

CASE 12855: Application of Richardson Production Company for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the SW/4 and all mineral interests in the Basin Fruitland Coal Gas Pool underlying the W/2 of Section 21, Township 29 North, Range 13 West, forming standard 160-acre and 320-acre spacing and proration units, respectively. These units are to be dedicated to its F-RPC 21 Well No. 3 which is to be located in Unit M of Section 21 for downhole commingled production from the Pictured Cliffs formation (West Kutz-Pictured Cliffs Gas Pool) and the Basin-Fruitland Coal Gas Pool. Also to be considered will be the costs of participation in the well, including but not limited to the costs of drilling, completing and equipping, with the inclusion of a risk factor penalty and the allocation of those costs and income therefor as well as actual operating costs and charges for supervision, and the designation of Richardson Operating Company as the operator of the well. The well is located approximately 1-1/2 mile south-southwest from center of Farmington, New Mexico.

CASE 12856: Application of Burlington Resources Oil & Gas Company LP to amend the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, Rio Arriba, San Juan, McKinley and Sandoval Counties, New Mexico. Applicant seeks to amend the Well Location Requirements and Administrative Exceptions of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool to conform with the Well Location Requirements and Administrative Exceptions of the Special Rules and Regulations for the Basin Dakota Gas Pool as promulgated by Division Order R-10987-B(1) issued January 29, 2002. **IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

CASE 12857: Application of Burlington Resources Oil & Gas Company LP, BP Amoco and Energen Resources Corp. for approval of a pilot project including unorthodox well locations and an exception from Division Rule 104.D.3 for purposes of establishing a pilot program in the Pictured Cliffs Formation to determine proper well density requirements for Pictured Cliffs wells in San Juan, Sandoval and Rio Arriba Counties, New Mexico. Applicants seek approval for a 30 well pilot program in the Pictured Cliffs formation to gather data to determine the appropriate well density in the Pictured Cliffs Formation for wells in pools governed by Division Rule 104.D.3 which currently limits well density to one well per 160-acre gas spacing unit. Applicants further seek approval for 30 pilot project wells including 6 pilot project wells at unorthodox well locations described as follows:

Luthy A Well No. 4
2250 feet FNL and 1610 feet FEL
NE/4 Section 1, T26N R8W
South Blanco Pictured Cliffs Pool

Congress Well No. 18
2127 feet FSL and 1931 feet FWL
SW/4 Section 27, T29N R11W
Fulcher Kutz Pictured Cliffs Pool

Mangum Well No. 6
411 feet FSL and 1650 feet FEL
SE/4 Section 28, T29N R11W
Fulcher Kutz Pictured Cliffs Pool

Gallegos Canyon Unit Well No. 204E
1710 feet FSL and 425 feet FEL
SE/4 Section 34, T28N R12W

DOCKET: EXAMINER HEARING - THURSDAY – MAY 2, 2002

8:15 A.M. - 1220 South St. Francis

Santa Fe, New Mexico

Docket Nos. 14-02 and 15-02 are tentatively set for May 16, 2002 and May 30, 2002. 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 12878: Continued from April 18, 2002, Examiner Hearing.

Application of SDX Resources, Inc. for the creation of the Red Lake San Andres Pool and the corresponding contraction of the Red Lake Queen-Grayburg-San Andres Pool, Eddy County, New Mexico. Applicant seeks the creation of a Red Lake-San Andres Pool to include the SE/4 of Section 19, the E/2, SW/4, E/2 NW/4 and SW/4 NW/4 of Section 20, the SW/4, SW/4 NW/4, W/2 SE/4 of Section 21, NE/4 of Section 30, N/2 of Section 29, NW/4, NE/4 SW/4 and NW/4 NE/4 of Section 28, Township 17 South, Range 28 East, the vertical limits of which are all of the San Andres formations as shown from a depth 1925 feet to 3500 feet on the log of the SDX Welch RL State Well No. 1 located in Unit (E) of Section 28, Township 17 South, Range 28 East, and the corresponding contraction of the Red Lake Queen-Grayburg-San Andres Pool to delete said acreage from that pool. This acreage is located approximately 11-1/2 miles east of Artesia, New Mexico.

CASE 12852: Application of Matador E & P Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all uncommitted royalty and overriding royalty interest owners with respect to any production underlying the S/2 NW/4 of Section 4, Township 20 South, Range 37 East, to form a standard 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent, which presently may include but is not necessarily limited to the Monument-Tubb Pool. Applicant further requested that the pooling of this unit be made as of the date of first production from its Laughlin Well No. 6 drilled and completed at a standard well location in Unit F of said Section 4 and the designation of Matador Operating Company as the operator. Said unit is located approximately 10 miles southwest of Hobbs, New Mexico.

CASE 12853: Application of Richardson Production Company for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the SW/4 and all mineral interests in the Basin Fruitland Coal Gas Pool underlying the S/2 of Section 8, Township 29 North, Range 14 West, forming standard 160-acre and 320-acre spacing and proration units, respectively. These units are to be dedicated to its ROPCO "8" Well No. 3 which is to be located in Unit M of Section 8 for downhole commingled production from the Pictured Cliffs formation and the Basin-Fruitland Coal Gas Pool. Also to be considered will be the costs of participation in the well, including but not limited to the costs of drilling, completing and equipping, with the inclusion of a risk factor penalty and the allocation of those costs and income therefor as well as actual operating costs and charges for supervision, and the designation of Richardson Operating Company as the operator of the well. The well is located approximately 1 mile East of Kirtland, New Mexico.

