



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor
Betty Rivera
Cabinet Secretary

August 23, 2002

Lori Wrotenbery
Director
Oil Conservation Division

New Mexico Oil Conservation Commission
Hon. Lori Wrotenbery, Chairman
1220 South Saint Francis Drive
Santa Fe, NM 87505

**Re: Case No. 12757; Application of the NMOCDC to Require Marks and Garner
Production Limited Co. to Plug Certain Wells, Etc.**

02 AUG 23 PM 3:52
OIL CONSERVATION DIV

Dear Chairman Wrotenbery and Honorable Commissioners:

At the hearing held in this matter on July 19, 2002, the Commission requested Marks and Garner Production Limited Co. ("Marks and Garner") to submit as additional evidence copies of the log books of their pumper. Copies of some purported log book entries were submitted by counsel for Marks and Garner on August 8, 2002 pursuant to the Commission's directive.

The Commission directed the Division to respond to the additional evidence by August 15, 2002. Due to the incompleteness of the submitted log and the difficulty of deciphering the copies furnished, the Division has twice requested additional time to respond. Inasmuch as the evidence has not been further supplemented, we now submit the following comments on the material received.

First, we would point out that the purported log book covers less than half of the time period at issue in this case. The Division brought this case initially contending that production was improperly reported from seventeen (17) wells over a period of twelve reporting months commencing with September 2000 and continuing through August 2001. The last entry in the purported log book is December 21, 2000. In addition, the log book contains, so far as we can determine (It is difficult to read), no reference to four of the wells that are the subject of this case. The wells not referenced in the log entries are the Red Twelve Levers #8Q, the Red Twelve Levers #12, the Red Twelve State #6 and the Theos State.

Second, we would object to consideration of the log book as evidence in this case because there is no authenticating testimony. No witness stated under oath that the particular document tendered to the Commission as a copy of the pumper's log is a true copy of a log maintained in the ordinary course of business of Marks and Garner in which entries were made at or about the time of the events recorded by a person who then had

actual knowledge of the matter recorded. New Mexico Rules of Evidence 11-803.F and 11-901 require such evidence, as follows:

Rule 11-803. Hearsay exceptions; availability of declarant immaterial.

The following are not excluded by the hearsay rule, even though the declarant is available as a witness:

F Records of regularly conducted activity. A memorandum, report, record or data compilation, in any form, of acts events, conditions, opinions or diagnoses, made at or near the time by, or from information transmitted by, a person with knowledge, if kept in the course of a regularly conducted business activity, and if it was the regular practice of that business activity to make the memorandum, report or data compilation, *all as shown by the testimony of the custodian or other qualified witness, unless the source of information or the method or circumstances of preparation indicate lack of trustworthiness.*

[Emphasis Added.]

Rule 11-901. Requirement of authentication or identification.

A. General provision. The requirement of authentication or identification as a condition precedent to admissibility is satisfied by evidence to support a finding that the matter in question is what its proponent claims.

Evidence to support the hearsay exception or to authenticate the document is lacking in this case. Although Devon Garner testified that he kept a log, there is no evidence that the document submitted is a true copy of the log he kept, nor is there any evidence or testimony to support a finding that the specific entries submitted were actually made on or about the dates indicated or by Devon Garner or any other person with actual knowledge. Even if the purported log is a reconstructed document prepared to support the volumes previously reported on the C-115s, no one has necessarily committed perjury.

Third, the lack of authentication is more than a technical concern. Several factors tend to undermine the credibility of the log. (a) The highly uniform writing style, for example, would seem more consistent with all or substantial portions of the document were written at one time than it would with a sequence of daily entries each made separately. (b) The existence of a number of writeovers of production quantities suggests the possibility that the log may have been doctored to correspond with the C-115s. These writeovers mostly occur in the early part of the log. It is possible that the early part of the log was a legitimate historical document which has been both doctored and supplemented. None of these possibilities can be verified, at least not without sophisticated scientific

analysis that is beyond the Division's means, but we believe all should be considered if the Commission determines that the log is admissible.

Fourth, we respectfully remind the Commission that the credibility of respondent's evidence in this case is already undermined by several factors. (a) Most telling is the persistent reporting of production from two plugged and abandoned wells. (b) A review of the production reports indicates that for several wells identical production volumes were reported for several successive months. (c) Finally, the Division's witnesses testified to the absence of physical evidence one would have expected to find at the well sites if the testimony of the respondents' witnesses were accurate.

Fifth, we call the Commission's attention to certain entries in the log that appear to refer to the Cave Pool Unit Well No. 17, a well that, according to undisputed evidence, was plugged and abandoned prior to the time that of inquiry. These entries, which appear opposite the dates 10-4-00, 10-5-00 and 11-10-00 are difficult to read, and may refer to the Cave Pool Unit Well No. 19. However, we invite the Commissioners to scrutinized the entries and form their own conclusions.

In connection with this response, we offer the following supplemental exhibits:

<u>Exhibit No.</u>	<u>Description</u>
S-1	Transcription of the alleged log, prepared by the Division staff
S-2	Excel spreadsheet comparing the production volumes reported on Marks and Garner C-115s already in evidence with the information contained in the purported log
S-3 through S-18	Tables of production volumes reported by Marks and Garner on C-115s already in evidence, highlighting duplicated volumes for successive months

Inasmuch as these supplemental exhibits do not include new evidence, but only summarize or analyze evidence already in the record with which the entries on the new

exhibits may be compared, we respectfully suggest that no authentication of the supplemental exhibits should be required.

Respectfully submitted,



David K. Brooks
Assistant General Counsel
Energy, Minerals and Natural
Resources Department of the State of
New Mexico
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505)-476-3450

Attorney for The New Mexico Oil
Conservation Division

cc:

Mr. Steve Ross
Counsel to the Commission

Mr. James G. Bruce
P.O.Box 1056
Santa Fe, NM 87504

Mr. Tim Gum
Oil Conservation Division
1300 West Grand Ave.
Artesia, NM 88210

- 9-1-00 Rig up PU on Red 12 Lev 2. Pull pads [rods?] & tubing. 'SD
- 9-4-00 Find hole in tubing. Run tubing Back in hole. [illeg] tubing. OK P[illeg] Rods Put Back on SD
- 9-5-00 RD & go to CPU #32 Rig UP [deletion] mondic[?] on a Rod[?] 4 1/2" swabin hole to 2400' Made 1 run recovered [illeg number, possible 2 written over 8] Bbls oil & 4 BBlS water with gas kick. RD pulling unit move to CPU #14. Rig up pulling. Run in hole with 4 1/2 swab. Run to 2400. Came out of hole reovered 2 BBlS oil & 5 BBlS water. SD
- 9-6-00 RD pulling unit and go to CPU#3. RUPU. Run in hole with swab. Run to 2400' COH[?] & recovered [illeg number, possible 1 written over 3] BBlS oil & 3 BBlS water. RD pulling unit & go to CPU #16. RUPU & go in hole[?] with swab to 2400' COH & [illeg] 3[overwrite] Bbls oil & 4[overwrite] BBlS water. RDPU & go to CPU #41 RUPU & go in hole with swab to 2400' COH with swab & [illeg] 3 BBlS oil & 5[overwrite] BBlS water. SD
- #41
#51
#53
- Thurs 9-7-00 RD PU go to CPU #51[?] run swab in hole to 2400 & rec 2[overwrite] BBlS oil & 3[overwrite] BBlS water. RDPU go to CPU #53 & RUPU run in hole with swab to 2400' COH with rec. 2 BBlS oil & 2[overwrite] BBlS water. RD PU & go to [deletion] CPU # 52. RU PU SD
- Fri 9-8-00 Pull Rod & tubing fnd holes in tubing replace tubing & Run Back in hole go in 1 [illeg] [illeg] Rods & Pu/g Back on. RD SD
- Mon. 9-11-00 Go to Lev S[could be 8] & Pull Rods [illeg] a Pos Part go in hole & fished Rods Hang back on & started pumping. RD PU SD
- Tue. 9-12-00 RU PU on Lev [number illeg] Pull Rods & fished Rod [illeg] . go in hole with fish & rec. Rods Put Back on & started pumping. RD PU [deletion] Go to CPU #19 & & start [illeg].
- Wed 9-13-00 Move to CPU 62 & Pull Rods & tubing. Found numerous holes in tubing. Replace tubing & run in hole. Rum Rods in hole & started pumping. SD
- Thur 9-14-00 RD Pulling unit & move to CPU#52. RU PU & Pull Rods. Find Rods Parted [illeg] go Back in hole & Fish Rod come back out of hole w/ [illeg] & replace Broken rod go in hole & put Back to pumping. SD.

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- Fri 9-15-00 RD PU move to CPU Battery & [deletion] Begin to replace water leg[?] & remove water from Bottom of oil rec 7 [1?] BBl water on Bottom of tank. Replace pump packing. Check rest of wells SD.
- Mon 9-18-00 Move PU to Double K go to Han[?] B #2 & RU PU Pull rods & pump. Replace pump & run back in hole. Put Back to pumping. SD.
- Tue. 9-19-00 RD PU & move to Han B #1 Pulled Rods & find Deep rod part. Put on fish & [illeg] [illeg] [illeg] Fish Pull Pump & replaced fish[?] - go Back in hole. Started Pumping. SD.
- Wed 9-20-00 RD PU & move to [illeg] & RU & Pull Pump. Find Pump is Bad wait on Pump to be delivered. Pump arrived & GIH with Pump. Put Back to Pumping & Pumping good. SD
- Thur 9-21-00 RD PU & go to Bradley RU PU & Pull Rods. Find that Rods Parted go in hole with fish & rec. Rods Pull & replace Rod & go in hole & Put Back to pumping. SD
- Fri 9-22-00 RD PU & move to G 11. RU PU find that rods parted. GIH & fish Rods Replace Rod & put Back [deletion] pumping. RD SD.
- Mon 9-25-00 Move PU to Han[?] D & RU PU. Find that rods parted go in hole & fish [illeg] rod & put Back to Pumping. RD SD.
- Tue 9-26-00 Move PU to Dog Canyon 26. RU SD.
- Wed 9-27-00 Go in hole with [illeg]" swab & rec 9[?] BBls water [deletion] First run & 5 BBls sec. run & [illeg] fo in third time & rec. 3 BBls. Well started to show more Blow. Make one more run & rec. [illeg] BBls water & well kicked off. SD.
- Thur 9-28-00 RD PU & move to Dog Canyon 31 [or #1?]. RU PU & make a swabb run & rec 6 BBls water. Go in again & rec. 6 BBls water. SD.
- Fri 9-29-00 GIH w/ swab & rec 5 BBls water GIH again & rec 4[?] BBls water well started to kick. Let well flow & flowed 3 BBls water & kicked off. RD PU. SD.
- Mon 10-2-00 Move PU to CPU & Rig up on [deletion] CPU # 53. Run swab in hole & rec. 1 BBl oil & 2 BBls water. RD PU & move to CPU #51. RU PU & swab. Rec 1 BBl ["1BBl" may have been inserted in margin.] oil & 3 BBl water. RD PU SD.
- Tue 10-3-00 Move to CPU # 41 swab well & rec. 1 BBls ["1BBls" may have been inserted in margin.] oil & 2 BBls water. RD PU & move to CPU #14. RU

PU & swab rec 1 BBl oil & 3 BBl water. RD PU & move to CPU # 16 & RU PU & swab 2[?] BBl oil & 2 BBl water. BD.

Wed 10-4-00 RD PU & move[?] to CPU # 17[?] swab & rec. 1 BBl oil & 2 BBl water. RD PU & move to CPU #32 RU PU & swab 1 BBl oil & 3 BBl water. RD SD.

Thur 10-5-00 Move PU to CPU # 3 & swab rec 1 BBl ["1BBl" may have been inserted in margin.] oil & 2 BBl water. RD PU. Take elec motor to CPU # 1 [aggressive deletion] Turned on started to pump. [deletion. Apparently said "pumping unit"] Portable Pumping Unit to CPU 17[?] & start Ajux[?] pumping. SD

Fri 10-6-00 Move Portable Pumping Unit to Cave St. # 4 & Started Ajux.[?] Move elec motor off CPU #1 to CPU #30. Started Pumping. SD

Mon 10-9-00 Move PU to Levers #6. Run Rods & Pump. Started Ajux [?] & well started pumping. SD.

Tues 10-10-00 RDPU & move to Cave St #5. RUPU & Pull Rods & Pump. Replace pump U Rod. Put well back on Production. RDPU. Move to Levers #7. RUPU. SD.

Wed 10-11-00 Pull Rods on Lev 7 Find that Rods Parted. GIH w. Fish & rec. rods Replace Broken Rod & Hang Back on. Started pumping. RD PU & move to Red 12 Fed # 1. RUPU SD.

Thurs 10-12-00 Pull Rods & Find Parted rods. Run in hole with Fish & rec. Broken Rod Replace rod & Hang Back on. RDPU. SD

Fri 10-13-00 PU SD Check wells SD.

Mon 10-16-00 Motor in PU gone Bad. Working on engine. Motor was out of oil & water. SD

Tue 10-17-00 Pull motor on PU. SD.

Wed 10-18-00 Working on motor for PU. Checking wells [or wires?] looking OK. SD.

Thurs 10-19-00 Still working on motor for PU.

Fri 10-20-00 No motor. Dchek wells find that Cave St #5 not pumping. [illeg] of wells OK. Move elec motor from Cave [illeg] [Well name is a correction. Original entry aggressively deleted.] to State #2. Started to pump. SD

Mon 10-23-00 Turn State #2 OFF. Still waiting on motor for PU. SD

Tue 10-24-00 Get motor for PU. Put motor in. SD.

Wed 10-25-00 Finish putting motor in PU. Everything sounds & looks OK. Move PU to Red 12 Fed # 2. SD.

Thurs 10-26-00 Ru Pu on Red 12 Fed 2 & Pull Rods & tubing. Find that tubing has a hole. Replace tubing & rods. Started pumping. RD PU SD.

Fri 10-27-00 Move PU to CPU #12. RU PU & Pull Rods & tubing. Have about 10 jts Bad Replace jts & Rods Started Pumping. RD PU SD.

Mon 10-30-00 no Floor board[?] for PU SD.

Tues 10-31-00 no Floor board[?] for PU SD.

Wed 11-1-00 Find Floorboard move PU to CPU # 3[?] RUPU & swab 4 [or 11?] BBls oil & 5 BBl water. RDPU & move to CPU #12 RU PU & swab 6 BBls oil & 10 BBl water. RD Pu SD.

Thurs 11-2-00 move PU to CPU # 14 RU PU & swab 7[?] BBls oil & 18 BBl water. RD Pu move to CPU [illeg] Ru Pu & swab 5 BBl oil & 11 BBls water. RDPU & SD.

Fri 11-3-00 move PU to CPU # 32 RU PU & swab 4[or 11?] BBls oil & 12 BBls water RDPU & move to CPU [illeg]. RU PU & swab 4 BBl oil & 17 BBls water. RD PU & SD.

Mon 11-6-00 move to CPU 51 & RU PU. Swab 4 BBl oil & 14 BBl water. RD PU & move to CPU #[illeg]. RU PU & swab 3 BBls oil & 9[?] BBls water RD PU & move Portable Pumping Unit to [illeg] started Ajux[?] & started pumping. SD

Tue 11-7-00 Go to CPU 30 [illeg insertion] & turn on started pump to check first[?] of wells OK [deletion].Turn off

Wed 11-8-00 Go to CPU 30 & turn off . take circ[elec?] [illeg] to CPU #1 & started pumping. SD

Thurs 11-9-00 CPU 1 pump [illeg] off. Turn off & move [illeg] Cave St #3. [deletion] Check rest of wells. SD

Fri 11-10-00 Move Portable Pumping From CPU 17 to Cave [illeg] & move elec motor to State #2 [insertion "from Cave No. 3"]. Started pumping. SD.

Sat 11-11-02 Check State #2. Not pumping. Turned off. Check rest of wells OK SD.

Mon 11-13-00 Move elec motor to Hodges Fed. Move PU to Kemnitz. [illeg] RUPU SD.

Tue 11-14-00 Pull rods on Kemnitz. take pump in to [illeg] checked SD.

Wed 11-15-00 [deletion] Drop SV & attempt to press. up on tubing never taken press.
Start to come out of hole with tubing. Get around 50 stands out. SD.

Thur 11-16-00 Pull rest of pipe. Find [illeg] hole in [illeg] jts. SD.

Fri 11-17-00 Run 2 new jts & GIH with tubing. Sd.

Mon 11-20-00 no floorboard or Derrick [illeg]. SD PU.

Tue 11-21-00 no floorboard or Derrick [illeg]. SD PU.

Wed 11-22-00 Fund floorboard & Derrick [illeg]. Run rest of pipe in hole & Drop SV.
Press. up on tubing. [Illeg press up to 600 psi hold for 10 min. Sd.

Thur 11-23-00 Pull SV & GIH with rods. SD.

Fri 11-24-00 Finish GIH with rods. Started pumping RD PU SD.

