04729), located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 20, Township 21 South, Range 36 East; and, (ii) Devonian State Well No. 3 (API No. 30-025-04730), located 660 feet from the North and East lines (Unit A) of said Section 20. Applicant also seeks approval for Eumont gas production from both wells to be simultaneously dedicated to the existing 320-acre non-standard gas spacing and proration unit comprising the E/2 of said Section 20 (established by Division Administrative Order NSP-488, dated May 11, 1959), which is currently dedicated to its Devonian State Com Well No. 1 (API No. 30-025-04728), located at a standard gas well location 1980 feet from the North and East lines (Unit G) of said Section 20. Further, the applicant at the time of the hearing shall review the status of all other Eumont production, both oil and gas, within the E/2 of said Section 20 and the status and/or effect of Division Administrative Order NSL-3646(SD), dated April 3, 1996, with respect to this application. Said unit is located approximately 2.5 miles south-southeast of Oil Center, New Mexico.

CASE 11776: (Continued from May 1, 1997, Examiner Hearing.)

Application of Chi Energy, Inc. for a unit agreement, Eddy County, New Mexico. Applicant seeks approval of its proposed Big Freddy Unit Agreement for an area comprising 7,953.59 acres, more or less, of state, federal and fee lands consisting of all or parts of Sections 1-3, 10-15, 23-26 and 36, Township 23 South, Range 22 East. Said unit is located approximately 20 miles west of Carlsbad, New Mexico.

CASE 11751: (Continued from May 1, 1997, Examiner Hearing.)

Application of NM&O Operating Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant seeks an order pooling all mineral interests in the Mesaverde formation (Undesignated Blanco-Mesaverde Gas Pool) underlying the S/2 of Section 26, Township 25 North, Range 2 West. Said unit is to be dedicated to applicant's Gavilan Well No. 2, recompleted at an orthodox location in said Section 26. Also to be considered will be the cost of recompleting 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 recompleting said well. Said area is located approximately 4.5 miles north-northeast of Lindrith, New Mexico.

Application of the Home-Stake Royalty Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Fusselman and Montoya formations underlying the NE/4 NE/4 of Section 29, Township 21 South, Range 37 East, to form a standard 40-acre oil spacing and proration unit for Undesignated Wantz-Fusselman Pool and the Undesignated Cary-Montoya Pool. Said unit is to be dedicated to the applicant's Eunice Dome Well No. 1, to be drilled at an orthodox oil well location. 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 unit is located approximately 2 miles northwest of Eunice, New Mexico.

CASE 11787: **Application of Santa Fe Energy Resources, Inc. for compulsory pooling and unorthodox gas well location, 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 33 East, and in the following manner: the W/2 of Section 21 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Legg Atoka-Morrow Gas Pool; and the SW/4 of Section 21 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent. Said units are to be dedicated to the applicant's Abe Unit Well No. 2 to be drilled at an unorthodox gas well location 660 feet from the South line and 660 feet from the West line (Unit M) of said Section 21. 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 19 miles west-southwest of Oil Center, New Mexico.

CASE 11788: **Application of Nearburg Producing Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the N/2, in all formations developed on 160-acre spacing in the NE/4, in all formations developed on 80-acre spacing in the N/2 NE/4, and in all formations developed on 40-acre spacing in the NW/4 NE/4 of Section 13, Township 19 South, Range 33 East. Said unit is to be dedicated to its Stetson "13" Federal Well No. 1 to be drilled at a standard location 660 feet from the North line and 1650 feet from the East line (Unit B) of said Section 13. 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 8 miles northeast of Halfway, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - MAY 29, 19978:15 AM - 2040 South Pacheco
Santa Fe, New Mexico

Dockets Nos 17-97 and 18-97 are tentatively set for June 12, 1997 and June 26, 1997. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11769: (Continued from May 1, 1997, Examiner Hearing.)

Application of Enserch Exploration, Inc. for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Custer Mountain North Unit Agreement for an area comprising 8,124.62 acres, more or less, of state, federal and fee lands in all or portions of Sections 1, 2, 3, 4, 9, 10, 11, 12, 14, 15, 16, 21, 22 and 23, Township 23 South, Range 35 East. Said unit is located 11 miles southwest of Eunice, New Mexico.

CASE 11784: **Application of Layton Enterprises Inc. for a waterflood project, Lea County, New Mexico.** Applicant seeks authority to institute a waterflood project within an area encompassing all or portions of Sections 1, 2, 10 and 11, Township 9 South, Range 36 East, Lea County, New Mexico, and portions of Sections 36, Township 8 South, Range 36 East, Roosevelt County, New Mexico, by the injection of water into the Bough "C" member of the Pennsylvanian formation, Allison-Penn Pool, in its Fox "A" State Well No. 5 located 2310 feet from the North line and 2070 feet from the West line (Unit F) of Section 2. Applicant further seeks authority to complete this injection well unconventionally by leaving both the Bough "C" and Devonian formations open in the wellbore below a packer and allowing Devonian formation water to flow freely into the Bough "C" formation to expedite reservoir fill up. This project is located approximately 8 miles northeast of Crossroads, New Mexico.

CASE 11785: **Application of Plains Petroleum Operating Company to Amend Order No. R-10474 by Expanding its Hill-Cayless McKee Pressure Maintenance Project, and Qualification of this Expanded Area for the Recovered Oil Tax Rate Pursuant to the "New Mexico Enhanced Oil Recovery Act", Lea County, New Mexico.** Applicant seeks authority to expand its Hill-Cayless McKee Pressure Maintenance Project, previously approved by Division Order No. R-10474, and which currently comprises the SE/4 of Section 34 and the SW/4 of Section 35, both in Township 23 South, Range 37 East, to include the S/2 NE/4 of Section 34 and the S/2 NW/4 of Section 35, Teague (Simpson) Pool. The applicant further seeks to qualify this expanded area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act". This project is located approximately 9 miles north of Jal, New Mexico.

CASE 11774: (Continued from May 15, 1997, Examiner Hearing.)

Application of Marathon Oil Company for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 500 feet below the top of the San Andres formation to the base of the Morrow formation underlying the S/2 of Section 11, 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 within said vertical extent, which presently may include but is not necessarily limited to the South Empire-Morrow Gas Pool, and forming a standard 160-acre gas spacing and proration unit underlying the SE/4 of said Section 11 for any and all formations/pools developed on 160-acre gas spacing, and forming a standard 40-acre oil spacing and proration unit underlying the SE/4 SE/4 of said Section 11 for any and all formations/pools developed on 40-acre oil spacing. Said units are to be dedicated to its Jim Bowie "11" Federal Well No. 1 to be drilled and completed at an unorthodox gas well location 1000 feet from the South line and 700 feet from the East line (Unit P) of said Section 11. 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 unit is located approximately 15 miles southeast of Artesia, New Mexico.

CASE 11779: (Readvertised)

Application of Conoco, Inc. for a pressure maintenance project and to qualify for the Recovered Oil Tax Rate pursuant to the New Mexico Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks authority to institute a pressure maintenance project on a portion of its Hardy "36" State Lease located in Section 36, Township 20 South, Range 37 East, by the injection of water into the Tubb formation, North Hardy Tubb-Drinkard Pool, through the perforated interval from approximately 6,423 feet to 6,593 feet in its existing Hardy "36" State Well No. 3 located 2080 feet from the North line and 1730 feet from the East line (Unit G) of said Section 36. Applicant further seeks to qualify this project for the Recovered Oil Tax Rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). Said project is located approximately 7 miles southeast of Monument, New Mexico.