Examiner Hearing – August 11, 2005 Docket No. 24-05 Page 3 of 12

CASE 13539: Application of Synergy Operating, LLC for Compulsory Pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Fruitland Coal and Pictured Cliffs Formations underlying the W/2 of Section 22, Township 29 North, Range 13 West, to form one standard 320-acre gas spacing and proration unit for any pools or formations developed on 320-acre spacing within that vertical extent, including the Basin-Fruitland Coal Gas Pool, and two standard 160-acre gas spacing and proration units for any pools or formations developed on 160-acre spacing within the vertical extent, including the Fulcher Kutz Pictured Cliffs Pool. The units are to be dedicated to the Dugan 29-13-22 Well No. 108 (NW/4), and Dugan 29-13-22 Well No. 109 (SW/4), to be drilled at orthodox locations in the W/2 of Section 22. Also to be considered will be the cost of drilling and completing the well and the allocating of the cost thereof, as well as actual operating costs and charges for supervision, designation of the applicant as operator of the well, and a 200% charge for risk involved in drilling and completing the well. The NW/4 unit is located within the Farmington, New Mexico City Limits, the SW/4 unit is located approximately mile south of Farmington, New Mexico.

CASE 13524: Continued from July 14, 2005, Examiner Hearing

Application of the New Mexico Oil Conservation Division for an Order Requiring Pronghorn Management Corporation to Properly Plug Eleven Well(s), Authorizing the Division to Plug Said Well(s) in Default of Compliance by Operator, and Ordering a Forfeiture of Applicable Security, if Any, Lea County, New Mexico. The Applicant seeks an order requiring Pronghorn Management Corporation, the operator of Eleven inactive well(s) in Lea County, New Mexico, to properly plug and abandon the same, authorizing the Division to plug said well or wells if the operator fails to do so, and forfeiting Operator's plugging security. The affected wells are the following:

API No.	Well Name and Number	LN/ULSTR	Footage Location
•	Pronghorn Management Corporation		
30-025-28197	Fowler "B" Well No. 1	K-6-19S-38E	2310' FSL & 2317' FWL
30-025-11182	J. F. Black Well No. 3	B-21-24S-37E	660' FNL & 1980' FEL
30-025-11183	J. F. Black Well No. 4	F-21-24S-37E	1980' FN & WL
30-025-21401	J. F. Black Well No. 5	K-21-24S-37E	1980' FSL & 2030' FWL
30-025-08358	Marshall Well No. 1	4/M-19-23S-33E	660' FS & WL
30-025-25000	Marshall Well No. 5	F-19-23S-33E	1980' FN & WL
30-025-03524	New Mexico "BZ" State (NCT-5) Well No. 4	F-29-21S-35E	1980' FN & WL
30-025-32362	New Mexico "BZ" State (NCT-5) Well No. 5	D-29-21S-35E	40' FNL & 750' FWL
30-025-28659	New Mexico "DL" State Well No. 6	P-18-23S-33E	660' FS & EL
30-025-21478	J. F. Black Well No. 6	F-21-24S-37E	2630' FNL & 1340' FWL
30-025-21479	J. F. Black Well No. 7	C-21-24S-37E	1310' FNL & 2626' FWL

CASE 13505: Continued from June 30, 2005, Examiner Hearing.

Application of Chesapeake Permian, L.P. for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying Lots 1, 2, 7, 8, 9, 10, 15 and 16 of Irregular Section 4, Township 21 South, Range 35 East, forming a standard 320-acre gas spacing and proration unit for any production for any and all formations/pools developed on 320-acre gas spacing within that vertical extent, including but not limited to the South Osudo Morrow Pool. This unit is to be dedicated to its Cattleman "4" State Com Well No. 1 (API #30-025-37150) that is being drilled at a standard well location in Unit P (Lot 16) of this section. 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 Chesapeake Operating, Inc. as the operator of the well and, pursuant to Commission Order R-11992, a risk charge of 200% for the risk involved in this well. This unit is located approximately 6 miles west from Oil Center, New Mexico.