Mon 11-27-00 Move PU to Baum Field & Rig up on Baum E #2. Sd.

Tue 11-28-00 Pull rods on Baum E #2 7& find that pump was bad. Send pump in & Sd.

Wed 11-29-00 Got new pump. RIH with pump & Hang Gack on started pumping.
RDPU. Move to Baum E #1. SD.

Thur 11-30-00 Pull rods. Find shallow rod parted[?] & fish rod. Replace rod & put back
on production. RD PU & move PU to [illeg]

Fri 12-1-00 SD

Mon 12-4-00 RU PU on CPU #3. Run Swab 2 BBls of [illeg] BBls water. Leave PU
RU & move [illeg] pump jack from Cave St 4 to CPU 11[?]. Ajax & left
pumping. Move elec motor [illeg] Hodges to CPU #1. Started pumping
[illeg]

Tue 12-5-00 Run swab on CPU #3. rec[illeg] BBls [illeg] water SD PU.

12-6-00 Swab CPU #3[?] 7 rec 4 [written over] BBls oil & 4 BBls water & move
elec motor from CPU #11[?] to CPU # 30[?] & left pumping. RD PU &
move to CPU # 12 RU PU & swab swab 4 BBls oil & [illeg] BBls water.
SD.

- 12-7-00 Swab CPU #12 & rec. 5 BBls oil & 8 BBls water. RD PU & move to CPU #14. RU PU & swab 4 BBls oil & 7[?] BBls water. SD
- 12-8-00 Swab CPU #14 & rec 9[or 4?] BBls oil & 7 BBls water . Weather got bad. SD.
- 12-9-00 Swab CPU #14 & rec. 3 BBls oil & 11 BBls water. RD PU & move to CPU 16. RU PU & swab 3 BBls oil & 6[or 5?] BBls water. SD
- 12-11-00 Swab CPU #16 & rec 3BBls oil & 5 BBls water. SD
- 12-12-00 Move pumpjack off CPU #16 to Cave St 4 & swab CPU #16 & rec 3 BBls oil & 5 BBls water. SD
- 12-13-00 Swab CPU 16 rec 4 BBl oil & 9 BBls water. RD PU & move to CPU #53 RUPU &rec 3 BBls oil & 8 BBls water. SD
- 12-14-00 Swab CPU 53 & rec 3BBls oil & 10 BBls water. RDPu & move to CPU #51. Ru Pu & swab rec 3 BBls oil & 9 BBls water. RDPU & SD
- 12-15-00 Move to CPU #32[?]. RU PU & swab 4 BBls oil & 4[or 9?] BBls water. RDPU & move to CPU 41[?] RUPU & swab 4 BBls oil & [illeg] BBls water. Sd.
- 12-18-00 RDPU & move to CPU 12 [or 62 - original entry deleted] & RU PU & [deletion] pull rods. Replace broken rod & hang back on. Started pumping. SD RDPU
- 12-19-00 move motor ["motor" is a correction. Original entry deleted.] off CPU #30[written over] to Cave [illeg]. Started to pump.
- 12-20-00 move elec motor to State 2. Started pumping. Move PU to CPU tank batter. Sd
- 12-21-00 Move electric motor to Cave St #2. [illeg]

[END OF LOGUE]

Well	Sept		Sept		Swab		Oct		Oct		Nov		Nov		Dec		Dec		Desc
	Rept	Water	Rept	Water	Swab	Water	Rept	Water	Swab	Water	Rept	Water	Swab	Water	Rept	Water	Swab	Water	
CPU #1	2	5	1	3	1	3	1	2	1	2	3	5	4	4	5	10	6	4	
CPU #12	2	4	1	2	1	2	1	2	1	2	6	10	6	10	9	15	9	7	
CPU #14	3	5	2	5	1	3	1	3	1	3	7	18	7	18	11	25	11	25	
CPU #16	3	4	3	4	2	2	2	2	2	2	5	11	5	11	18	39	13	25	
CPU #17	2	3	1	2	1	2	1	2	1	2	9	21	9	21	11	15	11	15	
CPU #18	4	8	2	2	2	2	2	2	2	2	11	25	11	25	8	22	8	22	
CPU #22	2	3	1	3	1	3	1	3	1	3	8	19	8	19	4	11	4	11	
CPU #30	2	3	3	3	1	2	1	2	1	2	5	12	5	12	5	12	5	12	port,motor
CPU #32	2	4	2	4	1	3	1	3	1	3	4	12	4	12	4	9	4	9	
CPU #41	3	5	3	5	1	2	1	2	1	2	4	18	4	18	4	14	4	14	
CPU #51	2	3	2	3	2	3	1	3	1	3	3	8	3	8	3	6	3	6	
CPU #53	2	3	2	2	1	2	1	2	1	2	3	8	3	8	3	19	6	18	
Red 12 Levers Fed #80	2	6	1	2	1	2	1	2	1	2	9	34	9	34	12	28	12	28	
Red 12 Levers Fed #12	2	5	1	3	1	3	1	3	1	3	6	27	6	27	10	19	10	19	
Red 12 St #4	1	2	1	1	1	1	1	1	1	1	9	23	9	23	12	22	12	22	port,motor
Red 12 St #5	2	0	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	port,motor
State #2	2	1	1	1	1	1	1	1	1	1	3	19	3	19	7	15	7	15	
Trace State #1	2	1	1	1	1	1	1	1	1	1	3	19	3	19	7	15	7	15	

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MARKS AND GARNER

WELL NAME :	CAVE POOL UNIT NO.1 SWAB DATA					
	DATE:	CODE	BO	BW	MCF	DAYS
Aug-00	T	0	0			0
Sep-00	P	2	5		0	1
Oct-00	P	1	3		0	1
Nov-00	P	3	5		0	1
Dec-00	P	8	15		0	2
Jan-01	P	10	16		0	3
Feb-01	P	5	6		0	2
Mar-01	P	2	5		0	2
Apr-01	P	3	9		0	5
May-01	P	2	8		0	5
Jun-01	P	1	3		0	1
Jul-01	P	2	3		0	1
Aug-01	P	4	9		0	5
Sep-01						
Oct-01						
Nov-01						
Dec-01						

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WELL NAME :		CAVE POOL UNIT NO.3			
DATE:		SWAB DATA			
	CODE	BO	BW	MCF	DAYS
Aug-00	T	0	0	0	0
Sep-00	P	1	3	0	1
Oct-00	P	1	2	0	1
Nov-00	P	4	5	0	1
Dec-00	P	7	10	0	3
Jan-01	P	10	16	0	4
Feb-01	P	4	8	0	6
Mar-01	P	4	4	0	6
Apr-01	P	7	18	0	6
May-01	P	7	18	0	6
Jun-01	P	3	5	0	2
Jul-01	P	3	5	0	2
Aug-01	P	4	11	0	2
Sep-01					
Oct-01					
Nov-01					
Dec-01					

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MARKS AND GARNER

WELL NAME :	CAVE POOL UNIT NO.12				
	SWAB DATA				
DATE:	CODE	BO	BW	MCF	DAYS
Aug-00	T	0	0	0	0
Sep-00	P	2	4	0	1
Oct-00	P	1	2	0	1
Nov-00	P	6	10	0	1
Dec-00	P	9	15	0	2
Jan-01	P	11	19	0	3
Feb-01	P	6	12	0	8
Mar-01	P	3	5	0	8
Apr-01	P	6	23	0	8
May-01	P	6	23	0	8
Jun-01	P	2	6	0	3
Jul-01	P	2	6	0	3
Aug-01	P	5	12	0	3
Sep-01					
Oct-01					
Nov-01					
Dec-01					

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WELL NAME :	CAVE POOL UNIT NO.14				
	SWAB DATA				
DATE:	CODE	BO	BW	MCF	DAYS
Aug-00	T	0	0	0	0
Sep-00	P	3	5	0	1
Oct-00	P	1	3	0	1
Nov-00	P	7	18	0	1
Dec-00	P	11	25	0	3
Jan-01	P	14	34	0	8
Feb-01	P	4	18	0	6
Mar-01	P	3	8	0	6
Apr-01	P	4	12	0	6
May-01	P	3	11	0	6
Jun-01	P	2	8	0	3
Jul-01	P	3	8	0	3
Aug-01	P	3	7	0	5
Sep-01					
Oct-01					
Nov-01					
Dec-01					

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WELL NAME :	CAVE POOL UNIT NO.16 SWAB DATA					
	DATE:	CODE	BO	BW	MCF	DAYS
Aug-00	T	0	0	0	0	0
Sep-00	P	3	4	0	0	1
Oct-00	P	2	2	0	0	1
Nov-00	P	5	11	0	0	1
Dec-00	P	13	24	0	0	5
Jan-01	P	18	39	0	0	9
Feb-01	P	5	11	0	0	6
Mar-01	P	3	7	0	0	6
Apr-01	P	8	14	0	0	6
May-01	P	8	14	0	0	6
Jun-01	P	1	1	0	0	1
Jul-01	P	2	6	0	0	1
Aug-01	P	5	9	0	0	5
Sep-01						
Oct-01						
Nov-01						
Dec-01						

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MARKS AND GARNER

WELL NAME :	CAVE POOL UNIT NO.19				MCF	DAYS
	SWAB DATA					
DATE:	CODE	BO	BW	MCF	DAYS	
Aug-00	T	0	0	0	0	
Sep-00	P	4	6	0	1	
Oct-00	P	2	2	0	1	
Nov-00	P	11	25	0	1	
Dec-00	P	8	22	0	8	
Jan-01	P	11	28	0	10	
Feb-01	P	8	16	0	13	
Mar-01	P	2	8	0	13	
Apr-01	P	11	32	0	13	
May-01	P	11	32	0	13	
Jun-01	P	3	5	0	2	
Jul-01	P	3	5	0	2	
Aug-01	P	3	18	0	2	
Sep-01						
Oct-01						
Nov-01						
Dec-01						

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 12758 5-8
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 8-30-02

MARKS AND GARNER

WELL NAME :	CAVE POOL UNIT NO.30				
	SWAB DATA				
DATE:	CODE	BO	BW	MCF	DAYS
Aug-00	T	0	0	0	0
Sep-00	P	2	3	0	1
Oct-00	P	1	2	0	1
Nov-00	P	3	9	0	1
Dec-00	P	3	12	0	11
Jan-01	P	7	23	0	11
Feb-01	P	4	19	0	3
Mar-01	P	3	11	0	6
Apr-01	P	4	19	0	6
May-01	P	3	18	0	6
Jun-01	P	1	3	0	6
Jul-01	P	2	3	0	6
Aug-01	P	6	13	0	6
Sep-01					
Oct-01					
Nov-01					
Dec-01					

12758
 S-9
 OCD
 8-30-02

MARKS AND GARNER

WELL NAME :	CAVE POOL UNIT NO.32				
DATE:	CODE	BO	BW	MCF	DAYS
Aug-00	T	0	0	0	0
Sep-00	P	2	4	0	1
Oct-00	P	1	3	0	1
Nov-00	P	4	12	0	1
Dec-00	P	4	9	0	12
Jan-01	P	10	34	0	12
Feb-01	P	6	19	0	5
Mar-01	P	3	2	0	5
Apr-01	P	5	12	0	5
May-01	P	5	12	0	5
Jun-01	P	2	5	0	5
Jul-01	P	2	5	0	5
Aug-01	P	4	11	0	5
Sep-01					
Oct-01					
Nov-01					
Dec-01					

12758 5.10
 OCP
 8-30-02

MARKS AND GARNER

WELL NAME :	CAVE POOL UNIT NO.41				
	SWAB DATA				
DATE:	CODE	BO	BW	MCF	DAYS
Aug-00	T	0	0	0	0
Sep-00	P	3	5	0	1
Oct-00	P	1	2	0	1
Nov-00	P	4	18	0	1
Dec-00	P	4	14	0	13
Jan-01	P	10	42	0	13
Feb-01	P	4	9	0	6
Mar-01	P	3	1	0	6
Apr-01	P	6	23	0	6
May-01	P	6	23	0	6
Jun-01	P	2	7	0	6
Jul-01	P	2	7	0	6
Aug-01	P	8	10	0	6
Sep-01					
Oct-01					
Nov-01					
Dec-01					

12758 5-11
 OCD
 8-30-02

MARKS AND GARNER

WELL NAME	CAVE POOL UNIT NO.51				
	SWAB DATA				
DATE:	CODE	BO	BW	MCF	DAYS
Aug-00	T	0	0	0	0
Sep-00	P	2	3	0	1
Oct-00	P	1	3	0	1
Nov-00	P	4	14	0	1
Dec-00	P	3	19	0	8
Jan-01	P	11	22	0	8
Feb-01	P	5	11	0	11
Mar-01	?	?	?	?	?
Apr-01	?	?	?	?	?
May-01	?	?	?	?	?
Jun-01	?	?	?	?	?
Jul-01	?	?	?	?	?
Aug-01	?	?	?	?	?
Sep-01					
Oct-01					
Nov-01					
Dec-01					

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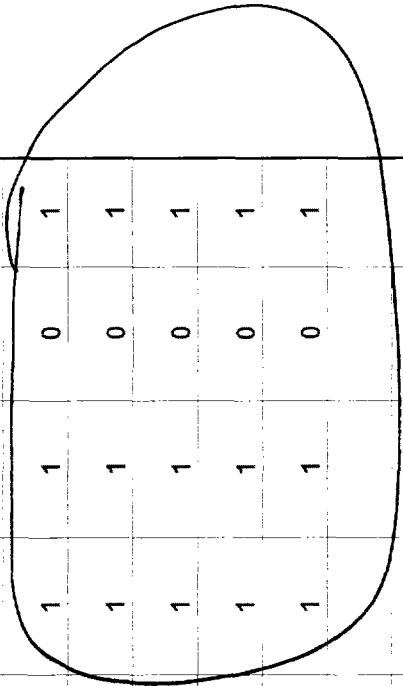
MARKS AND GARNER

WELL NAME	CAVE POOL UNIT NO.53					
	DATE:	CODE	BO	BW	MCF	DAYS
Aug-00	T	0	0	0	0	0
Sep-00	P	2	2	0	0	1
Oct-00	P	1	2	0	0	1
Nov-00	P	3	9	0	0	1
Dec-00	P	6	19	0	0	9
Jan-01	P	7	28	0	0	9
Feb-01	P	4	15	0	0	11
Mar-01	P	3	11	0	0	11
Apr-01	P	8	22	0	0	11
May-01	P	8	22	0	0	11
Jun-01	P	2	6	0	0	2
Jul-01	P	3	6	0	0	2
Aug-01	P	4	11	0	0	2
Sep-01						
Oct-01						
Nov-01						
Dec-01						

12758 S-13
OCD
8-30-02

MARKS AND GARNER

WELL NAME	RED TWELVE LEVERS NO. 6				
	SWAB DATA				
DATE:	CODE	BO	BW	MCF	DAYS
Aug-00	S	0	0	0	0
Sep-00	P	1	2	0	1
Oct-00	P	1	1	0	1
Nov-00	P	9	23	0	2
Dec-00	P	12	22	0	11
Jan-01	P	4	11	0	2
Feb-01	?	?	?	?	?
Mar-01	?	?	?	?	?
Apr-01	P	1	1	0	1
May-01	P	1	1	0	1
Jun-01	P	1	1	0	1
Jul-01	P	1	1	0	1
Aug-01	P	1	1	0	1
Sep-01					
Oct-01					
Nov-01					
Dec-01					



12758
 5-14
 8-30-02
 OGD

MARKS AND GARNER

WELL NAME	RED TWELVE LEVERS 8Q			
	CODE	BO	BW	MCF
DATE:	SWAB DATA			
				DAYS
Aug-00	T	0	0	0
Sep-00	P	2	6	2
Oct-00	P	1	2	1
Nov-00	P	9	34	5
Dec-00	P	12	28	4
Jan-01	P	4	1	2
Feb-01	P	2	2	1
Mar-01	P	3	2	1
Apr-01	P	3	2	1
May-01	P	3	2	1
Jun-01	P	1	0	1
Jul-01	P	1	0	1
Aug-01	P	1	0	1
Sep-01				
Oct-01				
Nov-01				
Dec-01				

12758 S-15
 OCD
 8-30-02

MARKS AND GARNER

WELL NAME	RED TWELVE LEVERS 12 SWAB DATA				
DATE:	CODE	BO	BW	MCF	DAYS
Aug-00	T	0	0	0	0
Sep-00	P	2	5	0	1
Oct-00	T	1	3	0	1
Nov-00	P	6	17	0	5
Dec-00	P	10	19	0	3
Jan-01	P	3	4	0	3
Feb-01	P	2	3	0	1
Mar-01	P	2	3	0	1
Apr-01	P	2	3	0	1
May-01	P	2	3	0	1
Jun-01	P	1	0	0	1
Jul-01	P	1	0	0	1
Aug-01	P	1	0	0	1
Sep-01					
Oct-01					
Nov-01					
Dec-01					

12758
 5-16
 OGD
 8-30-02

MARKS AND GARNER

WELL NAME	STATE NO. 2 SWAB DATA		MCF	DAYS
	CODE	BO		
Aug-00	S	0	0	0
Sep-00	P	2	0	2
Oct-00	P	2	0	2
Nov-00	P	2	0	5
Dec-00	P	1	22	1
Jan-01	P	1	0	1
Feb-01	P	2	0	2
Mar-01	P	4	0	2
Apr-01	P	3	0	3
May-01	P	3	0	3
Jun-01	P	1	0	1
Jul-01	P	1	0	1
Aug-01	P	1	0	1
Sep-01				
Oct-01				
Nov-01				
Dec-01				

12758
 5-17
 OCD
 8-30-02

MARKS AND GARNER

WELL NAME	THEOS STATE NO.1				
	SWAB DATA				
DATE:	CODE	BO	BW	MCF	DAYS
Aug-00	T	0	0	0	0
Sep-00	P	2	1	0	1
Oct-00	P	1	1	0	1
Nov-00	P	9	19	0	3
Dec-00	P	7	15	0	6
Jan-01	P	3	5	0	3
Feb-01	P	1	1	0	1
Mar-01	P	1	1	0	1
Apr-01	P	2	1	0	1
May-01	P	5	2	0	1
Jun-01	P	1	0	0	1
Jul-01	P	1	0	0	1
Aug-01	P	1	0	0	1
Sep-01					
Oct-01					
Nov-01					
Dec-01					

12758 5-18
 OCD
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New Mexico

Statehouse Reporting Service

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July 22, 2002

Vol. 39 - No. 18

IMPORTANT NOTICE: Examiner hearings have been tentatively been scheduled for August 22 and September 5, 2002. Applications for hearing must be filed at least 23 days in advance of hearing date.