CASE 12854: Application of Richardson Production Company for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the NW/4 of Section 21, Township 29 North, Range 13 West, forming a standard 160-acre spacing and proration units. This unit is to be dedicated to its F-RPC 21 Well No. 2 which is to be located in Unit E of Section 21 for production from the Pictured Cliffs formation (West Kirtland-Pictured Cliffs Gas Pool). Also to be considered will be the costs of participation in the well, including but not limited to the costs of drilling, completing and equipping, with the inclusion of a risk factor penalty and the allocation of those costs and income therefor as well as actual operating costs and charges for supervision, and the designation of Richardson Operating Company as the operator of the well. The well is located approximately 1-1/2 mile south-southwest from center of Farmington, New Mexico.

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 9 miles East of Halfway, New Mexico.

CASE 12820: Continued from April 18, 2002, 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 the following described spacing and proration units in Section 5, Township 19 South, Range 33 East 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 Gem North "5" Federal Com Well No. 1 to be drilled at a standard location 2310 feet from the North line and 660 feet from the West line of said Section 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 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, imposition of a charge for risk involved in drilling said well and whether excessive royalty burdens upon certain leases should be subject to the charge for risk imposed by this order. Said area is located approximately 24 miles southeast of Loco Hills, New Mexico.

CASE 12762: Continued from March 7, 2002, Examiner Hearing.

Application of Paladin Energy Corp. for approval of a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Paladin Wolfcamp Exploratory Unit for an area comprising 80 acres, more or less, of state and fee lands in Sections 35 and 36, Township 13 South, Range 37 East, which is located approximately 9 miles east of McDonald, New Mexico.

CASE 12763: Continued from March 7, 2002, Examiner Hearing.

Application of Paladin Energy Corp. for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval of an unorthodox well location in the Wolfcamp formation, King-Wolfcamp Pool, for its State "C" Well No. 1 to be re-entered and recompleted at an unorthodox well location 1550 feet from the North line and 10 feet from the West line of Section 36, Township 13 South, Range 37 East. Said well is located approximately 9 miles east of McDonald, New Mexico.

CASE 12858: Application of David H. Arrington Oil and Gas, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying Lots 1, 2, 3 and 4 and the E/2 W/2 (W/2 equivalent) of irregular Section 31, Township 15 South, Range 36 East in the following manner: Lots 1, 2, 3 and 4 and the E/2 W/2 (W/2 equivalent) to form a standard 320.56-acre stand-up gas spacing and proration unit for any formation or pool spaced on 320 acres within that vertical extent; the SW/4 to form a standard 160.14-acre gas spacing and proration unit for all formations or pools spaced on 160 acres within that vertical extent; and the SW/4 NW/4 (Unit E) to form a standard 40.17-acre oil spacing and proration unit for all formations or pools spaced on 40 acres within that vertical extent, which presently includes but is not necessarily limited to the Caudill Permo-Upper Pennsylvanian Pool and the Undesignated Townsend Permo-Upper Pennsylvanian Pool. These spacing and proration units are to be dedicated to Arrington's proposed Royal Stimulator "31" Well No. 2 to be drilled at a standard location in the W/2 of Section 31. The well will commence at a surface location 2235 feet from

West Kutz Pictured Cliffs Pool

Jicarilla 98 Well No. 12A
1160 feet FSL and 1920 feet FWL
SW/4 Section 18, T26N R3W
Tapacito Pictured Cliffs Pool

Jicarilla 96 Well No. 2B
2430 feet FSL and 1265 feet FEL
SE/4 Section 2, T26N R3W
Gavilan Pictured Cliffs Pool

The pilot project area encompasses all or a portion of:

Township 25 North, Ranges 3 and 6 West
Township 26 North, Ranges 3, 5, 8 and 9 West
Township 27 North, Ranges 3, 5, 8, 9 and 10 West
Township 28 North, Ranges 8, 9, 11 and 12 West
Township 29 North, Ranges 9, 10, 11 and 12 West
Township 30 North, Range 11 West
Township 31 North, Range 10 West

CASE 12778: Reopened

Application of Devon Energy Production Company, L.P. to reopen Case No. 12778 to abolish the Special Rules and Regulations for the Buffalo Valley-Pennsylvanian Gas Pool and to terminate gas prorationing in the pool, Chaves County, New Mexico. Applicant seeks an order abolishing the Special Rules and Regulations for the Buffalo Valley-Pennsylvanian Gas Pool and terminating gas prorationing in the pool, and making the Division's statewide spacing and well location rules applicable to the pool. The pool covers all or portions of Sections 25, 26, 35, and 36, Township 14 South, Range 27 East, Section 31, Township 14 South, Range 28 East, Sections 1-4, 11-15, and 22-26, Township 15 South, Range 27 East, N.M.P.M., and Sections 6-8, 16-18, 20, and 21, Township 15 South, Range 28 East. The pool is centered approximately 10 miles southeast of Hagerman, New Mexico.

CASE 12790: Continued from April 18, 2002, Examiner Hearing.

Amended Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the following described spacing and proration units in Section 17, Township 20 South, Range 34 East 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 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 Mesquite "17" Federal Well No. 1 to be drilled at a standard location 660 feet from the North and West lines of said Section 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 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,