

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

RECEIVED

JAN 8 2004

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

CONTINUED AND DISMISSED CASES

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

BEFORE: WILLIAM V. JONES, JR., Hearing Examiner

December 18th, 2003

Santa Fe, New Mexico

These matters came on for hearing before the New Mexico Oil Conservation Division, WILLIAM V. JONES, JR., Hearing Examiner, on Thursday, December 18th, 2003, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

I N D E X

December 18th, 2003
Continued and Dismissed Cases

PAGE

REPORTER'S CERTIFICATE

4

* * *

1 WHEREUPON, the following proceedings were had at
2 8:15 a.m.:

3 EXAMINER JONES: Okay, we'll call the Examiner
4 Hearing on the December 18th, 2003, docket, Number 41-03,
5 to order and first call the continuances and dismissals.
6 And after done, maybe you can correct me or add any more
7 that you want to dismiss today.

8 So on the first page, Case 13,192 is dismissed;
9 and the second case, Case 13,193, is continued to January
10 8th.

11 MR. BRUCE: Mr. Examiner, I will present it, but
12 then I would ask that it be continued again.

13 EXAMINER JONES: Okay, okay. So we will hear
14 that one. You just told me that. Okay, and then Case
15 13,194 is continued to January the 8th.

16 On the next page, Case 13,185 is continued to
17 January 22nd; and Case 13,1375 is continued to February
18 5th.

19 And on page 3, Case 13,165 is continued to April
20 of 2004; and Case 13,177 is continued to January the 8th of
21 2004.

22 Any other corrections or changes?

23 (Thereupon, these proceedings were concluded at
24 8:16 a.m.)

25 * * *

I do hereby certify that the foregoing is
a correct record of the proceedings in
the Examiner hearing of Case No.
heard by me on WSS

STEVEN T. BRENNER, CCR

(505) 989-9347 Conservation Division

Examiner

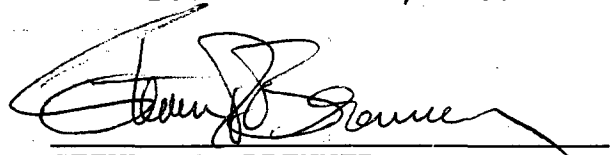
CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL December 18th, 2003.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2006

HOLLAND & HART LLP



Michael H. Feldewert

Recognized Specialist in the Area of
Natural Resources - oil and gas law -
New Mexico Board of Legal Specialization
mfeldewert@hollandhart.com
49538-0001

December 17, 2003

VIA HAND DELIVERY

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Energy, Minerals &
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, NM 87504

RECEIVED

DEC 17 2003

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Re: CASE NO. 13175

**Application of Permian Resources, Inc. for a Non-Standard Spacing and
Proration Unit and an Unorthodox Well Location, Lea County New Mexico.**

Dear Ms. Wrotenbery:

Permian Resources, Inc. requests that the Examiner Hearing in the above-referenced matter, currently scheduled for December 18, 2003, be continued to the February 5, 2004, Examiner docket. Permian Resources has a hearing scheduled in early January with the City of Lovington's Extraterritorial Zoning Authority for this project and would like to have this zoning approval before proceeding with its Division application.

Your attention to this request is appreciated.

Sincerely,

Michael H. Feldewert

MHF/jlp

cc: William L. Porter, Permian Resources, Inc.

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Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C.

CASE 13185: Continued from November 20, 2003, Examiner Hearing.

Application of Devon Energy Production Company, L.P. for special pool rules and regulations for the Northeast Red Lake Glorieta-Yeso Pool and cancellation of overproduction, Eddy County, New Mexico. Applicant seeks the promulgation of Special Rules and Regulations for the Northeast Red Lake Glorieta-Yeso Pool, including provisions for a special depth bracket allowable of 300 barrels of oil per day and a gas:oil ratio of 4000 cubic feet of gas for each barrel of oil produced. Applicant also requests cancellation of overproduction from the NE/4 SW/4 of Section 35, Township 17 South, Range 27 East, which contains applicant's Logan 35 Fed. Well No. 5 and Logan 35 Fed. Well No. 6. The pool is centered approximately 9 miles east-northeast of Atoka, New Mexico.

CASE 13195: Application of Nadel and Gussman Permian, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 4, Township 23 South, Range 28 East, and in the following manner: 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 but not limited to the North Loving-Atoka Gas Pool and Undesignated North Loving-Morrow Gas Pool; 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; the S/2 SW/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 South Culebra Bluff-Bone Spring Pool; and the SW/4 SW/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 Undesignated Herradura Bend-Delaware Pool. The units are to be dedicated to applicant's Apollo Fee Well No. 1, to be drilled at an orthodox location in the SW/4 SW/4 of Section 4. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a cost-plus 200% charge for the risk involved in drilling and completing the well. The units are located approximately 3 miles north-northeast of Loving, New Mexico.

CASE 13196: Application of NM&O Operating Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant seeks an order pooling all mineral interests in the Blanco-Mesaverde Gas Pool underlying the E/2 of Section 23, Township 25 North, Range 2 West. The unit is to be dedicated to the North Lindrith 23 Well No. 1, re-entered and completed in the subject pool at an orthodox location in the SE/4 NE/4 of Section 23. Also to be considered will be the cost of re-entering and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a cost-plus 200% charge for the risk involved in re-entering the well. The well unit is located approximately 6 miles North of Lindrith, New Mexico. **IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

CASE 13175: Continued from October 23, 2004, Examiner Hearing.

Application of Permian Resources, Inc. for a Non-Standard Spacing and Proration Unit and an Unorthodox Well Location, Lea County, New Mexico. Applicant seeks authorization to drill its Berry Hobbs Unit 17 Well No. 1 as a wildcat well to test the Morrow formation and the Strawn formation, Undesignated Northeast Shoe Bar Strawn Gas Pool, at an unorthodox well location 2550 feet from the South line and 1950 feet from the East line (Unit J) of Section 17, Township 16 South, Range 36 East. A standard 320-acre spacing unit comprised of the E/2 of Section 17 is to be dedicated to said well in the Morrow formation and a non-standard spacing and proration unit comprised of the SW/4 NE/4 and the NW/4 SE/4 of Section 17 is to be dedicated to the well in the Strawn formation. Said unit is located approximately 1.5 miles southwest of Lovington, New Mexico.

CASE 13197: Application of Yates Petroleum Corporation for compulsory pooling and approval of an unorthodox gas well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations from the surface to the base of the Mississippian in the following described spacing and proration units located in Section 12, Township 15 South, Range 34 East. The W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the North Eidson Morrow Pool, the SW/4 for all formations and/or pools developed on 160-acre spacing, the N/2 SW/4 for all formations and/or pools developed on 80-acre spacing, and the NE/4 SW/4 (Unit K) for all formations and/or pools developed on 40-acre spacing. Said units are to be dedicated to Applicant's proposed Reed AXV Com. Well No. 1 to be drilled at an unorthodox gas well location 1870 feet from the South line and 2080 feet from the West line (Unit K) of said Section 12. Also to be considered will be the cost of drilling and completing said well, the allocation of the cost thereof, actual operating costs and charges for supervision, the designation of applicant as operator of the well, and a charge for risk involved in drilling said well. Said area is located approximately 10 miles northwest of Lovington, New Mexico.