COMMISSION HEARING HELD - JULY 19 - SANTA FE

Commission Chairman - Lory Wrotenbery
Commissioner Jami Bailey
Commissioner Robert Lee, Ph.D
NMOCC General Counsel Steven Ross
Commission Secretary Florene Davidson

The minutes of the June 21, 2002, Commission hearing were adopted.

The Commission may conduct a closed executive session during which it will deliberate in connection with an administrative adjudicatory proceeding pending before the Commission or consult with Commission counsel under the attorney-client privilege concerning threatened or pending litigation in which the Commission is or may become a participant.

STATE OF NEW MEXICO

Amend and Adopt Rules Pertaining to Surface Commingling (Case 12867 - Continued to July 19)

Continued to July 19 is the case, which the Oil Conservation Division, upon its own motion, has called to consider the repeal of current Rules 303.B (19 NMAC 15.5.303.B) including the "Manual for the Installation and Operation of Commingling Facilities," 309.B (19 NMAC 15.5.309.B) and 309.C (19 NMAC 15.5.309.C), the amendment of Division Rule 303 (19 NMAC 15.5.303) and the adoption of new Rule 315 and new Form C-107-B pertaining to surface commingling. A copy of the proposed new rules and Form C-107-B may be accessed on the internet on the Division homepage at: www.emnrd.state.nm.us/ocd. A public hearing on the proposed new rules will be held in Porter Hall, 1220 S. Saint Francis Drive, Santa Fe, New Mexico, at 9:00 A.M. on July 19, 2002. Written comments will be accepted until July 19, 2002 by the Oil Conservation Division, 1220 S. Saint Francis Dr., Santa Fe, New Mexico 87505, attn: Commission Secretary.

STATE OF NEW MEXICO

Adoption of amendment to Division Rule 118 (Case 12897)

The Oil Conservation Division proposed to repeal existing Rule 118 (Hydrogen Sulfide Gas) and to adopt new Rule 52 (Hydrogen Sulfide Gas) in lieu thereof. The proposed rule prescribes precautionary and warning measures, and requires contingency plans to provide for management of releases of hydrogen sulfide gas. The proposed rule will apply statewide.

Appearances: David Brooks (Santa Fe), EMNRD assistant general counsel, for the Division; Rick Foppiano, for Oxy USA, Houston TX; Joe Ball, for Phillips Petroleum, Oklahoma City OK; Tom Nance, for the New Mexico Independent Producers Association, Santa Fe; Deborah Seligman, for the NM Oil & Gas Association, Santa Fe; William F. Carr (Santa Fe), attorney, for Controlled Recovery, Inc.; Roger C. Anderson, NMOCD Environmental Bureau chief, Santa Fe; Randy Bayless, NMOCD hydrologist/peer review officer for this project, Santa Fe; Wayne Price, NMOCD environmental engineer, Santa Fe.

Statements: Carr said Controlled Recovery Inc. supported the rule as drafted.

Brooks said the process of developing this draft began in 2000. He said there had been extensive input from industry and other groups.

Testimony: Anderson described the development process of the rule. An H₂S workgroup was set up in the summer of 2001 including representatives of the NM Oil & Gas Association, the NMIPA, the federal Bureau of Land Management, the municipalities of Hobbs, Farmington and Carlsbad, the NM Department of Public Safety and the NMOCD Environmental Bureau. Meetings were held in Hobbs, Farmington and Santa Fe. There was peer review within the Environmental Bureau. In June 2002, the Commission set this hearing and issued public notice. He said this rule is intended as a public safety rule, not a public health rule. The Division does not have jurisdiction over air quality rules. The State Environment Department enforces air quality regulations.

Bayless said hydrogen sulfide (H₂S) is the leading cause of sudden death in the workplace. It is as lethal as hydrogen cyanide. It is measured by parts per million (ppm). At low concentrations, hydrogen sulfide can be readily detected; it smells like rotten eggs. It is produced anywhere there is decomposition in the absence

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STATE OF NEW MEXICO

Adoption of amendment to Division Rule 118 (Case 12897)(Continued)

of oxygen, and is a familiar odor in the oilfields. As the concentration increases to, say, 100 ppm, it can actually deaden your sense of smell and render you more vulnerable. Time also plays a part; 50 ppm for one minute will give you a severe headache and you will have trouble thinking. 100 ppm for just a few minutes will make you feel like somebody is sitting on your chest. On a regulatory basis (OSHA), 100 ppm is when you start evacuating the workplace. 500 ppm ("the knockout level") will cause you to pass out; it is the stage at which you close public roads if it can be expected to reach them. As peer review officer, he checked the mathematical models and scientific levels for this proposed rule and found them acceptable.

Price said the current hydrogen sulfide Rule 118 is inadequate, starting with the fact that it is a guideline and not a requirement. It exempts certain tanks that have up to 1000 ppm; the new rule changes that to a 500 ppm threshold, because industry standards have been lowered. Rule 118 exempts certain facilities with a 500 ppm concentration; the new Rule 52 has 100 ppm requiring signage and fencing. The biggest fallacy is the exemption of facilities that produced less than 10 mcf/D of H₂S from any requirements of safety devices, signage or contingency plans. The new rule speaks specifically to safety devices, signage and contingency plans, spelling out what they must be. This is a public safety rule, but it inevitably affects worker safety, too, and that is appropriate, because a worker who is unconscious due to an H₂S release is not going to warn the public, or take safety/containment measures. He discussed the steady-state model used for establishing safety measures and said it is the same model used by other states, including Texas.

[Commissioner Lee commented that he thought the steady-state model exaggerated the danger.]

Price said a worst-case scenario depicts an H₂S release within a populated area in Hobbs—but unfortunately it is a realistic scenario for New Mexico. There are, for instance, several pipelines in New Mexico that carry sour gas. The new rule goes to radius of exposure, and the concentration of H₂S in that gas. He said the proposed rule:

- (A) Identifies the hazards and characteristics of hydrogen sulfide (H₂S);
- (B) Provides for public safety in area where potentially hazardous volumes of H₂S may exist and defines who is regulated;
- (C) Provides key definitions, including "potentially hazardous volume" (PHV) —any area where 100 ppm Radius of Exposure (ROE) includes a public area, or where 500 ppm ROE includes a public road, or where 100 ppm ROE is in excess of 3000 feet;
- (D) Requires testing to determine H₂S risk;
- (E) Requires contingency plans for alerting a protecting people at risk and for controlling, monitoring and abating the discharge (the H₂S Contingency Plan can be part of a location's Emergency Response Plan);
- (F) Provides standards for drilling, workover and servicing operations;
- (G) Provides standards for Production facilities and down stream facilities;
- (H) Requires that all persons responsible for the implementation of any H₂S contingency plan must be trained;
- (I) Requires operators to meet standards for equipment and corrosion protection;
- (J) Provides for exemptions to be granted upon petition in rare instances, primarily where companies already have developed plans under other governmental agencies;
- (K) Sets standards and conditions for activation of a contingency plan, including OCD notification within one hour and filing a release report (C-141) within 15 days;
- (L) Provides for the NMOCD to require corrective action.

The requirements are more stringent where the risk is greater, and where the ROE includes a public area. The rule applies to any facility under the jurisdiction of the NMOCD. The contingency plans required by the NMOCD's proposed Rule 52 were correlated with BLM Onshore Order 6 plan requirements.

[Commissioners pointed out several areas where they believed the proposed rule needed to be redrafted to clarify the intent.]

Questions: Foppiano said Oxy supports the new rule. He asked about sanctions if a company does not activate a plan in an area outside public area.

Price said a company would not be required to activate a non-existent contingency plan. He said in his experience, most responsible companies will activate an emergency plan immediately upon a release.

Ball said it is a good document overall. He questioned wording about filing electronically. He suggested that some "mom & pop shops" could not file or report electronically—"they're just not in the e-mail world yet."

Price said there is provision for filing by regular mail.

Statements: Nance said the IPA is opposed to this application for a new rule. They are not aware of problems that have arisen under the current rule. The enactment of this new rule will place an onerous burden on producers. IPA also asked for another 30 days to submit written rebuttal to the testimony.

Seligman said NMOGA commends the OCD on working with the industry, and feels that 99% of suggestions have been incorporated.

Chairman Wrotenbery asked staff to have a revised draft available by July 26, and said the Commission would hold the record open until August 16. She said the Commission would consider action on the proposed rule at its August 30 hearing.

The case was continued to August 16, after which it will be taken under advisement.

LEA COUNTY

Two Non-Standard Gas Spacing and Proration Units (Case 12622 – Continued to August 30) (De Novo)

Continued to August 30 is the application of Nearburg Exploration Company, L.L.C. seeking an exception to the spacing provisions of Division Rule 104.C (2) to create two non-standard 160-acre gas spacing and proration units within the East Grama Ridge-Morrow Gas Pool comprising (i) the NE/4 of Sec. 34, T-21-S, R-34-E, Lea County, to be dedicated to the Nearburg Producing Company's existing No. 1 Grama Ridge East "34" State Well, located at a standard gas well location 1548 feet from the North line and 990 feet from the East line (Unit H) of Sec. 34; and (ii) the SE/4 of Sec. 34 to be dedicated to the EOG Resources, Inc. operated No. 1 Llano "34" State Well, located at a standard gas well location 1650 feet from the South line and 660 feet from the East line (Unit I) of Sec. 34. These two wells are located approximately 17 miles west of Eunice, New Mexico. Upon application of Nearburg Exploration Company, L.L.C., this case will be heard De Novo pursuant to the provisions of Rule 1220.

LEA COUNTY

Compulsory Pooling (Case 12828 – Continued to December 13) (De Novo)

Continued to December 13 is the application of David H. Arrington Oil & Gas, Inc. seeking an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the following described acreage in Sec. 1, T-15-S, R-34-E, Lea County, and in the following manner: the NE/4 NE/4 of Sec. 1 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 that vertical extent, including the Undesignated North Morton-Permo Pennsylvanian Pool and Undesignated Morton Wolfcamp Pool; the N/2 NE/4 of Sec. 1 to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within that vertical extent including the Undesignated Morton-Lower Wolfcamp Pool; the NE/4 of Sec. 1 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 that vertical extent; and the E/2 of Sec. 1 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated North Morton-Atoka Gas Pool, Undesignated East Morton-Morrow Gas Pool, and Undesignated Morton-Mississippian Gas Pool. The units are to be dedicated to applicant's No. 1 Big Black Ant Well, to be drilled at an orthodox location in the NE/4 of Sec. 1. Also to be considered will be allocation of well costs, charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling the well. The units are located approximately 9 miles northwest of Lovington, New Mexico. Upon application of Yates Petroleum Corporation, this case will be heard De novo pursuant to the provisions of Rule 1220.

EDDY COUNTY

Properly Plug 17 Wells, Authorizing Division to Plug Wells, Ordering Forfeiture of Applicable Plugging Bond and Assessing Civil Penalties (Case 12757 – Continued from June 21) (De Novo)

The Oil Conservation Division, upon its own motion, called this hearing to seek an order requiring Marks and Garner Ltd. Co., the operator of seventeen (17) inactive wells in Eddy County, to properly plug and abandon the same, authorizing the Division to plug said wells if the operator or its surety fails to do so, forfeiting the operator's plugging bond, and assessing civil penalties for false production reporting. The affected wells are the following:

- #1 Cave Pool Unit, located in Sec. 33, T-16-S, R-29-E, 660 feet from the South line and 1780 feet from the East line;
- #3 Cave Pool Unit, located in Sec. 4, T-17-S, R-29-E, 985 feet from the North line and 987 feet from the East line;
- #12 Cave Pool Unit, located in Sec. 4, T-17-S, R-29-E, 1980 feet from the North line and 660 feet from the East line;
- #14 Cave Pool Unit, located in Sec. 4, T-17-S, R-29-E, 1980 feet from the North line and 1980 feet from the East line;
- #16 Cave Pool Unit, located in Sec. 3, T-17-S, R-29-E, 1973 feet from the North line and 330 feet from the West line;
- #19 Cave Pool Unit, located in Sec. 4, T-17-S, R-29-E, 1980 feet from the South line and 1880 feet from the West line;
- #30 Cave Pool Unit, located in Sec. 4, T-17-S, R-29-E, 990 feet from the South line and 2310 feet from the East line;
- #32 Cave Pool Unit, located in Sec. 9, T-17-S, R-29-E, 660 feet from the North line and 660 feet from the East line;
- #41 Cave Pool Unit, located in Sec. 8, T-17-S, R-29-E, 1650 feet from the North line and 330 feet from the West line;
- #51 Cave Pool Unit, located in Sec. 5, T-17-S, R-29-E, 1650 feet from the South line and 990 feet from the West line;
- #53 Cave Pool Unit, located in Sec. 7, T-17-S, R-29-E, 1650 feet from the North line and 330 feet from the East line;
- #8Q Red Twelve Levers Federal, located in Sec. 33, T-16-S, R-29-E, 1980 feet from the South line and 990 feet from the East line;
- #12 Red Twelve Levers Federal, located in Sec. 33, T-16-S, R-29-E, 660 feet from the North line and 660 feet from the West line;
- #4 Red Twelve State, located in Sec. 5, T-17-S, R-29-E, 990 feet from the South line and 2310 feet from the East line;
- #6 Red Twelve State, located in Sec. 5, T-17-S, R-29-E, 2310 feet from the South line and 1650 feet from the East line;
- #2 State, located in Sec. 4, T-17-S, R-29-E, 990 feet from the North line and 1980 feet from the West line;

EDDY COUNTY

Properly Plug 17 Wells, Authorizing Division to Plug Wells, Ordering Forfeiture of
Applicable Plugging Bond and Assessing Civil Penalties (Case 12757 –
Continued from June 21) (De Novo) (Continued)

#1 Theos State, located in Sec. 5, T-17-S, R-29-E, 1650 feet from the North line and 1650 feet from the East line. Upon application of Marks and Garner Production Ltd. Co., this case will be heard De Novo pursuant to the provisions of Rule 1220.

Appearances: David Brooks (Santa Fe), NMEMNRD assistant general counsel, in association with Tim Gumm, NMOCD District 2 Supervisor, Artesia; James Bruce (Santa Fe), attorney, for Marks and Garner Ltd., Co.; Ernest Linley "Links" Marks, Marks and Garner partner, Lovington; Devon Garner, Marks and Garner production/field supervisor, Lovington; Jerry Guy, NMOCD District 2 field inspector, Artesia.

Statement: Brooks submitted the record of the Division examiner hearing, and said the state would rest its case on it.

