

CASE 12806: Continued from February 7, 2002, 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 the following described spacing and proration units in Section 32, Township 18 South, Range 31 East, 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 Shugart-Morrow Gas Pool; the NE/4 for all formations and/or pools developed on 160-acre spacing; and the SE/4 NE/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Shugart (Yates-Seven Rivers-Queen-Grayburg) Pool. Said units are to be dedicated to its Red Cloud "32" State Com Well No. 2 to be drilled at a standard location 1980 feet from the North line and 660 feet from the East line of said Section 32 to a depth sufficient to test all formations from the surface 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, provisions governing subsequent operations on the pooled units, designation of Nearburg Producing Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 10 miles southeast of Loco Hills, New Mexico.

CASE 12807: Continued from February 7, 2002, 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 the following described spacing and proration units in Section 32, Township 18 South, Range 31 East, as follows: the S/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated Shugart-Morrow Gas Pool; the SE/4 for all formations and/or pools developed on 160-acre spacing; and the SE/4 SE/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Shugart (Yates-Seven Rivers-Queen-Grayburg) Pool. Said units are to be dedicated to its Red Cloud "32" State Com Well No. 1 to be drilled at a standard location 660 feet from the South and East lines of said Section 32 to a depth sufficient to test all formations from the surface 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, provisions governing subsequent operations on the pooled units, designation of Nearburg Producing Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 10.5 miles southeast of Loco Hills, New Mexico.

CASE 12789: Continued from February 7, 2002, Examiner Hearing.

Amended Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in the following described spacing and proration units in Section 4, Township 19 South, Range 31 East as follows: the S/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated Shugart-Morrow Gas Pool, and the Undesignated Gatuna Canyon-Atoka Gas Pool; the SW/4 for all formations and/or pools developed on 160-acre spacing; the W/2 SW/4 for all formations and/or pools developed on 80-acre spacing, and the SW/4 SW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Shugart (Yates-Seven Rivers-Queen-Grayburg) Pool. Said unit is to be dedicated to its Red Cloud "4" Federal Com Well No. 1 to be drilled at a standard location 810 feet from the South line and 660 feet from the West line of said Section 4 to a depth sufficient to test all formations from the surface 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

completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of TMBR/Sharp Drilling Inc. as the operator of the well and a charge for risk involved in this well. This unit is located approximately 5-1/2 miles southwest of the center of the City of Lovington, New Mexico.

CASE 12817: **Application of TMBR/Sharp Drilling, Inc. for an unorthodox oil well location and a non-standard oil spacing and proration unit, Lea County, New Mexico.** Applicant seeks exceptions to Rules 2 and 3 of the "*Special Rules and Regulations for the East Saunders Perm-Pennsylvanian Pool*", as promulgated by Division Order No. R-2359, as amended, in order to: (i) establish a non-standard 160-acre oil spacing and proration unit comprising the S/2 NW/4 and N/2 SW/4 of Section 10, Township 14 South, Range 34 East (which is located approximately 11 miles west of McDonald, New Mexico) within the Undesignated East Saunders Permo-Pennsylvanian Pool; and (ii) to dedicate thereon its existing TMBR "10" Well No. 1 (API No. 30-025-35104) which was drilled at an unorthodox oil well location 2630 feet from the South line and 713 feet from the West line (Unit L) of Section 14.

CASE 12773: **Reopened and Readvertised**

Amended Application of KUKUI Operating Company for compulsory pooling and a non-standard gas spacing and proration unit, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations from the surface through the base of the Morrow formation in the following described non-standard spacing and proration unit located in irregular Section 6, Township 16 South, Range 35 East, comprised of Lots 1, 2, 7, 8, 9, 10, 15 and 16 E/2 N1/3 and E/2 C1/3) containing 329.83 acres for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated North Eidson-Morrow Gas Pool. This pooled unit is to be dedicated to KUKUI's DeGas "6" State Com Well No. 1 to be drilled at a standard location 1980 feet from the North line and 800 feet from the East line of said Section 6 to a depth sufficient to test any and all formations from the surface through the Morrow formation. Also to be considered will be the cost of drilling and completing said well, the allocation of the cost hereof as well as actual operating costs and charges for supervision, provisions governing subsequent operations on the pooled units, 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 West of Lovington, New Mexico.

CASE 12818: **Application of Chevron U.S.A. Inc. for surface commingling and off lease storage, Lea County, New Mexico.** Applicant seeks authority to commingle in its North Lusk 29 Federal No. 1 Battery located in the SW/4 of Section 29, Township 18 South, Range 32 East, production from the North Lusk-Strawn Pool from the following leases and wells:

New Mexico Oil and Gas Lease No. LG-7655 (N/2, Section 32, Township 18 South, Range 32 East):

North Lusk 32 State Well No. 1, located 330 feet from the North line and 2258 feet from the West line (Unit C) of Section 32.

Federal Oil and Gas Lease No. NM 96855 (NW/4 NE/4, NW/4 NW/4, S/2 N/2, and S/2, Section 29, Township 18 South, Range 32 East):

North Lusk 29 Federal Well No. 1, located 330 feet from the South line and 2005 feet from the West line (Unit N) of Section 29.