

CASE 13236: Continued from April 15, 2004, Examiner Hearing.

Application of Preston Exploration, L.L.C. for compulsory pooling, Eddy County New Mexico. Applicant seeks an order pooling all mineral interests in the Strawn formation, (Eagle Creek Strawn Gas Pool), Atoka and Morrow formations, (Eagle Creek East Atoka-Morrow Gas Pool) and the Pennsylvanian formation (Eagle Creek Permo-Pennsylvanian Gas Pool) underlying the N/2 of Section 29, Township 17 South, Range 26 East to form standard 320-acre gas spacing and proration units for any and all formations and/or pools developed on 320-acre spacing within that vertical extent. The units are to be dedicated to applicant's Roughneck Red 29 Com Well No. 1 to be located at a standard gas well location 1480 feet from the North line and 1980 feet from the West line of said Section 29. 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 200% charge for the risk involved in drilling and completing the well. The units are to be located approximately 8 miles southeast of Artesia, New Mexico.

CASE 13257: **Application of the New Mexico Oil Conservation Division for a Compliance Order.** The Applicant seeks an order requiring operator Verde Grande Inc. to bring one abandoned well into compliance with 19.15.4.201 NMAC by a date certain and, in the event of non-compliance, assessing a civil penalty against the operator, authorizing the Division to plug said well, forfeiting the operator's plugging security, and for such other relief as the Director deems appropriate. The affected well is: Aztec State #1, API # 30-025-22342, Unit Letter J, Section 18, Township 16 South, Range 37 East, Lea County, New Mexico.

CASE 13258: **Application of the New Mexico Oil Conservation Division for a Compliance Order.** The Applicant seeks an order requiring operator Inter-Continental Energy Inc. to bring one well into compliance with 19.15.4.201 NMAC and 19.15.4.202 NMAC by a date certain, assessing appropriate civil penalties against the operator, authorizing the Division to plug said well, forfeiting the operator's plugging security, and for such other relief as the Director deems appropriate. The affected well is: R. Fant #1, API #30-039-26436, Unit Letter O, Section 24, Township 31 North, Range 2 East, Rio Arriba County, New Mexico.

CASE 13259: **Application of Yates Petroleum Corporation for a Non-Standard Gas Spacing Unit, Lea County, New Mexico.** Applicant seeks to establish a non-standard 389.44-acre deep gas spacing unit within the Undesignated Sand Springs-Mississippian Gas Pool (97125) comprising all of irregular Section 2, Township 11 South, Range 34 East, which is located approximately 13.5 miles northwest of Tatum, New Mexico. This unit is to be dedicated to Yates Petroleum Corporation's proposed Rokesmith "BDI" State Com. Well No. 1 (API No. 30-025-36582) to be drilled as this unit's initial well at a standard deep gas well location 1750 feet from the South line and 700 feet from the East line (Unit I) of irregular Section 2. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 13217: Continued from April 15, 2004, Examiner Hearing.

Application of Concho Resources Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 21, Township 21 South, Range 35 East, and in the following manner: The W/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated North Grama Ridge-Wolfcamp Gas Pool and Undesignated South Osudo-Morrow Gas Pool; the NW/4 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent, including the Undesignated North San Simon-Yates Associated Pool and Undesignated South Osudo-Wolfcamp Pool; and the SW/4 NW/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 the Undesignated North San Simon-Yates Associated Pool. The units are to be dedicated to applicant's San Simon State Com. Well No. 2, to be located at an orthodox location in the SW/4 NW/4 of Section 21. 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 200% charge for the risk involved in drilling and completing the well. The units are located approximately 7 miles southwest of Oil Center, New Mexico.

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MILLER STRATVERT

PROFESSIONAL ASSOCIATION

MAR 11 2004

OIL CONSERVATION

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March 10, 2004

Lori Wrotenbery, Director
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: NMOCD Case No. 13236; Application of Preston Exploration, L.L.C. for
Compulsory Pooling, Eddy County, New Mexico

Dear Ms. Wrotenbery:

On behalf of the Applicant, we request the hearing on the above-referenced application be continued from the March 18, 2004 examiner hearing docket to the April 1, 2004 docket.

Very truly yours,

MILLER STRATVERT P.A.

J. Scott Hall

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JSH/glb

cc: William F. Carr, Esq.
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