Testimony: Marks said Marks and Garner buys and sells oilfield equipment and leases, and operates some wells. They acquired these well from a bankruptcy referee in 1994. The lawyer for the investors in the bankrupt company told them that the operators had sold off mortgaged equipment. These wells were part of a total lot. Marks and Garner has installed a lot of pumping units and flow lines already. Marks and Garner has the equipment to P&A any well; it has plugged eight wells this year already. But they bought these wells to produce, not to plug; they are not "oilfield vultures." They found five wells in this lot of 17 that they think need to be P&A, and they have filed C-103s to do so. He went through the correspondence from the Artesia OCD office and Marks and Garner responses. The first letter from the OCD listed 21 wells, two that already had been plugged, one that was transferred to Yates Petroleum, and one that had the wrong well numbers. (There has been confusion about well numbers in this lot, he said; there were very few well records received from the bankruptcy judge.) On Oct. 9, 2000, he sent in C-103s applying to swab production, and Gumm disapproved it. He said he met with Gumm in November 2000 and it was his understanding that if he put "to test and evaluate" on the form, it would be OK to swab production if he put them on rod pump within a year; he has since learned he was wrong. In January 2001, he got another letter asking for status of the wells. He sent a report showing that 1 to 2 barrels a month in total fluids were being swabbed from the wells, and did not receive a response, so he assumed it was OK. On January 29, 2001 he got another letter from Gumm, asking for status of the wells and how long it would take to bring them into compliance. On February 5, 2001, he sent in C-115s showing swabbed production. In October 2001, he was notified that the case was going to hearing. He got one continuance, but the case went to hearing on January 10, 2002. He and his partner were unable to attend the hearing, due to a death in the family and his partner's illness. The January 10 hearing resulted in an order to plug the five wells they were going to plug anyway—but also fining them for the production reports on the swabbed wells. "We've just been put in limbo," he said. "We don't know exactly what to do out there to make everybody happy." He said he observed swabbing procedures happening on the wells, and he makes the payroll as well. He acknowledged that the Red Twelve Levers Fed No. 12 well was swabbed after Marks and Garner perforated it themselves. He wasn't sure whether Marks and Garner filed a completion report on it.

Cross-examined by Commissioner Bailey and Chairman Wrotenbery, Marks said he believed that the swabbed production was put into a 140-barrel portable tank and pumped or flowed into the unit battery and sold.

Garner said he was 21, and the son of Buddy Garner, Marks' partner. He said he filled out C-115s since March 2000. He said the company moved pump motors around; the wells are marginal, so it is uneconomic to keep pump jack motors on each well. He said there is a test tank location on location; the fluid is taken from the test tank, recorded and sold from the unit battery. They have a swabbing unit that can swab both casing and tubing; they moved that unit and a portable tank to each well each month. These wells were swabbed each month that he reported production.

Cross-examined by Brooks, Garner said where there was any kind of valve or assembly on the wellhead, they would have to disassemble it; he agreed that it should show evidence of being disassembled and reassembled. Moving in with rigs and motors, there would have been evidence on the roads of traffic.

[Chairman Wrotenbery asked for Devon Garner's swabbing records to be submitted.]

Rebuttal testimony: Gumm said he received the C-103s and rejected them as an unacceptable way to bring the wells into compliance. He told Marks the wells could be swabbed as way of evaluating them; he did not tell him he could swab for a year. Most of the field inspections (shown in a set of pictures he presented originally in the examiner hearing) were done by Mr. Guy of his office, but he made some of the inspections himself. The pictures reflect what he physically observed in both January and July 2001: there was no evidence of heavy traffic into the well locations, no evidence of the well heads having been broken down, no evidence of deadmen and no evidence of any fluid spills. In the past few months, a kind of road has been bladed into the unit locations. Gumm said, "everybody makes mistakes, but to have someone report production where obviously none has taken place is hard to swallow."

Guy said he inspected each of the subject wells several times in 2001. The pictures were taken in February and June 2001. If someone had been in with the Marks and Garner swabbing unit, the portable tank, etc., there would have been evidence that they had been there. He noted evidence on the photographs that confirmed his contentions.

EDDY COUNTY

Properly Plug 17 Wells, Authorizing Division to Plug Wells, Ordering Forfeiture of Applicable Plugging Bond and Assessing Civil Penalties (Case 12757 – Continued from June 21 (De Novo) (Continued))

Statements: Bruce said Garner's logs would be submitted by August 1. Chairman Wrotenbery said the record would be kept open for that submittal, and the Division would have one week to respond if it chose. The case was taken under advisement.

* * * * *

EXAMINER HEARING SET – AUGUST 1 – SANTA FE

Michael E. Stogner or David R. Catanach – Examiner

LEA COUNTY

Compulsory Pooling and Unorthodox Well Location (Case 12890 – Continued from July 11)

Permian Resources, Inc. seeks an order pooling all mineral interests in the Strawn formation, Northeast Shoe Bar-Strawn Pool, underlying the W/2 SE/4 of Sec. 7, T-16-S, R-36-E, to form a standard 80-acre spacing and proration unit to be dedicated to No. 2 Chambers. Also to be considered will be allocation of well costs, charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling the well. Applicant further seeks approval to drill its well at an unorthodox surface location 990 feet from the South line and 1100 feet from the East line to an unorthodox bottomhole location 1350 feet from the South line and 1500 feet from the East line in the NW/4 SE/4 (Unit J) of said Sec. 7. The proposed well location is approximately 4 miles East of Lovington, New Mexico.

SAN JUAN COUNTY

Non-Standard Gas Proration Unit and Unorthodox Subsurface Gas Well Location (Case 12898)

Williams Production Company seeks to establish a non-standard 303.88-acre gas spacing and proration unit within the Basin-Dakota Pool comprising all of Irr. Sec. 1, T-31-N, R-6-W, San Juan County, which is located approximately 5.5 miles south of the New Mexico/Colorado state line at mile corner marker No. 240. This unit is to be dedicated to Williams Production Company's proposed No. 164-B Rosa Unit Well to be directionally drilled from a surface location 1475 feet from the South line and 1235 feet from the East line (Unit J) of irregular Sec. 1 to an unorthodox bottomhole location within the Basin-Dakota Pool approximately 330 feet from the South line and 1650 feet from the West line (Unit N) of Irr. Sec. 1. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

EDDY COUNTY

Compulsory Pooling and Non-Standard Spacing and Proration Units (Case 12899)

Manzano Oil Corporation seeks an order pooling all mineral interests in the following described spacing and proration units in the W/2 of Irregular Sec. 30, T-18-S, R-30-E, Eddy County, as follows: the W/2 forming a non-standard 313.4-acre spacing and proration unit for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated North Turkey Track-Morrow Gas Pool and the Undesignated Sand Dune-Upper Pennsylvanian Pool; the NW/4 forming a non-standard 156.65-acre spacing and proration unit for all formations and/or pools developed on 160-acre spacing; the N/2 NW/4 forming a non-standard 78.31-acre spacing and proration unit for all formations and/or pools developed on 80-acre spacing, and the NW/4 NW/4 forming a non-standard 38.31-acre spacing and proration unit for all formations and/or pools developed on 40-acre spacing. Said units are to be dedicated to its No. 1 Green Flash Federal Com Well to be drilled at a standard location 660 feet from the North and West lines of said Sec. 30, to a depth sufficient to test all formations from the base of the Bone Spring formation or the base of the Morrow formation. Also to be considered will be allocation of well costs, charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling the well. Said area is located approximately 6.5 miles south of Loco Hills, New Mexico.

LEA COUNTY

Compulsory Pooling, Directional Drilling and Unorthodox Well Location (Case 12900)

Nearburg Exploration Company, L.L.C. seeks an order pooling all mineral interests in all formations from the surface to the base of the Strawn formation in the S/2 SW/4 of Sec. 10, T-17-S, R-37-E, Lea County, for all formations and/or pools developed on 80-acre spacing which includes but is not necessarily limited to the Undesignated Humble City-Strawn Pool and the Undesignated Shipp-Strawn Pool. Said unit is to be dedicated to its No. 1-4Voyager (Shipp) Well, a re-entry of the No. 1 Hanley Shipp Well, at a surface location 990 feet from the South line and 330 feet from the West line and directionally drilled to an unorthodox bottomhole location 860 feet from the South line and 1400 feet from the West line of said Sec. 10 to a depth sufficient to test all formations from the surface to the base of the Strawn formation. Also to be considered will be allocation of well costs, charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling the well. Said area is located approximately 7 miles southeast of Lovington, New Mexico.

LEA COUNTY

Compulsory Pooling (Case 12901)

Nearburg Exploration Company, L.L.C. seeks an order pooling all mineral interests in all formations from the surface to the base of the Morrow formation in the following described spacing and proration units located in Sec. 7, T-21-S, R-35-E, Lea County; the E/2 for all formations and/or pools developed on 320-acre spacing, which includes but is not necessarily limited to the Undesignated Osudo-Morrow Gas Pool,

LEA COUNTY

Compulsory Pooling (Case 12901) (Continued)

Undesignated Wilson-Atoka Gas Pool and the Undesignated Wilson-Morrow Gas Pool; **the NE/4** for all formations and/or pools developed on 160-acre spacing which includes but is not necessarily limited to the Wilson Yates-Seven Rivers Associated Pool and the Undesignated Wilson-Strawn Pool; **the E/2 NE/4** for all formations and/or pools developed on 80-acre spacing; and the SE/4 NE/4 for all formations and/or pools developed on 40-acre spacing. Said units are to be dedicated to its No. 1 Packer "7" State Com Well to be drilled at a standard location 1980 feet from the North line and 660 feet from the East line of said Sec. 7 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. Also to be considered will be allocation of well costs, charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling the well. Said area is located approximately 20 miles southwest of Hobbs, New Mexico.

SANDOVAL COUNTY

Special Pool Rules (Case 12387 - Continued from June 27) (Reopened)

The Oil Conservation Division, upon its own motion, has reopened this case pursuant to the provisions of Division Order No. R-11374-A, which order extended for one year the temporary special pool rules for the Southeast Arena Blanca-Entrada Pool in Sandoval County. Operators in the Southeast Arena Blanca-Entrada Pool should appear and show cause why the temporary special pool rules should not be rescinded and the pool developed on standard 40-acre oil spacing.

EDDY COUNTY

Amend Special Pool Rules, or in the alternative, Approval of Four Unorthodox Infill Gas Well Locations, Two Unorthodox Gas Well Locations, and One Infill Gas Well Location (Case 12873 - Continued from July 11)

Gruy Petroleum Management Co. and Waci Petroleum, Inc. seek an order amending the special rules and regulations for the White City-Pennsylvanian Gas Pool to provide for the option to drill one well on each quarter section within a standard 640-acre gas spacing unit and for the setback requirement for wells to be relaxed such that wells can be located no closer than 660 feet to a quarter section line nor closer than 10 feet to a quarter-quarter section line or subdivision inner boundary. The pool covers all of Secs. 8, 9, 15-17, 19-22, and 26-35, T-24-S, R-26-E, Secs. 1-4 and 10-14, T-25-S, R-26-E, and Sec. 7, T-25-S, R-27-E, Eddy County. In the alternative, applicants seek approval of four unorthodox infill gas well locations, two unorthodox gas well locations, and one infill gas well location for wells to be located in Secs. 9, 15, 16, and 22, T-24-S, R-26-E. The pool is centered approximately 5 miles east of White City, New Mexico.

LEA COUNTY

Compulsory Pooling (Case 12902)

Ricks Exploration Inc. seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the NW/4 NE/4 of Sec. 27, T-12-S, R-38-E, Lea County, 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 Trinity-Wolfcamp Pool. The unit is to be dedicated to the No. 5 Burrus Well, to be drilled at an orthodox oil well location in the NW/4 NE/4 of Sec. 27. Also to be considered will be allocation of well costs, charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling the well. The unit is located approximately 13 miles east of Tatum, New Mexico.

EDDY COUNTY

Compulsory Pooling (Case 12871 - Continued from June 27)

Mewbourne Oil Company seeks an order pooling all mineral interests from the base of the Bone Spring formation to the base of the Atoka formation underlying the W/2 of Sec. 26, T-24-S, R-28-E, Eddy County, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the Salt Draw-Atoka Gas Pool. The unit is to be dedicated to applicant's No. 1 Willow Lake "26" Fee Com. Well, to be drilled at an orthodox location in the SW/4 SW/4 (Unit M) of Sec. 26. Also to be considered will be allocation of well costs, charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling the well. The unit is located approximately 2 miles south-southeast of Malaga, New Mexico.

EDDY COUNTY

Compulsory Pooling (Case 12903)

Mewbourne Oil Company seeks an order pooling all mineral interests from the base of the Yates formation to the base of the Morrow formation underlying the following described acreage in Sec. 14, T-21-S, R-27-E, Eddy County, and in the following manner: the W/2 of Sec. 14 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the Undesignated East Carlsbad-Wolfcamp Gas Pool, Undesignated Cedar Hills-Upper Pennsylvanian Gas Pool, Undesignated Burton Flat-Strawn Gas Pool, and Burton Flat-Morrow Gas Pool; the SW/4 of Sec. 14 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 that vertical extent, including but not limited to the Undesignated East Avalon-Bone Spring Gas Pool; and the NW/4 SW/4 of Sec. 14 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 that vertical extent, including but not limited to the Undesignated La Huerta-Delaware Pool, Undesignated East Avalon-Bone

EDDY COUNTY
Compulsory Pooling (Case 12903) (Continued)

Spring Pool, and Undesignated East Carlsbad-Bone Spring Pool. The unit is to be dedicated to applicant's No. 1 Esperanza "14" St. Com. Well, to be drilled at an orthodox well location in the NW/4 SW/4 of Sec. 14. Also to be considered will be allocation of well costs, charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling the well. The unit is located approximately 5 miles northeast of Carlsbad, New Mexico.

EDDY COUNTY
Compulsory Pooling (Case 12882 – Continued from June 27)

Nadel and Gussman Permian, L.L.C. seeks an order pooling all mineral interests from the surface to 20 feet below the top of the Mississippian formation underlying the following described acreage in Sec. 26, T-18-S, R-28-E, Eddy County, and in the following manner: the E/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the Undesignated North Turkey Track-Cisco Gas Pool, Undesignated North Turkey Track-Atoka Gas Pool, and North Turkey Track-Morrow Gas Pool; the SE/4 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 that vertical extent; the W/2 NE/4 to form a standard 80-acre oil spacing and proration unit for any formations and/or pools developed on 80-acre spacing within that vertical extent, including but not limited to the Undesignated Travis-Upper Pennsylvanian Pool; and the NW/4 NE/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 but not limited to the Artesia Queen-Grayburg-San Andres Pool, Undesignated East Illinois Camp-Bone Spring Pool, and the Undesignated Southwest Palmillo-Bone Spring Pool. The units are to be dedicated to applicant's No. 1 Mission State Com. Well, to be drilled at an orthodox location in the NW/4 NE/4 (Unit B) of Sec. 26. Also to be considered will be allocation of well costs, charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling the well. The units are located approximately 12 miles southwest of Loco Hills, New Mexico.

LEA COUNTY
Compulsory Pooling (Case 12904)

Arch Petroleum Inc. seeks an order pooling all mineral interests from the surface to the base of the Teague (Simpson) Pool underlying the NW/4 SW/4 of Sec. 27, T-23-S, R-37-E, Lea County, 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 that vertical extent, including but not limited to the Teague (Simpson) Pool. The unit is to be dedicated to applicant's No. 3 E. C. Hill "C" Well, to be drilled at an orthodox location in the NW/4 SW/4 of Sec. 27. Also to be considered will be allocation of well costs, charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling the well. The unit is located approximately 11 miles south of Eunice, New Mexico.

EDDY COUNTY
Compulsory Pooling (Case 12879 – Continued from June 27)

Chi Energy, Inc. seeks an order pool all uncommitted overriding royalty owners with respect to production from the surface to the base of the Morrow formation underlying the following described acreage in Sec. 4, T-17-S, R-28-E, Eddy County; Lots 3, 4, S/2 NW/4 and SW/4 (the W/2) to form a standard 319.28-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including the Southeast Crow Flats-Morrow Gas Pool; Lots 3, 4, and S/2 NW/4 (the NW/4) to form a standard 159.28-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; and the SW/4 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 that vertical extent. Applicant requests that the pooling of the units be made effective as of the dates of first production from its No. 1 Heavy Harry State Com. Well drilled and completed at an orthodox location in the SE/4 SW/4 of Sec. 4, and its No. 2 Heavy Harry State Com. Well, drilled and completed at an orthodox location in Lot 3 of Sec. 4. Also to be considered will be the designation of Chi Operating, Inc. as operator of the wells. The units are located approximately 12 miles east-northeast of Artesia, New Mexico.

EDDY COUNTY
Compulsory Pooling (Case 12880 – Continued from June 27)

Chi Energy, Inc. seeks an order pool all uncommitted overriding royalty owners with respect to production from the surface to the base of the Morrow formation underlying the following described acreage in Sec. 10, T-17-S, R-28-E, Eddy County; The N/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including the Southeast Crow Flats-Morrow Gas Pool; and the NW/4 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 that vertical extent. Applicant requests that the pooling of the units be made effective as of the dates of first production from its No. 1 Hiawatha Fed. Com. Well drilled and completed at an orthodox location in the SW/4 NW/4 of Sec. 10. Also to be considered will be the designation of Chi Operating, Inc. as operator of the well. The units are located approximately 13 miles east-northeast of Artesia, New Mexico.

