

CASE 13411: *Continued from February 3, 2005, Examiner Hearing*

Application of Primero Operating, Inc. for an exception to Division Rule 104.D (3), Chaves County, New Mexico. Applicant seeks an exception to Division Rule 104.D (3) in order to simultaneously dedicate production attributed to the West Cato-San Andres Gas Pool (74445) within an existing 160-acre standard shallow gas spacing unit comprising the NE/4 of Section 7, Township 8 South, Range 30 East, from the following two wells: (i) C. L. O'Brien Well No. 19 (API No. 30-005-00475), located at a standard gas well location 660 feet from the North and East lines (Unit A) of Section 7; and (ii) C. L. O'Brien Well No. 2 (API No. 30-005-20897), also located at a standard gas well location 1980 feet from the North and East lines (Unit H) of Section 7. This unit is located approximately nine (9) miles east-southeast of Elkins, New Mexico.

CASE 13433: *Application of Myco Industries, Inc. for an Exception to Division Rule 104.C(2)(c), Eddy County, New Mexico.* Applicant seeks an order granting an exception to Division Rule 104.C(2)(c) to allow two operators in all formations developed on 320-acre spacing in the N/2 of Section 35, Township 21 South, Range 27 East. Applicant proposes to operate and produce its Boise Federal Well No. 1 from the Carlsbad Morrow East Gas Pool and any other pool in the N/2 of Section 35 developed on 320-acre spacing. The Division-designated operator for this spacing unit is presently Delta Petroleum Corporation. This spacing unit is located approximately 3 miles east of Carlsbad, New Mexico.

CASE 13403: *Reopened and Readvertised*

Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico. Applicant seeks approval of the Fender State Exploratory Unit from the surface to the base of the Mississippian formation in an area comprising 5442.24 acres of State of New Mexico lands in Sections 3, 4, 5, 8, 9, 10, 15, 16, and 17, Township 10 South, Range 32 East, which is located approximately 4 miles northeast of Caprock, New Mexico.

CASE 13404: *Reopened and Readvertised*

Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico. Applicant seeks approval of the Faron State Exploratory Unit from the surface to the base of the Mississippian formation in an area comprising 6400.00 acres of State of New Mexico lands in Sections 3, 4, 5, 6, 8, 9, 10, 16, and 17, Township 9 South, Range 32 East, which is located approximately 10 miles northeast of Caprock, New Mexico.

CASE 13434: *Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico.* Applicant seeks approval of the Chesney State Exploratory Unit from the surface to the base of the Mississippian formation in an area comprising 5899 acres of State of New Mexico and Fee lands in Sections 1, 2, 11, 12, 13, 14, 23, 24, 26 and 27 Township 11 South, Range 35 East, which is located approximately 9 miles northwest of Tatum, New Mexico.

CASE 13435: *Application of Lance Oil & Gas Company, Inc. for compulsory pooling, San Juan County, New Mexico.* Applicant seeks an order pooling all mineral interests to the Pictured Cliffs formation underlying the SE/4 of Irregular Section 17, Township 29 North, Range 14 West, forming a standard 162.07-acre gas spacing and proration unit for any production from the Pictured Cliffs formation, including but not limited to the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. This unit is to be dedicated to its ROPCO "17" Well No. 4 (API# 30-045-32315) to be drilled at a standard location in Unit O of this section for production from the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. Also to be considered will be the costs of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 1-1/2 miles East-Southeast from Kirtland, New Mexico.

CASE 13436: *Application of Lance Oil & Gas Company, Inc. for compulsory pooling, San Juan County, New Mexico.* Applicant seeks an order pooling all mineral interests to the Pictured Cliffs formation and the Basin Fruitland Coal-Gas Pool underlying both the SW/4 and the S/2 of Irregular Section 17, Township 29 North, Range 14 West, forming a standard 322.07-acre gas spacing and proration unit for any production from the Basin Fruitland Coal Gas Pool and forming a standard 160-acre gas spacing and proration unit for any production from the Pictured Cliffs formation, including but not limited to the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. These units are to be dedicated to its WF FRPC "17" Well No. 3 (API# 30-045-32160) to be drilled at a standard location in Unit L of this section for downhole commingled production from the Basin Fruitland Coal Gas Pool and the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. Also to be considered will be the costs of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well

and a 200% charge for risk involved in this well. This unit is located approximately 1-1/2 miles East-Southeast from Kirtland, New Mexico.