EDDY COUNTY

Compulsory Pooling (Case 12881 – Continued from June 27)

Chi Energy, Inc. seeks an order pool all uncommitted overriding royalty owners with respect to production from the surface to the base of the Morrow formation underlying the following described acreage in Sec. 10, T-17-S, R-28-E, Eddy County; The S/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including the Southeast Crow Flats-Morrow Gas Pool; and the SW/4 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 that vertical extent. Applicant requests that the pooling of the units be made effective as of the dates of first production from its No. 1 coal Trair. Fed. Com. Well drilled and completed at an orthodox location in the SW/4 SW/4 of Sec. 10. Also to be considered will be the designation of Chi Operating, Inc. as operator of the well. The units are located approximately 13 miles east-northeast of Artesia, New Mexico.

LEA COUNTY

Salt Water Disposal Well (Case 12905)

Pronghorn Management Corporation seeks approval to utilize its No. 2 State "T" Well located 4290 feet from the South line and 500 feet from the West line (Unit L), Sec. 6, T-16-S, R-36-E, Lea County, to dispose of produced water into the San Andres and Glorieta formations from a depth of 6000 feet to 6400 feet. This well is located approximately 2 miles west of Lovington, New Mexico.

LEA COUNTY

Approval of a Salt Water Disposal Well (Case 12866 – Continued from June 27)

C. W. Trainer seeks approval to utilize its No. 6 State GA Well located 660 feet from the North line and 990 feet from the West line (Unit D) of Sec. 16, T-15-S, R-36-E, Lea County, to dispose of produced water into the San Andres and Glorieta formations from a depth of 4749 feet to 6230 feet This well is located approximately 3 miles northeast of Lea County, New Mexico.

EDDY COUNTY

Bring One Well into Compliance with Rule 201.B. and Assessing Civil Penalty (Case 12906)

The Oil Conservation Division, upon its own motion, has called this hearing to consider an order requiring George A. Chase, Jr. to bring his No. 1 Superior Federal Well located 2310 feet from the North line and 1980 feet from the West line of Sec. 20, T-16-S, R-31-E, Eddy County, into compliance with OCD Rule 201.B by either restoring said well to production or beneficial use, plugging and abandoning said well or securing Division approval for temporary abandonment thereof.

CHAVES COUNTY

Bring One Well into Compliance with Rule 201.B. and Assessing Civil Penalty (Case 12907)

The Oil Conservation Division, upon its own motion, has called this hearing to consider an order requiring McKay Oil Corporation to bring its No. 4 West Fork Federal Unit Well located 1650 feet from the South and West lines of Sec. 32, T-4-S, R-22-E, Chaves County, into compliance with OCD Rule 201.B by either restoring said well to production or beneficial use, plugging and abandoning said well or securing Division approval for temporary abandonment thereof.

LEA, ROOSEVELT AND EDDY COUNTIES

Bring One Hundred Twenty-Five (125) Wells into Compliance with Rule 201.B, and Assessing Civil Penalties (Case 12896)

The Oil Conservation Division, upon its own motion, has called this hearing to bring 125 inactive wells located in Lea, Roosevelt and Eddy Counties, into compliance with OCD Rule 201.B by either restoring said wells to production or beneficial use, plugging and abandoning said wells or securing Division approval for temporary abandonment thereof, and seeks civil penalties. The affected wells are the following:

Lea County

- #1 East Pearl Queen Unit, Sec. 22, T-19-S, R-35-E;
- #4 East Pearl Queen Unit, Sec. 22, T-19-S, R-35-E;
- #6 East Pearl Queen Unit, Sec. 22, T-19-S, R-35-E;
- #7 East Pearl Queen Unit, Sec. 22, T-19-S, R-35-E;
- #8 East Pearl Queen Unit, Sec. 22, T-19-S, R-35-E;
- #9 East Pearl Queen Unit, Sec. 22, T-19-S, R-35-E;
- #11 East Pearl Queen Unit, Sec. 21, T-19-S, R-35-E;
- #12 East Pearl Queen Unit, Sec. 21, T-19-S, R-35-E;
- #14 East Pearl Queen Unit, Sec. 22, T-19-S, R-35-E;
- #15 East Pearl Queen Unit, Sec. 22, T-19-S, R-35-E;
- #16 East Pearl Queen Unit, Sec. 22, T-19-S, R-35-E;
- #17 East Pearl Queen Unit, Sec. 22, T-19-S, R-35-E;
- #18 East Pearl Queen Unit, Sec. 27, T-19-S, R-35-E;
- #20 East Pearl Queen Unit, Sec. 27, T-19-S, R-35-E;
- #21 East Pearl Queen Unit, Sec. 28, T-19-S, R-35-E;
- #22 East Pearl Queen Unit, Sec. 28, T-19-S, R-35-E;
- #23 East Pearl Queen Unit, Sec. 28, T-19-S, R-35-E;
- #24 East Pearl Queen Unit, Sec. 28, T-19-S, R-35-E;

LEA, ROOSEVELT AND EDDY COUNTIES

Bring One Hundred Twenty-Five (125) Wells into Compliance with Rule 201.B,
and Assessing Civil Penalties (Case 12896) (Continued)

#26 East Pearl Queen Unit, Sec. 27, T-19-S, R-35-E;
#28 East Pearl Queen Unit, Sec. 27, T-19-S, R-35-E;
#30 East Pearl Queen Unit, Sec. 27, T-19-S, R-35-E;
#32 East Pearl Queen Unit, Sec. 27, T-19-S, R-35-E;
#37 East Pearl Queen Unit, Sec. 27, T-19-S, R-35-E;
#39 East Pearl Queen Unit, Sec. 34, T-19-S, R-35-E;
#41 East Pearl Queen Unit, Sec. 34, T-19-S, R-35-E;
#42 East Pearl Queen Unit, Sec. 34, T-19-S, R-35-E;
#43 East Pearl Queen Unit, Sec. 34, T-19-S, R-35-E;
#44 East Pearl Queen Unit, Sec. 34, T-19-S, R-35-E;
#45 East Pearl Queen Unit, Sec. 34, T-19-S, R-35-E;
#46 East Pearl Queen Unit, Sec. 34, T-19-S, R-35-E;
#49 East Pearl Queen Unit, Sec. 34, T-19-S, R-35-E;
#51 East Pearl Queen Unit, Sec. 34, T-19-S, R-35-E;
#52 East Pearl Queen Unit, Sec. 34, T-19-S, R-35-E;
#53 East Pearl Queen Unit, Sec. 34, T-19-S, R-35-E;
#56 East Pearl Queen Unit, Sec. 34, T-19-S, R-35-E;
#57 East Pearl Queen Unit, Sec. 34, T-19-S, R-35-E;
#59 East Pearl Queen Unit, Sec. 27, T-19-S, R-35-E;
#77 East Pearl Queen Unit, Sec. 28, T-19-S, R-35-E;
#82 East Pearl Queen Unit, Sec. 27, T-19-S, R-35-E;
#1 Gregory C, Sec. 33, T-25-S, R-37-E;
#2 Jordan B, Sec. 11, T-20-S, R-35-E;
#2 Mesa Queen Unit, Sec. 16, T-16-S, R-32-E;
#5 Mesa Queen Unit, Sec. 17, T-16-S, R-32-E;
#9 Mesa Queen Unit, Sec. 16, T-16-S, R-32-E;
#11 Mesa Queen Unit, Sec. 17, T-16-S, R-32-E;
#12 Mesa Queen Unit, Sec. 17, T-16-S, R-32-E;
#14 Mesa Queen Unit, Sec. 16, T-16-S, R-32-E;
#16 Mesa Queen Unit, Sec. 16, T-16-S, R-32-E;
#17 Mesa Queen Unit, Sec. 17, T-16-S, R-32-E;
#19 Mesa Queen Unit, Sec. 17, T-16-S, R-32-E;
#20 Mesa Queen Unit, Sec. 17, T-16-S, R-32-E;
#21 Mesa Queen Unit, Sec. 16, T-16-S, R-32-E;
#22 Mesa Queen Unit, Sec. 20, T-16-S, R-32-E;
#23 Mesa Queen Unit, Sec. 20, T-16-S, R-32-E;
#24 Mesa Queen Unit, Sec. 20, T-16-S, R-32-E;
#25 Mesa Queen Unit, Sec. 16, T-16-S, R-32-E;
#1 Mexico U, Sec. 8, T-19-S, R-38-E;
#3 Mexico U, Sec. 8, T-19-S, R-38-E;
#11 South Pearl Queen Unit, Sec. 4, T-20-S, R-35-E;
#13 South Pearl Queen Unit, Sec. 5, T-20-S, R-35-E;
#15 South Pearl Queen Unit, Sec. 4, T-20-S, R-35-E;
#19 South Pearl Queen Unit, Sec. 3, T-20-S, R-35-E;
#21 South Pearl Queen Unit, Sec. 10, T-20-S, R-35-E;
#23 South Pearl Queen Unit, Sec. 9, T-20-S, R-35-E;
#24 South Pearl Queen Unit, Sec. 9, T-20-S, R-35-E;
#25 South Pearl Queen Unit, Sec. 9, T-20-S, R-35-E;
#1 State Bd 36, Sec. 36, T-22-S, R-37-E;
#2 Union State Ab, Sec. 30, T-20-S, R-36-E;
#103 West Pearl Queen Unit, Sec. 29, T-19-S, R-35-E;
#107 West Pearl Queen Unit, Sec. 28, T-19-S, R-35-E;
#110 West Pearl Queen Unit, Sec. 29, T-19-S, R-35-E;
#112 West Pearl Queen Unit, Sec. 29, T-19-S, R-35-E;
#117 West Pearl Queen Unit, Sec. 29, T-19-S, R-35-E;
#118 West Pearl Queen Unit, Sec. 29, T-19-S, R-35-E;
#119 West Pearl Queen Unit, Sec. 29, T-19-S, R-35-E;
#120 West Pearl Queen Unit, Sec. 28, T-19-S, R-35-E;
#121 West Pearl Queen Unit, Sec. 28, T-19-S, R-35-E;
#122 West Pearl Queen Unit, Sec. 28, T-19-S, R-35-E;
#124 West Pearl Queen Unit, Sec. 28, T-19-S, R-35-E;
#127 West Pearl Queen Unit, Sec. 29, T-19-S, R-35-E;
#129 West Pearl Queen Unit, Sec. 29, T-19-S, R-35-E;
#130 West Pearl Queen Unit, Sec. 29, T-19-S, R-35-E;
#134 West Pearl Queen Unit, Sec. 31, T-19-S, R-35-E;
#137 West Pearl Queen Unit, Sec. 32, T-19-S, R-35-E;
#140 West Pearl Queen Unit, Sec. 33, T-19-S, R-35-E;
#142 West Pearl Queen Unit, Sec. 33, T-19-S, R-35-E;
#143 West Pearl Queen Unit, Sec. 33, T-19-S, R-35-E;
#146 West Pearl Queen Unit, Sec. 33, T-19-S, R-35-E;
#152 West Pearl Queen Unit, Sec. 31, T-19-S, R-35-E;
#156 West Pearl Queen Unit, Sec. 31, T-19-S, R-35-E;
#157 West Pearl Queen Unit, Sec. 31, T-19-S, R-35-E;

LEA ROOSEVELT AND EDDY COUNTIES

Bringing One Hundred Twenty-Five (125) Wells into Compliance with Rule 201.B,
and Assessing Civil Penalties (Case 12896) (Continued)

#159 West Pearl Queen Unit, Sec. 32, T-19-S, R-35-E;
#163 West Pearl Queen Unit, Sec. 33, T-19-S, R-35-E;
#164 West Pearl Queen Unit, Sec. 32, T-19-S, R-35-E;
#165 West Pearl Queen Unit, Sec. 29, T-19-S, R-35-E;
#169 West Pearl Queen Unit, Sec. 28, T-19-S, R-35-E;
#191 West Pearl Queen Unit, Sec. 28, T-19-S, R-35-E;
#192 West Pearl Queen Unit, Sec. 28, T-19-S, R-35-E;
#202 West Pearl Queen Unit, Sec. 32, T-19-S, R-35-E;
#33 East Pearl Queen Unit, Sec. 27, T-19-S, R-35-E;
#5 Gregory A, Sec. 33, T-25-S, R-37-E;
#2 Lisa State, Sec. 19, T-20-S, R-36-E;
#3 Mesa Queen Unit, Sec. 16, T-16-S, R-33-E;
#7 South Pearl Queen Unit, Sec. 3, T-20-S, R-35-E;
#194 West Pearl Queen Unit, Sec. 29, T-19-S, R-35-E;

Roosevelt County

#8 Horton Federal, Sec. 30, T-8-S, R-35-E;
#9 Horton Federal, Sec. 30, T-8-S, R-35-E;
#10 Horton Federal, Sec. 30, T-8-S, R-35-E;
#13 Horton Federal, Sec. 30, T-8-S, R-35-E;
#18 Horton Federal, Sec. 29, T-8-S, R-35-E;
#19 Horton Federal, Sec. 31, T-8-S, R-35-E;
#21 Horton Federal, Sec. 29, T-8-S, R-35-E;
#26 Horton Federal, Sec. 29, T-8-S, R-35-E;
#29 Horton Federal, Sec. 29, T-8-S, R-35-E;
#30 Horton Federal, Sec. 29, T-8-S, R-35-E;
#32 Horton Federal, Sec. 30, T-8-S, R-35-E;
#33 Horton Federal, Sec. 30, T-8-S, R-35-E;
#35 Horton Federal, Sec. 30, T-8-S, R-35-E;
#1 Horton Federal, Sec. 30, T-8-S, R-35-E;
#6 Horton Federal, Sec. 30, T-8-S, R-35-E;
#20 Horton Federal, Sec. 29, T-8-S, R-35-E;
#28 Horton Federal, Sec. 29, T-8-S, R-35-E;
#36 Horton Federal, Sec. 30, T-8-S, R-35-E

Eddy County

#1 Eddy GF State, Sec. 16, T-23-S, R-27-E;
#1 Keohane Et Al B Federal, Sec. 28, T-18-S, R-31-E.

LEA COUNTY

Creating, Contracting Re-Designating and Extending Vertical and Horizontal Limits (Case 12908)

The Oil Conservation Division, upon its own motion, has called this hearing to **consider** the contraction, re-designating and extending the vertical and horizontal limits of certain pools in **Lea County**, and the creation of the following pools in Lea County:

SOUTHWEST AUSTIN-MORROW GAS POOL, T-15-S, R-35-E; the discovery well is the Yates Petroleum Corp. No. 1 Morton Unit Well, located in Unit B of Sec. 5. Said pool would **comprise** the S/2 of Sec. 4, N/2 and SE/4 Sec. 5;

NORTH BAGLEY-SAN ANDRES POOL, T-11-S, R-33-E; the discovery well is the Weststar Exploration Company No. 2 TP State A Well, located in Unit O of Sec. 10. Said pool would **comprise** the SE/4 of Sec. 10;

EAST CERCA-AUSTIN GAS POOL, T-13-S, R-34-E; the discovery well is the Yates Petroleum Corporation, #2 Chad AXA State Well, located in Unit P of Sec. 36. Said pool would **comprise** the E/2 of Sec. 36;

EAST ECHOL-SAN ANDRES POOL, T-10-S, R-37-E; the discovery well is the Concho Oil and Gas Corporation, #2 Sundown State Well, located in Unit M of Sec. 14. Said pool would **comprise** the SW/4 of Sec. 14;

NORTHWEST EIGHT MILE DRAW-ATOKA GAS POOL, T-11-S, R-34-E; the discovery well is the Yates Petroleum Corporation, #1 Blitzen AUB State Well, located in Unit M of Sec. 16. Said pool would **comprise** the S/2 of Sec. 16;

SOUTHWEST HOUSE-BLINEBRY GAS POOL, T-20-S, R-38-E; the discovery well is the Capataz Operating Inc., #2 Red Tag Well, located in Unit K of Sec. 2. Said pool would **comprise** the SW/4 of Sec. 2;

WEST MALJAMAR-CISCO-CANYON POOL, T-17-S, R-32-E; the discovery well is the Devon SFS Operating Inc., #1 Maljamar 10 Federal Well, located in Unit O of Sec. 10. Said pool would **comprise** the SE/4 of Sec. 10.

LEA COUNTY

Creating, Contracting Re-Designating and Extending Vertical and Horizontal Limits (Case 12908) (Continued)

WEST SHOE BAR-WOLFCAMP POOL, T-16-S, R-35-E; the discovery well is the David H. Arrington Oil & Gas Inc., #1 Lord Baltimore 20 State Well, located in Unit K of Sec. 20. Said pool would comprise the SW/4 of Sec. 20;

NORTHWEST SKAGGS-GLORIETA POOL, T-19-S, R-37-E; the discovery well is the Matador Operating Company, #3 Williams 34 Well, located in Unit O of Sec. 34. Said pool would comprise the SE/4 of Sec. 34;

NORTHWEST SKAGGS-SIMPSON POOL, T-20-S, R-37-E; the discovery well is the Matador Operating Company, #6 Cooper 3 Well, located in Unit B of Sec. 3. Said pool would comprise the NE/4 of Sec. 3;

VACA RIDGE-DELAWARE POOL, T-25-S, R-34-E; the discovery well is the EOG Resources, inc. No. 1 Vaca Ridge 4 Federal Well, located in Unit C of Sec. 4. Said pool would comprise the NW/4 of Sec. 4;

NORTHWEST VACUUM-CISCO-CANYON POOL, T-17-S, R-35-E; the discovery well is the Read and Stevens Inc. #1 Meredith State Well, located in Unit F of Sec. 24. Said pool would comprise the NW/4 of Sec. 24;

SOUTH WILSON-WOLFCAMP POOL, T-21-S, R-35-E; the discovery well is the Nearburg Producing Company, #1 Packer 18 State Com. Well, located in Unit A of Sec. 18. Said pool would comprise the NE/4 of Sec. 18. IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

CHAVES AND EDDY COUNTIES

Creating and Extending Pools (Case 12909)

The Oil Conservation Division, upon its own motion, has called this hearing to consider the extension of pools in Chaves and Eddy Counties, and the creation of the following pools in Eddy County:

LONE TREE DRAW-WOLFCAMP POOL, T-21-S, R-27-E; the discovery well is the Occidental Permian Limited Partnership, #2Y Baumgartner Federal Com. Well, located in Unit F of Sec. 26. Said pool would comprise the NW/4 of Sec. 26;

NORTH TRAVIS-UPPER PENNSYLVANIAN POOL, T-17-S, R-28-E; the discovery well is the Louis Dreyfus Natural Gas Company, #1Y Geronimo "34" State Com. Well, located in Unit E of Sec. 34. Said pool would comprise the NW/4 of Sec. 34. IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

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ADMINISTRATIVE ORDERS

RIO ARRIBA COUNTY

Downhole Commingling (Order DHC-1940-A)

Conoco Inc. has received an exception to Rule 303-A for the No. 2A Jicarilla "B" Well, located in Unit I, Sec. 25, T-26-N, R-4-W, Tapacito-Pictured Cliffs and Blanco-Mesaverde Pools, Rio Arriba County, to permit commingling from the pools in the wellbore. The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule. For allocation of gas production between zones, the applicant shall utilize the subtraction method. Pictured Cliffs gas production shall be calculated as total production minus forecast gas production for the Mesaverde production. Oil production shall totally be allocated to the Mesaverde. This is Order DHC-1940-A, signed June 21, 2002.

EDDY COUNTY

Downhole Commingling (Order DHC-3016)

Fasken Oil and Ranch, Ltd. has received an exception to Rule 303-A for the No. 1 Cameron "31" Federal Well, located in Unit J, Sec. 31, T-20-S, R-25-E, Undesignated South Dagger Draw-Upper Penn, Undesignated North Indian Basin-Strawn and Wildcat-Atoka (Gas) Pools, Eddy County, to permit commingling from the pools in the wellbore. The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's Southeast Gas Proration Schedule. Assignment of allowable to the well and allocation of production from the well shall be determined following the well's completion. This is Order DHC-3016, signed June 18, 2002.

LEA COUNTY

Downhole Commingling (Order DHC-3017)

Home-Stake Oil and Gas Company has received an exception to Rule 303-A for the No. 1 Keohane Well, located in Unit J, Sec. 26, T-22-S, R-37-E, Wantz-Abo, Drinkard, Undesignated Tubb Oil and Gas, and Blinebry Oil and Gas Pools, Lea County, to permit commingling from the pools in the wellbore. Each of the commingled pools shall be allowed to produce up to the top oil allowable and top casing head gas allowable applicable for

LEA COUNTY

Downhole Commingling (Order DHC-3017) (Continued)

that pool. Assignment of allowable to the well and allocation of production from the well shall be based 1 percent oil, 6 percent gas for the Wantz-Abo Oil Pool; 14 percent oil, 12 percent gas for the Drinkard Oil Pool; 33 percent oil, 32 percent gas for the Undesignated Tubb Oil and Gas Oil Pool; 52 percent oil, 50 percent gas for the Blinebry Oil and Gas Oil Pool. This is Order DHC-3017, signed June 18, 2002.

RIO ARRIBA COUNTY

Downhole Commingling (Order DHC-3018)

Phillips Petroleum Company has received an exception to Rule 303-A for the No. 68 San Juan 29-6 Unit Well, located in Unit A, Sec. 29, T-29-N, R-6-W, Basin-Fruitland Coal and Blanco-Mesaverde Pools, Rio Arriba County, to permit commingling from the pools in the wellbore. The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule. For allocation of production between zones, the applicant shall utilize the subtraction method as proposed for a period of 24 months or until gas production decline has stabilized. Fruitland Coal production shall be calculated as total well production minus forecast Mesaverde production. After this initial stabilizing period, the applicant shall consult with the supervisor of the Aztec District Office in order to determine a fixed allocation of production from each of the commingled zones. This is Order DHC-3018, signed June 21, 2002.

RIO ARRIBA COUNTY

Downhole Commingling (Order DHC-3019)

Phillips Petroleum Company has received an exception to Rule 303-A for the No. 48 San Juan 29-5 Unit Well, located in Unit L, Sec. 15, T-29-N, R-5-W, Basin-Fruitland Coal and Blanco-Mesaverde Pools, Rio Arriba County, to permit commingling from the pools in the wellbore. The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule. For allocation of production between zones, the applicant shall utilize the subtraction method as proposed for a period of 24 months or until gas production decline has stabilized. Fruitland Coal production shall be calculated as total well production minus forecast Mesaverde production. After this initial stabilizing period, the applicant shall consult with the supervisor of the Aztec District Office in order to determine a fixed allocation of production from each of the commingled zones. This is Order DHC-3019, signed June 21, 2002.

RIO ARRIBA COUNTY

Downhole Commingling (Order DHC-3020)

Phillips Petroleum Company has received an exception to Rule 303-A for the No. 21 San Juan 29-5 Unit Well, located in Unit G, Sec. 8, T-29-N, R-5-W, Basin-Fruitland Coal and Blanco-Mesaverde Pools, Rio Arriba County, to permit commingling from the pools in the wellbore. The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule. For allocation of production between zones, the applicant shall utilize the subtraction method as proposed for a period of 36 months or until gas production decline has stabilized. Fruitland Coal production shall be calculated as total well production minus forecast Mesaverde production. After this initial stabilizing period, the applicant shall consult with the supervisor of the Aztec District Office in order to determine a fixed allocation of production from each of the commingled zones. This is Order DHC-3020, signed June 21, 2002.

RIO ARRIBA COUNTY

Downhole Commingling (Order DHC-3021)

Phillips Petroleum Company has received an exception to Rule 303-A for the No. 25 San Juan 29-5 Unit Well, located in Unit G, Sec. 18, T-29-N, R-5-W, Basin-Fruitland Coal and Blanco-Mesaverde Pools, Rio Arriba County, to permit commingling from the pools in the wellbore. The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule. For allocation of production between zones, the applicant shall utilize the subtraction method as proposed for a period of 24 months or until gas production decline has stabilized. Fruitland Coal production shall be calculated as total well production minus forecast Mesaverde production. After this initial stabilizing period, the applicant shall consult with the supervisor of the Aztec District Office in order to determine a fixed allocation of production from each of the commingled zones. This is Order DHC-3021, signed June 21, 2002.

RIO ARRIBA COUNTY

Downhole Commingling (Order DHC-3022)

Phillips Petroleum Company has received an exception to Rule 303-A for the No. 74 San Juan 29-5 Unit Well, located in Unit L, Sec. 17, T-29-N, R-5-W, Basin-Fruitland Coal and Blanco-Mesaverde Pools, Rio Arriba County, to permit commingling from the pools in the wellbore. The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule. For allocation of production between zones, the applicant shall utilize the subtraction method as proposed for a period of 24 months or until gas production decline has stabilized. Fruitland Coal production shall be calculated as total well production minus forecast Mesaverde production. After this initial stabilizing period, the applicant shall consult with the supervisor of the Aztec District Office in order to determine a fixed allocation of production from each of the commingled zones. This is Order DHC-3022, signed June 21, 2002.

RIO ARRIBA COUNTY

Downhole Commingling (Order DHC-3023)

Phillips Petroleum Company has received an exception to Rule 303-A for the No. 61 and Juan 29-5 Unit Well, located in Unit H, Sec. 9, T-29-N, R-5-W, Basin-Fruitland Coal and Blanco-Mesaverde Pools, Rio Arriba County, to permit commingling from the pools in the wellbore. The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule. For allocation of production between zones, the applicant shall utilize the subtraction method as proposed for a period of 36 months or until gas production decline has stabilized. Fruitland Coal production shall be calculated as total well production minus forecast Mesaverde production. After this initial stabilizing period, the applicant shall consult with the supervisor of the Aztec District Office in order to determine a fixed allocation of production from each of the commingled zones. This is Order DHC-3023, signed June 21, 2002.

SAN JUAN COUNTY

Downhole Commingling (Order DHC-3024)

XTO Energy, Inc. has received an exception to Rule 303-A for the No. 5F Schwerdtfeger A Well, located in Unit I, Sec. 6, T-27-N, R-8-W, Basin-Dakota, Otero-Chacra and Blanco-Mesaverde Pools, San Juan County, to permit commingling from the pools in the wellbore. The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule. Assignment of allowable to the well and allocation of production from the well shall be based 0 percent oil, 13 percent gas for the Otero-Chacra Gas Pool; 39 percent oil, 49 percent gas for the Blanco Mesaverde Prorated Gas Pool; 61 percent oil, 38 percent gas for the Basin-Dakota Prorated Gas Pool. This is Order DHC-3024, signed June 21, 2002.

SAN JUAN COUNTY

Downhole Commingling (Order DHC-3025)

XTO Energy, Inc. has received an exception to Rule 303-A for the No. 3F Schwerdtfeger A Well, located in Unit F, Sec. 6, T-27-N, R-8-W, Basin-Dakota, Otero-Chacra and Blanco-Mesaverde Pools, San Juan County, to permit commingling from the pools in the wellbore. The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule. Assignment of allowable to the well and allocation of production from the well shall be based 0 percent oil, 13 percent gas for the Otero-Chacra Gas Pool; 39 percent oil, 49 percent gas for the Blanco Mesaverde Prorated Gas Pool; 61 percent oil, 38 percent gas for the Basin-Dakota Prorated Gas Pool. This is Order DHC-3025, signed June 21, 2002.

RIO ARRIBA COUNTY

Downhole Commingling (Order DHC-3026)

Caulkins Oil Company has received an exception to Rule 303-A for the No. 1-E Sanchez Well, located in Unit K, Sec. 24, T-26-N, R-6-W, Basin-Dakota, Otero-Chacra and Blanco-Mesaverde Pools, Rio Arriba County, to permit commingling from the pools in the wellbore. The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule. Assignment of allowable to the well and allocation of production from the well shall be based 0 percent oil, 10 percent gas for the Otero-Chacra Gas Pool; 60 percent oil, 12 percent gas for the Blanco Mesaverde Prorated Gas Pool; 40 percent oil, 78 percent gas for the Basin-Dakota Prorated Gas Pool. This is Order DHC-3026, signed June 25, 2002.

RIO ARRIBA COUNTY

Non-Standard Location (Order NSL-4714 – Amended)

Energen Resources Corporation has received an order to drill the No. 110 San Juan "32-5" Unit Well in order to form a standard 320-acre stand-up gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool. The E/2 of Sec. 22 is to be dedicated to the this well located in Rio Arriba County. This is Order NSL-4714, amended, signed June 19, 2002.

EDDY COUNTY

Non-Standard Location (Order NSL-4750)(BHL)(SD)

Marathon Oil Company has received an order for an infill well, the No. 45 Indian Hills Unit Well, to be located at an unorthodox subsurface location within an existing standard 298.02-acre spacing and proration unit comprising Lots 1 through 8 (E/2 equivalent) of Sec. 21, T-21-S, R-24-E, Eddy County. This is Order NSL-4750, signed June 18, 2002.

EDDY COUNTY

Non-Standard Location (Order NSL-4752)(SD)

Mack Energy Corporation has received an order for an unorthodox infill oil well location, for the No. 17 Jenkins "B" Federal Well, located 330 feet from the North line and 1525 feet from the West line, Eddy County, within an existing standard 40-acre oil spacing and proration unit comprising the NE/4 NW/4 (Unit C) of Sec. 20, T-17-S, R-30-E, Loco Hills-Paddock Pool, Eddy County.

SAN JUAN COUNTY

Non-Standard Location (Order NSL-4753)

Merrion Oil & Gas Corporation has received an order for an off-pattern non-standard Basin-Fruitland coal gas well location for the existing No. 2 Panther Well, located 832 feet from the South line and 1835 feet from the East line (Unit O) of Sec. 25, T-30-N, R-13-W, Basin-Fruitland Coal (Gas) Pool, San Juan County. The S/2 of Sec. 25 is to be dedicated to this well in order to form a standard 320-acre laydown gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool. This is Order NSL-4753, signed June 24, 2002.

EDDY COUNTY

Non-Standard Location (Order NSL-4754)

Devon SFS Operating, Inc. has received an order for a non-standard Grayburg gas well location for the existing Nod. 1 Crow Flats "15" Federal Com. Well, located 2180 feet from the North line and 660 feet from the East line (Unit H) of Sec. 15, T-16-S, R-28-E, Eddy County. This is Order NSL-4754, signed June 26, 2002.

CHAVES COUNTY

Non-Standard Proration Unit (Order NSP-1280-A)

Yates Petroleum Corporation has received approval for a 169-acre gas spacing and proration unit consisting of all of Irregular Sec. 4, T-6-S, R-26-E, Pecos Slope-Abo Gas Pool, Chaves County, to be dedicated to the No. 3 Spring Federal Com. Well located at a standard gas well location 660 feet from the South line and 990 feet from the West line (Lot 4/Unit M) of irregular Sec. 4. This is Order NSP-1280-A, signed June 25, 2002.

SAN JUAN COUNTY

Pool Commingling (Order PC-1059)

Dugan Production Corporation has received an order to surface commingle the following pools and acreage within the same lease:

No. 90 Bengal C Well located in the Basin-Fruitland Coal Pool, the E/2 dedication to be in Unit H, Sec. 36, T-27-N, R-13-W;

No. 6 Bengal C Well located in the WAW-Fruitland Sand Pictured Cliffs Pool, the SE/4 dedication to be in Unit P, Sec. 36, T-27-N, R-13-E, both in San Juan County. Each well's gas production shall be calculated from gas sales plus estimated fuel gas usage. This is Order PC-1059, signed June 25, 2002.

SAN JUAN COUNTY

Pool Commingling (Order PLC-153-B)

Dugan Production Corporation is authorized to surface commingle gas production from the following leases:

Nos. B-11571, E-3555-13, E-4426, LG-0038-1, and E-3555-13 State Leases located in all of Sec. 16, T-32-N, R-12-W, San Juan County, located in the Blanco-Mesaverde and Basin-Fruitland Coal Pools. The commingled natural gas production shall be delivered to the transporter's CDP located at the No. 1 State Com Well in the SE/4 SW/4 of Sec. 16, T-32-N, R-12-W, San Juan County. This is Order PLC-153-B, signed June 25, 2002.

LEA COUNTY

Salt Water Disposal (Order SWD-839)

Matador Petroleum Corporation is authorized to complete its No. 1 Cooper 4 Well located 660 feet from the North line and 1845 feet from the West line (Unit C) of Sec. 4, T-20-S, R-37-E, Lea County, in such a manner as to permit the injection of salt water for disposal purposes into the Glorieta, Paddock, and Blinebry formations at 5328 feet to 5921 feet through 2 3/8-inch plastic lined tubing set in a packer located at 5230 feet. The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing or packer. The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 1065 psi. This is Order SWD-839, signed June 22, 2002.

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NORTHWESTERN NEW MEXICO

<u>Operator & Well No.</u>	<u>Location</u>	<u>Remarks</u>
<u>NEW LOCATIONS:</u>		
<u>RIO ARRIBA COUNTY</u>		
Burlington Res. O&G Co. #230 San Juan 28 6 Unit	6-27N-6W 1600/N; 930/E	S. Blanco Pictured Cliffs.
Conoco Inc. #181G San Juan 28 7 Unit	3-27N-7W 820/N; 1925/W	Blanco-Mesaverde; Basin Dakota.
Conoco Inc. #214F San Juan 28 7 Unit	4-27N-7W 1400/S; 1585/W	Blanco-Mesaverde; Basin Dakota.
Burlington Res. O&G Co. #3 San Juan 30 6 Unit Pow	16-30N-6W 1385/N; 980/W	Basin Fruitland Coal.
Minel Inc. #3 Charles M	1-25N-3W 1850/S; 790/W	Plugged 2/2/95.