CASE 13437: *Application of Lance Oil & Gas Company, Inc. for compulsory pooling, San Juan County, New Mexico.* Applicant seeks an order pooling all mineral interests to the Pictured Cliffs formation underlying the NW/4 of Section 17, Township 29 North, Range 14 West, forming a standard 160-acre gas spacing and proration unit for any production from the Pictured Cliffs formation, including but not limited to the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. This unit is to be dedicated to its WF ROPCO "17" Well No. 2 (API# 30-045-32140) to be drilled at an unorthodox gas well location in Unit E of this section for production from the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool (See Administrative Order NSL-5008, dated March 3, 2004). Also to be considered will be the costs of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 1-1/2 miles East-Southeast from Kirtland, New Mexico.

CASE 13438: *Application of Lance Oil & Gas Company, Inc. for compulsory pooling, San Juan County, New Mexico.* Applicant seeks an order pooling all mineral interests to the Pictured Cliffs formation and the Basin Fruitland Coal-Gas Pool underlying both the NE/4 and the N/2 of Section 17, Township 29 North, Range 14 West, forming a standard 320-acre gas spacing and proration unit for any production from the Basin Fruitland Coal Gas Pool and forming a standard 160-acre gas spacing and proration unit for any production from the Pictured Cliffs formation, including but not limited to the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. These units are to be dedicated to its WF FRPC "17" Well No. 1 (API# 30-045-31511) to be drilled at a standard location in Unit A of this section for downhole commingled production from the Basin Fruitland Coal Gas Pool and the Twin Mounds Fruitland Sand Pictured Cliffs Gas Pool. Also to be considered will be the costs of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 1-1/2 miles East-Southeast from Kirtland, New Mexico.

CASE 13439: *Application of Lance Oil & Gas Company, Inc. for compulsory pooling, San Juan County, New Mexico.* Applicant seeks an order pooling all mineral interests to the Pictured Cliffs formation and the Basin Fruitland Coal-Gas Pool underlying both the SE/4 and the E/2 of Section 15, Township 29 North, Range 14 West, forming a standard 320-acre gas spacing and proration unit for any production from the Basin Fruitland Coal Gas Pool and forming a standard 160-acre gas spacing and proration unit for any production from the Pictured Cliffs formation, including but not limited to the West Kutz-Pictured Cliffs Gas Pool. These units are to be dedicated to its NV Navajo "15" Well No. 4 (API# 30-045-31294) to be drilled at an unorthodox gas well location in Unit J of this section for production from the Basin Fruitland Coal Gas Pool and the West Kutz-Pictured Cliffs Gas Pool (See Administrative Order NSL-4936, dated August 18, 2003). The applicant also seeks to include provisions for subsequent operations and procedures for an optional "infill" coalbed-gas well. Also to be considered will be the costs of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 4 miles East-Southeast from Kirtland, New Mexico.

CASE 13440: *Application of Lance Oil & Gas Company, Inc. for compulsory pooling including optional infill well provisions, San Juan County, New Mexico.* Applicant seeks an order pooling all mineral interests to the Pictured Cliffs formation and the Basin Fruitland Coal-Gas Pool underlying both the NW/4 and the W/2 of Section 15, Township 29 North, Range 14 West, forming a standard 320-acre gas spacing and proration unit for any production from the Basin Fruitland Coal Gas Pool and forming a standard 160-acre gas spacing and proration unit for any production from the Pictured Cliffs formation, including but not limited to the West Kutz-Pictured Cliffs Gas Pool. These units are to be dedicated to its WF Ropco "15" Well No. 2 (API# 30-045-32716) to be drilled at a standard gas well location in Unit C of this section for downhole commingled production from the Basin Fruitland Coal Gas Pool and the West Kutz-Pictured Cliffs Gas Pool. The applicant also seeks to include provisions for subsequent operations and procedures for an optional "infill" coalbed-gas well. Also to be considered will be the costs of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 4 miles East-Southeast from Kirtland, New Mexico.