SAN JUAN COUNTY:

Richardson Operating Co. #2 Navajo 13	13-29N-14W 1978/N; 1221/W	W. Kutz PC.
Richardson Operating Co. #3 Eaton White	20-29N-13W 1058/S; 790/E	W. Kutz PC.
Elm Ridge Resources Inc. #2 Bisti Coal 28	28-25N-12W 1857/S; 1920/W	Basin Fruitland Coal.
Phillips Pet. Co. NW #24M San Juan 32 7 Unit	21-32N-7W 860/N; 1590/W	Blanco MV; S. Los Pinos Fruitland Sand.
Richardson Operating Co. #4 Bobo and Daisy 32	32-30N-13W 936/S; 1094/W	Fulcher Kutz PC.

COMPLETIONS:**RIO ARRIBA COUNTY**

Burlington Res. O&G Co. #6C Jicarilla 150	2-26N-5W 1910/N; 1755/W	Blanco-Mesaverde; Completed 3/11/02.
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SAN JUAN COUNTY

Amoco Prod. Co. #2 Tapp	16-28N-8W 1710/S; 975/W	Blanco-Mesaverde; Completed 12/19/01.
Burlington Res. O&G Co. #1E Cooper B	7-29N-11W 1015/S; 850/E	Otero Chacra; Completed 12/20/01.
Burlington Res. O&G Co. #3 Childers	1-31N-11W 1530/S; 800/W	Blanco-Mesaverde; Completed 12/17/01.
Burlington Res. O&G Co. #1B Mansfield	29-30N-9W 1005/N; 1770/W	Blanco-Mesaverde; Completed 1/3/02.
Burlington Res. O&G Co. #1C Moore	35-32N-12W 2335/S; 1870/E	Blanco-Mesaverde; Completed 12/29/01.
Dugan Prod. Corp. #2 Riviera Com	18-30N-14W 1350/N; 660/W	Twin Mounds Fruitland Sand PC; Completed 12/5/01.
XTO Energy, Inc. #1M Garcia Gas Com B	21-29N-10W 805/S; 1730/E	Basin Dakota; Completed 12/22/01.
Conoco Inc. #4R Bruington LS	6-30N-11W 790/S; 925/W	Basin Dakota; Completed 3/4/02.
Conoco Inc. #4R Bruington LS	6-30N-11W 790/S; 925/W	Blanco-Mesaverde; Completed 3/4/02.

NORTHEASTERN NEW MEXICO

SANTA FE DISTRICT

<u>Operator & Well No.</u>	<u>Location</u>	<u>Remarks</u>
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NEW LOCATION:

COLFAX COUNTY

El Paso Energy Raton LLC #56X VPR "A"	23-32N-20E 691/S; 1110/E	Trinidad.
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SOUTHEASTERN NEW MEXICO

HOBBS AREA

NEW LOCATIONS:

CHAVES COUNTY

Dominion Oklahoma Texas Expl. & Prod. Inc. #1 Excalibur Federal Com	20-15S-29E 1190/N; 2180/W	WC Morrow.
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EDDY COUNTY

Oxy USA WTP Limited Partnership #1 Oxy Shortcake Federal	7-19S-31E 1980/S; 1130/E	N. Hackberry Morrow.
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Gruy Pet. Management Co. #2 O'Neill Federal	11-24S-26E 990/N; 1200/W	S. Carlsbad Morrow.
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LEA COUNTY

Doyle Hartman #3 Martin B	31-24S-37E 660/N; 1917/W	Yates-Seven Rivers.
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David E. Arrington Oil & Gas Inc. #1 Double Hackle Peacock 31 State Com	31-16S-36E 2380/S; 958/W	Mississippian.
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Apache Corp. #10 Hawk A	8-21S-37E 2100/N; 2100/E	Crayburg.
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Apache Corp. #11 Hawk A	8-21S-37E 2180/N; 700/E	Crayburg.
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Apache Corp. #14 Hawk A	9-21S-37E 1880/N; 500/W	Grayburg.
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Matador Operating Co. #2 Laugalin 5	5-20S-37E 1820/S; 1650/E	Drinkard.
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Occidental Permian Ltd. #247 South Hobbs G-SA Unit	5-19S-38E 1487/N; 2600/E	San Andres.
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Yates Pet. Corp. #1 Maxwell 26	26-15S-34E 1980/N; 880/E	Mississippian.
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TMBR/Sharp Drilling Inc. #1 Blue Fin 25	25-16S-35E 1913/N; 924/W	Mississippian.
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Texland Petroleum Inc. #26 W D Grimes NCT A	32-18S-38E 518/N; 910/W	Blinbry.
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Yates Pet. Corp. #1 Townstar ACS State	18-15S-35E 1650/S; 990/W	Mississippian.
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OTERO COUNTY

Harvey E. Yates Co. #1Y Bennett Ranch Unit	14-26S-12E 990/N; 2005/E	WC Hackberry-Ellenburger.
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SOUTHEASTERN NEW MEXICO, continued:

HOBBS AREA, continued:

<u>Operator & Well No.</u>	<u>Location</u>	<u>Remarks</u>
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COMPLETIONS:

CHAVES COUNTY

Yates Pet. Corp. #5 Margaret RQ State	36-4S-24E 1500/S; 1500/E	Pecos Slope Pool; Spd. 2/21/01; Compl. 6/27/01; Elev. 3922 GR; TD 5450; PBTB 4800; Top Pay (Abo) 3624; perfs 3624-3796; Treat acidize w-2600 gals. 7.5% Hcl., 75,332 gals. 65q CO2 foam, 4280# mesh sd., 1234 bbls. Gel fluid, 313,340# 16/30 sd., 98,148# 20/40 sd.; IP 7/2/01: Flow, 24 hrs., 0 BO, 13 BW, 328 MCF, 18/64" Ch., TP 210, CP Pkr.; Csg. 11 @ 900 w/600; 4 @ 5450 w/705; 2-3/8 @ 3604; Tops: SA 564, Glo. 1412, Yeso 1518, Tubb 2938, Abo 3574, WC 4336, Cisco 4984, Penn. 5114, Basement 5248.
Yates Pet. Corp. #8 Grynberg "LZ" State	36-5S-24E 660/N; 660/W	Pecos Slope Pool; Spd. 8/27/01; Compl. 11/15/01; Elev. 3887 GR; TD 5300; PBTB 4920; Top Pay (Abo) 3806; perfs 3806-3966; Treat acidize w-2500 gals. 7.5% Hcl., frac w-138,500 gals. 65q N2 foamed 35# gel 7% Kcl. & 313,000# 16/30 sd.; IP 12/2/01: Flow, 24 hrs., 0 BO, 0 BW, 243 MCF, 22/64" Ch., TP 160; Csg. 11 @ 905 w/650; 4-1/2 @ 5300 w/600; 2-3/8 @ 3814; Tops: SA 537, Glo. 1428, Yeso 1533, Tubb 2955, Abo 3589, WC 4346, Cisco 4920, Strawn 5030, Gr. Wash. 5206.
Yates Pet. Corp. #6 Skink "SK" State	36-7S-25E 1980/S; 1300/W	Pecos Slope Pool; Spd. 4/25/01; Compl. 7/23/01; Elev. 3601 GR; TD 5230; PBTB 5183; Top Pay (Abo) 3660; perfs 3660-3930, 4756-66, 4870-78; Treat N/A; IP 7/24/01: Flow, 24 hrs., 375 MCF, Ch.; Csg. 11 @ 927 w/550; 4 @ 5228 w/830; 2-3/8 @ 3616; Tops: SA 386, Glo. 1394, Yeso 1506, Tubb 2942, Abo 3639, WC 4400, Cisco 4858, Penn. 4963, Gr. Wash. 5014.
Pecos River Oper. Inc. #5 Sun Federal	28-7S-26E 1980/S; 1400/E	Pecos Slope Pool; Spd. 10/10/01; Compl. 11/21/01; Elev. 3739 GL; TD 5400; PBTB 5195; Top Pay (Abo) 4062; perfs 4062-4392; Treat 2600 gals. 75% NEFE, 66,000 gals. 40q CO2 foam w-102,500# 16/30 sd.; IP 11/21/01: Flow, 24 hrs., 0 BO, 5 BW, 120 MCF, 48/64" Ch., CP 120, Gty. 676; Csg. 8-5/8 @ 954 w/820; 4 @ 5400 w/750; 2-3/8 @ 4302; Tops: SA 730, Glo. 1865, Tubb 3275, Abo 3984, WC 4675, Penn. 5180, Pre-Cambrian 5285.
Yates Pet. Corp. #1 Fawn AWN State Com	17-8S-27E 1980/S; 1980/W	(Re-entry of Sinclair Oil & Gas Co., #1 State 119, P&A, Old TD 7022); NE Foor Ranch Pool; Re-entered 6/14/01; Compl. 7/26/01; Elev. 3974 GL; TD 6830; PBTB 6700; Top Pay (Pre-Permian) 6442; perfs 6442-6456; Treat 1500 gals. 15% Hcl. & 84 BS; IP 7/26/01: Flow, 24 hrs., 0 BO, 0 BW, 63 MCF, Ch.; Csg. 9-5/8 @ 1253 w/600; 5 @ 6797 w/1080; 2-7/8 @ 6456; Tops: Yates 311, SR 398, Qu 894, SA 1392, Glo. 2516, Yeso 2594, Tubb 4027, Abo 4779, WC 5478, Cisco 6064, Strawn 6207, Miss. 6430, Sil. 6746.
Yates Pet. Corp. #1 Yates Valley ATM State	36-10S-26E 1650/N; 2310/E	(Re-entry of Hanson Oper. Co. Inc. Yates Valley St. Com, P&A, Old TD 6711); Comanche Spring Pool; Re-entered 4/3/00; Compl. 4/27/00; Elev. 3716 GR; TD 6613; PBTB 6550; Top Pay (Pre-Permian) 6192; perfs 6192-6210; Treat 600 gals. 20% Hcl.; IP 4/30/00: Flow, 24 hrs., 0 BO, 100 BW, 195 MCF, 20/64" Ch., TP 130, CP Pkr.; Csg. 8-5/8 @ 1191 w/1480; 5 @ 2450 w/in place, 4" @ 6613 w/570; 2-3/8 @ 6119; Tops: N/A.

EDDY COUNTY

Marbob Energy Corp. #1 State 25	25-17S-27E 1650/S; 990/E	Logan Draw Pool; Spd. 8/8/01; Compl. 9/14/01; Elev. 3586 GR; TD 8130; PBTB 8047; Top Pay (Wolfcamp) 6908; perfs 6908-6916; Treat 1000 gals. 15% NEFE; IP 9/13/01: Flow, 24 hrs., 142 BO, 3 BW, 196 MCF, 24/64" Ch.; Csg. 8-5/8 @ 395 w/300; 5 @ 8097 w/1650; 2-3/8 @ 6850; Tops: SA 1722, Glo. 3105, Abo 5238, WC 6423.
Yates Pet. Corp. #1 Hastie 17 Federal	17-17S-28E 1650/S; 660/E	Empire Pool; Spd. 3/25/01; Compl. 4/5/01; Elev. 3583 GL; TD 10230; PBTB 10189; Top Pay (Penn) 9800-9914, 10122-44; Treat acidize w-4500 gals. Hcl.; IP 7/14/01: Flow, 24 hrs., 0 BO, 0 BW, 839 MCF, 26/64" Ch.; Csg. 13-3/8 @ 400 w/551; 9-5/8 @ 2150 w/905; 5 @ 10230; w/1105; Tops: SA 1936, Glo. 3328, Yeso 3500, Abo 5426, WC 6578, Penn. 8110, WC 4347, Strawn 8899, Atoka 9440, Morrow 9740, Austin Cycle 967, Chester 10119.

SOUTHEASTERN NEW MEXICO, continued:

HOBBS AREA, continued:

Operator
& Wel. No. Location Remarks

COMPLETIONS, continued:

EDDY COUNTY, continued:

Texaco Explor. & Prod. Inc. #912 Skelly Unit	21-17S-31E 2060/N; 1650/W BHL 1812/N; 1641/W	Fren Pool; Spd. 5/19/01; Compl. 8/15/01; Elev. 3770.5 GL; TD 5438; PBTD 5384; Top Pay (Paddock) 4814; perfs 4814-5092; Treat 39,500 gals. acid; IP 8/20/01: Pump, 24 hrs., 54 BO, 476 BW 75 MCF, GOR 1389, Gty. 38; Csg. 13-3/8 @ 468 w/450; 8-5/8 @ 1621 w/800; 5 @ 5398 w/850; 2-7/8 @ 5086; Tops: Qu 2475, SA 3214, Glo. 4746.
Yates Pet. Corp. #2 Tumbledink AVK State Com	16-18S-25E 660/S; 660/E	Richard Knob Pool; Spd. 4/23/01; Compl. 8/29/01; Elev. 3543 GR; TD 8930; PBTD 8889; Top Pay (Atoka-Morrow) 8616; perfs 3616-8678; Treat acidize w-1,500 gals. 7.5% MSA; frac w-45,108 gals. 70Q CO2 foam & 175000# sd.; IP 10/30/01: Flow, 24 hrs., 2 BO, 18 BW, 3719 MCF, 17/64" Ch., TP 1940, CP Pkr.; Csg. 13-3/8 @ 400 w/400; 8-5/8 @ 1209 w/1225; 2-7/8 @ 8431; Tops: SA 796, Glo. 2180, Tubb 3524, Abo 4172, WC 5294, Canyon 6720, Strawn 7518, Atoka 8384, Morrow 8590, Chester 8834.
OXY USA WTP LP #1 Oxy Smoke State	36-18S-30E 1780/N; 1980/W	N. Hackberry; Spd. 5/15/01; Compl. 8/21/01; Elev. 3543 GL; TD 12,290; PBTD 12,239; Top Pay (Morrow) 11756; perfs 11756-11776; Treat 90,000 gals. 70q foam w-80,940# sd.; IP 10/4/01: Flow, 24 hrs., 159 BO, 0 BW, 3301 MCF, 18/64" Ch., TP 1998; Csg. 13-3/8 @ 575 w/740; 9-5/8 @ 3630 w/1290; 5 @ 12,290 w/1200; 2-7/8 @ 11,704; Tops: WC 9754, Penn. 10,196, Strawn 10,870, Atoka 11,166, Morrow 11,446.
Fasken Oil & Ranch Ltd. #2 Gossett "20"	20-20S-25E 660/S; 1310/W	Cemetery Pool; Spd. 8/25/01; Compl. 10/12/01; Elev. 3533 GR; TD 9,660; PBTD 9,618; Top Pay (Morrow) 9546; perfs 9546-9566; Treat 2000 gals. acid, 15,000 scf nitrogen, 38,388 gals. foam, 41,400# 20/40 sd.; IP 11/4/01: Flow, 24 hrs., 0 BO, 0 BW, 440 MCF, full ch., TP 1020; Csg. 13-3/8 @ 365 w/400; 9-5/8 @ 9019 w/800; 4 @ 9,660 w/950; 2-7/8 @ 94,949; Tops: SA 721, Glo. 2332, 3 rd BS 6053, WC 6603, Cisco 7571, Canyon 8128, Strawn 8503, Atoka 8878, Morrow 9156.
Marathon Oil Co. #24 Indian Hills Unit	28-21S-24E 685/N; 2073/E; BHL 2139/S; 1764/W	Indian Basin Pool; Spd. 7/28/00; Compl. 9/15/00; Elev. 3658 GL; TD 8,660 MD; 8079 TVD; PBTD 8645 MD; Top Pay (U-Penn.) 7499; perfs 7499-7709 TVD, 8018-8242 MD; Treat 27,000 gals. DGA315 & Hcl sour acid; IP 10/22/00: Pump, 24 hrs., 26 BO, 3754 BW, 1304 MCF, GOR 50,154, Gty. 48; Csg. 13-3/8 @ 1200 w/950; 9-5/8 @ 8698 w/2380; 3 @ 8612; Tops: SA 806, Glo. 2416, Yeso 2536, BS 5418, WC 7234, U-Penn. 7946.
Arco Permian #2 West Brushy Federal	8-26S-29E 1750/N; 990/E	Brushy Draw Pool; Spd. 7/10/01; Compl. 10/1/01; Elev. 2922 GL; TD 5575; PBTD 5567; Top Pay (Delaware) 5212; perfs 5212-5310, 5456-5514; Treat acidize w-2000 gals. 7.5% Hcl., frac w-140474# 16/30 sd., 146020# 20/40 sd.; IP 10/22/01: Pump, 24 hrs., 48 BO, 421 BW, 25 MCF; Csg. 8-5/8 @ 581 w/470; 5 @ 5575 w/1250; 2-7/8 @ 5567; Tops: Del. 2835, Williamson Sd. 4766, Getty Sd. 5183.
Mack Energy Corp. #3 Electra Federal	15-17S-30E 1650/N; 1650/W	Loco Hills Pool; Spd. 4/30/01; Compl. 5/25/01; Elev. 3706 RKB; TD 4925; PBTD 4907; Top Pay (Paddock) 4427; perfs 4427-4774.5; Treat 39000 gals. acid, 54,000 gals. 40# gel; IP 6/11/01: Pump, 24 hrs., 99 BO, 435 BW, 1555 MCF, GOR 1566, Gty. 38; Csg. 13-3/8 @ 402 w/450; 8-5/8 @ 1206 w/625; 5 @ 4922 w/1040; 2-7/8 @ 4786; Tops: Qu 2168, SA 2875, Glo. 4324.
Premier Oil & Gas Inc. #10 Parke McIntyre Federal	15-17S-30E 1650/S; 330/W	Loco Hills Pool; Spd. 4/24/01; Compl. 6/21/01; Elev. 3683 GR; TD 4934; PBTD 4921; Top Pay (Paddock) 4378; perfs 4378-4758; Treat acidize w-2000 gals. 15% Hcl. w-add; IP 6/29/01: Flow, 24 hrs., 29 BO, 1891 BW, 871 MCF; Csg. 13-3/8 @ 446 w/450; 8-5/8 @ 1230 w/900; 5 @ 4935 w/800; 2-7/8 @ 4327; Tops: Yates 1244, Qu 2128, SA 2848, Glo. 4298.

SOUTHEASTERN NEW MEXICO, continued:

HOBBS AREA, continued:

<u>Operator & Well No.</u>	<u>Location</u>	<u>Remarks</u>
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COMPLETIONS, continued:

EDDY COUNTY, continued:

Bonneville Fuels Corp. #4 Lake Shore 10 SC Fed Com	1-21S-26E 1310/N; 1160/W	Avalon Pool; Spd. 2/22/01; Compl. 5/29/01; Elev. 3212 GL; TD 11117; PBDT 10495; Top Pay (Strawn) 9772; perfs 9772-9788; Treat 3500 gals. 7.5% Hcl., meth & N2, 6000 gals. 20% gelled; frac w-62500 gals. 40# XL 70 Q foam & 64K sd.; IP 5/29/01: Flow, 24 hrs., 0 BO, 6 BW, 904 MCF, 32/64" Ch., TP 160; Csg. 13-3/8 @ 620 w/1310; 9-5/8 @ 2160 w/775; 4 @ 11117 w/2525; 2-3/8 @ 9697; Tops: Cherry Canyon 2152, Brushy Canyon 3342, BS 4260, WC 8267, Canyon 9446, Strawn 9662, Atoka 9923, Morrow 10546, Barnett 10950.
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LEA COUNTY

Trilogy Oper. Inc. #1 Flying "M" State	7-9S-33E 1980/S; 660/E	Flying M Pool; Spd. 9/30/01; Compl. 11/13/01; Elev. 4403 GR; TD 4600; PBDT 4554; Top Pay (San Andres) 4368; perfs 4368-4441; Treat 10,000 gals. CRA; IP 12/1/01; Pump, 24 hrs., 43 BO, 110 BW, 1 MCF, GOR 23, Gty. 34.6; Csg. 8-5/8 @ 400 w/205; 5 @ 4600 w/575; 2-3/8 @ 4500; Tops: Yates 2440, Qu 2880, SA 3625.
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Yates Pet. Corp. #1 Rock Ridge AWD State	10-15S-35E 1800/N; 1980/W	Wildcat Pool; Spd. 7/31/00; Compl. 6/5/01; Elev. 4166 GR; TD 13,950; PBDT 13,882; Top Pay (Morrow) 13,111; perfs 13,111-13,222; Treat 2000 gals. 7.5% acid w-1500 gals. methanol + 40 BS, frac w-55,000 gals. 70q binary foam w-43000# 20/40 sd.; IP 7/3/01: Flow, 24 hrs., 3 BO, 30 BW, 354 MCF, 24/64" Ch., TP 90; Csg. 11 @ 428 w/300; 8-5/8 @ 4672 w/1650; 5 @ 13,930 w/2225; 2-7/8 @ 13,000; Tops: Rustler 1964, Yates 3102, SA 4632, Glo. 6320, Tubb 7450, Abo 8520, WC 9830, Strawn 11,966, Atoka 12,192, Austin 13,300, Chester 13,708, Miss. 13,822.
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Texland Pet. Hobbs LLC #23 W D Grimes NCT "A"	32-18S-38E 2370/N; 2325/W	Hobbs Pool; Spd. 10/7/01; Compl. 12/5/01; Elev. 3633 GL; TD 6058; Top Pay (Blinbry) 5938; perfs 5836-5967; Treat Acidize w-100,000 gals. 15% EFE; IP WIW; Csg. 8-5/8 @ 1490 w/800; 5 @ 6058 w-1425; 2-3/8 @ 5802 Tops: Glo. 5318, Bli. 5743.
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Marbob Energy Corp. #17 Lusk Deep Unit A	20-19S-32E 660/S; 890/W	Lusk Pool; Spd. 9/15/00; Compl. 2/21/01; Elev. 3563 GR; TD 12,750; PBDT 12,025; Top Pay (Strawn) 11,353; perfs 11,353-11,411; Treat acidize w/2500 gals. 15% NEFE; IP 2/22/01: Pump, 24 hrs., 30 BO, 3 BW, 15 MCF; Csg. 13-3/8 @ 820 w/650; 8-5/8 @ 4525 w/1600; 5 @ 12,750 w/1920; 2-3/8 @ 11,470; Tops; N/A.
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PLUGGED AND ABANDONED WELLS:

CHAVES COUNTY

Nadel & Gussman Permian, LLC #2 Shell 15 Federal	3-19S-32E 2130/N; 1980/W	Plugged and abandoned 11/20/01.
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LEA COUNTY

Rodney B Webb DBA Webb Oil Co. #6 Lusk Seven Rivers Unit	3-19S-32E 2130/N; 1980/W	Plugged and abandoned 11/20/01.
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Apache Corp. #1 State BH Com	12-14S-32E 660/N; 1980/E	Plugged and abandoned 9/15/98.
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Phillips Pet. Co. #115 East Vacuum (GSA) Unit	4-18S-35E 330/N; 1650/W	Plugged and abandoned 9/10/01.
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Samedan Oil Corp. #1 Samedon-Lowe	3-13S-37E 1986/N; 660/E	Plugged and abandoned 11/11/92.
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Marathon Oil Co. #1 Barracuda 9 State	9-17S-33E 989/N; 818/W	Plugged and abandoned 12/14/00.
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SOUTHEASTERN NEW MEXICO, continued:

HOBBS AREA, continued:

<u>Operator & Well No.</u>	<u>Location</u>	<u>Remarks</u>
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TEMPORARY ABANDONMENTS:

EDDY COUNTY

BP America Production Co. #152B Empire Abo Unit	11-18S-27E 560/N; 2588/E	Empire-Abo; Effective date 1/30/02.
BP America Production Co. #133B Empire Abo Unit	11-18S-27E 450/N; 1175/W	Empire-Abo; Effective date 1/30/02.
BP America Production Co. #153B Empire Abo Unit	11-18S-27E 200/N; 1925/E	Empire-Abo; Effective date 1/30/02.
Ocean Energy Inc. #15 Burton Flat Deep Unit	27-20S-28E 1980/N; 1980/W	Brushy Draw-Delaware; Effective date 2/13/02.
Nearburg Producing Co. #4 Osage Boyd 15	15-19S-25E 660/S; 1980/W	Dagger Draw, North-Upper Penn.; Effective date 2/7/02.

LEA COUNTY

Occidental Permian Ltd. #441 North Hobbs G-SA Unit	14-18S-37E 660/S; 660/E	Hobbs-Grayburg-San Andres; Effective date 1/22/02.
Occidental Permian Ltd. #3 McQuatters	11-21S-36E 700/N; 2230/E	Hardy-Blinbry; Effective date 2/4/02.
Conoco Inc. #4 State KP 13	13-19S-36E 1930/N; 660/W	Lumont Yates-Seven Rivers-Queen; Effective date 1/28/02.
Occidental Permian Ltd. #175 South Hobbs G-SA Unit	6-19S-38E 1010/N; 820/E	Hobbs-Grayburg-San Andres; Effective date 2/12/02.
Chevron USA Inc. #403 Eunice Monument South Unit	16-21S-36E 1930/S; 2080/W	Eunice Monument-Grayburg-San Andres; Effective date 1/28/02.
Occidental Permian Ltd. #743 North Hobbs G-SA Unit	31-18S-38E 1549/S; 505/E	Hobbs-Grayburg-San Andres; Effective date 2/12/02.
Occidental Permian Ltd. #245 South Hobbs G-SA Unit	4-19S-38E 1303/S; 708/E	Hobbs-Grayburg-San Andres; Effective date 2/12/02.
Quay Valley Inc. #18 North El Mar Unit	30-26S-33E 1880/N; 1650/W	El Mar Delaware; Effective date 8/13/01.
Quay Valley Inc. #39 North El Mar Unit	30-26S-33E 660/S; 1650/W	El Mar Delaware; Effective date 8/13/01.
Quay Valley Inc. #4 North El Mar Unit	30-26S-33E 990/N; 330/W	El Mar Delaware; Effective date 8/13/01.
Quay Valley Inc. #57 North El Mar Unit	31-26S-33E 1935/N; 2090/W	El Mar Delaware; Effective date 8/14/01.
Conoco Inc. #2 State E	17-22S-36E 1980/S; 660/E	Jalmat Tansill Yates-Seven Rivers; Effective date 1/22/02.
Kenson Operating Co., Inc. #1 Langlie Jal Unit	31-24S-37E 990/N; 1977/E	Langlie Mattix-Seven Rivers Queen-Grayburg; Effective date 1/19/01.
Kenson Operating Co., Inc. #3 Langlie Jal Unit	32-24S-37E 990/N; 660/W	Langlie Mattix-Seven Rivers Queen-Grayburg; Effective date 1/19/01.
Kenson Operating Co., Inc. #39 Langlie Jal Unit	4-24S-37E 330/N; 990/W	Langlie Mattix-Seven Rivers Queen-Grayburg; Effective date 1/19/01.
Kenson Operating Co., Inc. #44 Langlie Jal Unit	4-25S-37E 2310/N; 990/W	Langlie Mattix-Seven Rivers Queen-Grayburg; Effective date 5/10/01.

SOUTHEASTERN NEW MEXICO, continued:

HOBBS AREA, continued:

<u>Operator & Well No.</u>	<u>Location</u>	<u>Remarks</u>
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TEMPORARY ABANDONMENTS, continued:

LEA COUNTY, continued:

Kenson Operating Co., Inc. #53 Langlie Jal Unit	6-25S-37E 2080/S; 660/W	Langlie Mattix-Seven Rivers Queen-Grayburg; Effective date 12/26/01.
Kenson Operating Co., Inc. #69 Langlie Jal Unit	6-25S-37E 660/S; 1980/W	Langlie Mattix-Seven Rivers Queen-Grayburg; Effective date 11/19/01.
Kenson Operating Co., Inc. #72 Langlie Jal Unit	8-25S-37E 660/N; 2310/W	Langlie Mattix-Seven Rivers Queen-Grayburg; Effective date 12/04/01.
Phillips Pet. Co. #3 Vacuum Abo Unit	5-18S-35E 660/S; 1980/W	Vacuum-Abo Reef; Effective date 1/14/02.
Phillips Pet. Co. #4 Vacuum Abo Unit	5-18S-35E 1650/S; 660/W	Vacuum-Abo Reef; Effective date 1/14/02.
Lynx Pet. Cons. Inc. #12 Reed Sanderson Unit	3-20S-36E 660/S; 2310/E	Eumont Yates-Seven Rivers-Queen; Effective date 10/23/01.
Chevron USA Inc. #876 Eunice Monument South Unit B	14-20S-36E 1650/N; 2310/W	Eunice Monument Grayburg-San Andres; Effective date 8/31/01.
Chevron USA Inc. #418 Eunice Monument South Unit	17-21S-36E 660/S; 1980/W	Eunice Monument Grayburg-San Andres; Effective date 11/15/01.
Occidental Permian Ltd. #58 South Hobbs G-SA Unit	3-19S-38E 660/S; 1980/W	Hobbs-Grayburg-San Andres; Effective date 11/29/97.
Occidental Permian Ltd. #52 South Hobbs G-SA Unit	5-19S-38E 330/S; 330/E	Hobbs-Grayburg-San Andres; Effective date 10/29/98.
Occidental Permian Ltd. #27 South Hobbs G-SA Unit	5-19S-38E 1980/N; 660/W	Hobbs-Grayburg-San Andres; Effective date 1/19/98.
Occidental Permian Ltd. #50 South Hobbs G-SA Unit	5-19S-38E 990/S; 990/W	Hobbs-Grayburg-San Andres; Effective date 11/27/97.
Occidental Permian Ltd. #39 South Hobbs G-SA Unit	5-19S-38E 1980/S; 660/W	Hobbs-Grayburg-San Andres; Effective date 11/25/97.
Occidental Permian Ltd. #113 South Hobbs G-SA Unit	6-19S-38E 1650/S; 1650/E	Hobbs-Grayburg-San Andres; Effective date 11/24/97.
Occidental Permian Ltd. #26 South Hobbs G-SA Unit	6-19S-38E 1650/N; 480/E	Hobbs-Grayburg-San Andres; Effective date 11/24/97.
Occidental Permian Ltd. #72 South Hobbs G-SA Unit	9-19S-38E 1650/N; 2310/W	Hobbs-Grayburg-San Andres; Effective date 12/1/97.
Occidental Permian Ltd. #64 South Hobbs G-SA Unit	9-19S-38E 660/N; 1980/E	Hobbs-Grayburg-San Andres; Effective date 12/1/97.
Occidental Permian Ltd. #71 South Hobbs G-SA Unit	9-19S-38E 1650/N; 990/W	Hobbs-Grayburg-San Andres; Effective date 12/1/97.
Occidental Permian Ltd. #73 South Hobbs G-SA Unit	9-19S-38E 1980/N; 1980/E	Hobbs-Grayburg-San Andres; Effective date 12/1/97.
Occidental Permian Ltd. #78 South Hobbs G-SA Unit	10-19S-38E 1980/N; 2310/E	Hobbs-Grayburg-San Andres; Effective date 12/1/97.
Occidental Permian Ltd. #98 South Hobbs G-SA Unit	16-19S-38E 330/N; 330/E	Hobbs-Grayburg-San Andres; Effective date 12/8/97.

SOUTHEASTERN NEW MEXICO, continued:

HOBBS AREA, continued:

<u>Operator & Well No.</u>	<u>Location</u>	<u>Remarks</u>
<u>ZONE ABANDONMENTS:</u>		
<u>LEA COUNTY</u>		
Conoco Inc. #3 Hardy 36 State	36-20S-37E 2080/N; 1730/E	Hardy, North-Tubb-Drinkard; Zone abandoned 8/1/01.
Texaco Explor. & Prod. Inc. #16 New Mexico L State	1-18S-34E 1310/N; 10/E	Vacuum-Drinkard; Zone abandoned 1/16/02.
Amerada Hess Corp. #15 W A Weir	26-19S-36E 990/S; 2310/E	Monument-Abo; Zone abandoned 5/1/01.
Xeric Oil & Gas Corp. #1 Paige	13-20S-38E 660/S; 330/E	House-Drinkard; Zone abandoned 8/20/99.
BTA Oil Producers #3 Grama Ridge Federal 8817 JV-P	9-22S-34E 660/S; 1100/W	Gramma Ridge-Morrow; Zone abandoned 4/3/01.
Marbob Energy Corp. #17 Lusk Deep Unit A	20-19S-32E 660/S; 890/W	Lusk-Morrow; Zone abandoned 11/20/00.
Conoco Inc. #1 Oxy State F-1	1-21S-36E 990/S; 915/E	Hardy-Abo; Zone abandoned 10/1/01.
Marbob Energy Corp. #19 Lusk Deep Unit A	17-19S-32E 660/S; 1650/W	Greenwood, Northeast-Morrow; Zone abandoned 10/1/01.
Texaco Explor. & Prod. Inc. #101 Vacuum Glorieta West Unit	36-17S-34E N/A	Vacuum-Glorieta; Zone abandoned 12/11/01.
Texaco Explor. & Prod. Inc. #37 Vacuum Glorieta West Unit	30-17S-35E 1980/S; 460/E	Vacuum-Glorieta; Zone abandoned 12/21/01.
Yates Pet. Corp. #1 Wings Aut State	17-15S-32E 560/S; 660/W	Feather, North-Morrow; Zone abandoned 7/11/01.
Conoco Inc. #15 State D Battery 2	11-21S-36E 2310/S; 2310/W	Cil Center-Blinebry; Zone abandoned 12/7/01.
Texaco Explor. & Prod. Inc. #16 New Mexico R State NCT 1	6-18S-35E 1410/N; 2630/E	Vacuum-Drinkard; Zone abandoned 1/7/02.
Texaco Explor. & Prod. Inc. #17 New Mexico R State NCT 1	6-18S-35E 2530/N; 2530/E	Vacuum-Drinkard; Zone abandoned 12/27/01.
Marbob Energy Corp. #2 Giles State Com	15-17S-35E 1980/S; 1980/W	Dry & Abandoned 10/22/01.

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