

CASE 13492: Continued from June 30, 2005, Examiner Hearing.

Application of Samson Resources Company, Kaiser-Francis Oil Company, and Mewbourne Oil Company for cancellation of two drilling permits and approval of a drilling permit, Lea County, New Mexico. Applicants seek an order canceling two drilling permits issued to Chesapeake Operating, Inc. covering (i) the S/2 of Section 4, Township 21 South, Range 35 East, and (ii) Lots 9-16 of said Section 4, and requiring the Division's Hobbs District office to approve a drilling permit filed by Mewbourne Oil Company covering Lots 9, 10, 15, 16, and the SE/4 of Section 4, to form a standard 320-acre gas spacing and proration unit in the South Osudo-Morrow Gas Pool. The units are located approximately 6-1/2 miles west of Oil Center, New Mexico.

CASE 13493: 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 the S/2 of Irregular Section 4, Township 21 South, Range 35 East, forming a standard 320-acre gas spacing and proration unit for any production from 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 KF 4 State Well No. 1 (API #30-025-37129) that is being drilled at a standard well location in Unit X 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.

CASE 13494: Continued from July 28, 2005, Examiner Hearing

Application of Texland Petroleum, L.P. for a Compliance Order against Latigo Petroleum, Inc. voiding of Administrative Order DHC-3086, compulsory pooling, change of operator and other relief, Lea County, New Mexico. Applicant seeks a Compliance Order, including fines, against Latigo Petroleum, Inc. ("Latigo") including an order to void and revoke Administrative Order DHC-3086, and to require Latigo to immediately shut-in its Conoco State Well No. 3 (API No. 30-025-35961) located in Unit J of Section 33, Township 18 South, Range 38 East, until such time as: (i) a standard 160-acre gas spacing unit consisting of the SE/4 of this section, is dedicated to this well in the Tubb formation, Hobbs-Tubb Gas Pool, (ii) the production proceeds from this well in the Tubb and Drinkard formations are reallocated and paid to the owners in these spacing units from the date of first production, and (iii) paid the fines for violations of the Oil and Gas Act. Section 70-2-31 NMSA 1978. Further, applicant seeks a compulsory pooling order including provisions for designation of the applicant as the operator and the removal of Latigo as the operator. The well is located approximately 7 miles West of Hobbs, New Mexico.

CASE 13540: In the matter of the hearing called by the Oil Conservation Division for an order creating and extending certain pools in Chaves and Eddy Counties, New Mexico.

(a) CREATE a new pool in Chaves County, New Mexico classified as a gas pool for Wolfcamp production and designated as the Alkali Draw-Wolfcamp Gas Pool (Pool Code 97461). The discovery well is the Yates Petroleum Corporation Willow Creek "BFT" State Well No. 6 (API No. 30-005-63691) located in Unit C of Section 30, Township 4 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 4 SOUTH, RANGE 25 EAST, NMPM

Section 30: W/2

(b) CREATE a new pool in Eddy County, New Mexico classified as a gas pool for Wolfcamp production and designated as the East Black River-Wolfcamp Gas Pool (Pool Code 97442). The discovery well is the Mewbourne Oil Company State MS Gas Com. Well No. 1 (API No. 30-015-24176) located in Unit C of Section 12, Township 24 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 27 EAST, NMPM

Section 12: N/2

(c) CREATE a new pool in Chaves County, New Mexico classified as a gas pool for Wolfcamp production and designated as the West Comanche-Wolfcamp Gas Pool (Pool Code 97465). The discovery well is the Yates Petroleum Corporation Killer Bee State Com. Well No. 7 (API No. 30-005-63704) located in Unit M of Section 32, Township 10 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM

Section 32: S/2

(d) CREATE a new pool in Chaves County, New Mexico classified as an oil pool for Siluro Devonian production and designated as the Comanche Draw-Siluro-Devonian Pool (Pool Code 97458). The discovery well is the Elk Oil Company Cobra Federal Well No. 2 (API No. 30-005-63735) located in Unit L of Section 19, Township 11 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 11 SOUTH, RANGE 27 EAST, NMPM

Section 19: SW/4

(e) CREATE a new pool in Chaves County, New Mexico classified as a gas pool for Strawn production and designated as the County Line-Strawn Gas Pool (Pool Code 97448). The discovery well is the Yates Petroleum Corporation Federal CL Well No. 5 (API No. 30-005-00469) located in Unit G of Section 34, Township 15 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM

Section 34: N/2

(f) CREATE a new pool in Eddy County, New Mexico classified as an oil pool for Bone Spring production and designated as the Deadman Draw-Bone Spring Pool (Pool Code 97443). The discovery well is the Marbob Energy Corporation Rio Siete Federal Well No. 1 (API No. 30-015-33662) located in Unit P of Section 1, Township 21 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Section 1: SE/4

(g) CREATE a new pool in Eddy County, New Mexico classified as an oil pool for Abo production and designated as the Hart Canyon-Abo Pool (Pool Code 97450). The discovery well is the Marbob Energy Corporation Federal CE Gas Com. Well No. 1 (API No. 30-015-23891) located in Unit G of Section 1, Township 17 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 1: SW/4

(h) CREATE a new pool in Eddy County, New Mexico classified as an oil pool for Wolfcamp production and designated as the Northwest Lake McMillan-Wolfcamp Pool (Pool Code 97463). The discovery well is the Yates Petroleum Corporation Lake Wood 15 Well No. 1 (API No. 30-015-33574) located in Unit I of Section 15, Township 19 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 26 EAST, NMPM

Section 15: SE/4

(i) CREATE a new pool in Eddy County, New Mexico classified as an oil pool for Glorieta-Yeso production and designated as the Long Draw-Glorieta-Yeso Pool (Pool Code 97451). The discovery well is the Yates Petroleum Corporation Prickly Pear "AIE" Federal Well No. 1 (API No. 30-015-26738) located in Unit F of Section 23, Township 20 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM

Section 23: SE/4

- (j) CREATE a new pool in Eddy County, New Mexico classified as a gas pool for Upper Pennsylvanian production and designated as the Northeast Rio Penasco-Upper Pennsylvanian Gas Pool (Pool Code 97459). The discovery well is the David Arrington Oil & Gas, Inc. Gold Stonefly Federal 12 Com. Well No. 1 (API No. 30-015-32260) located in Unit M of Section 12, Township 18 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM

Section 12: W/2

- (k) EXTEND the Antelope Sink-Upper Pennsylvanian Gas Pool (Pool Code 70520) in Eddy County, New Mexico to include:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPM

Section 23: W/2 and NE/4

Section 26: W/2

Section 27: S/2

Section 33: E/2

Section 34: W/2

Section 35: W/2

- (l) EXTEND the Avalon-Delaware Pool (Pool Code 3715) in Eddy County, New Mexico to include:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM

Section 25: SW/4

- (m) EXTEND the Broke Tank Lake-Atoka Gas Pool (Pool Code 97166) in Chaves County, New Mexico to include:

TOWNSHIP 9 SOUTH, RANGE 29 EAST, NMPM

Section 2: E/2

Section 11: NE/4

Section 12: N/2

- (n) EXTEND the Buffalo Valley-Pennsylvanian Gas Pool (Pool Code 73080) in Chaves County, New Mexico to include:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM

Section 27: E/2

- (o) EXTEND the East Burton Flat-Atoka Gas Pool (Pool Code 73200) in Eddy County, New Mexico to include:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM

Section 6: S/2

- (p) EXTEND the Burton Flat-Morrow Gas Pool (Pool Code 73280) in Eddy County, New Mexico to include:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM

Section 7: All

- (q) EXTEND the East Burton Flat-Morrow Gas Pool (Pool Code 73320) in Eddy County, New Mexico to include:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM

Section 6: N/2

- (r) EXTEND the South Carlsbad-Morrow Gas Pool (Pool Code 73960) in Eddy County, New Mexico to include:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM

Section 15: All

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM

Section 31: W/2

- (s) EXTEND the Cemetery-Morrow Gas Pool (Pool Code 74640) in Eddy County, New Mexico to include:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM

Section 16: E/2

- (t) EXTEND the Comanche-Wolfcamp Gas Pool (Pool Code 97120) in Chaves County, New Mexico to include:

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM

Section 24: All

- (u) EXTEND the Northwest Corral Canyon-Delaware Pool (Pool Code 96464) in Eddy County, New Mexico to include:

TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM

Section 11: W/2

- (v) EXTEND the Diamond Mound-Wolfcamp Gas Pool (Pool Code 97243) in Eddy County, New Mexico to include:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM

Section 16: All

- (w) EXTEND the Eagle Creek-Strawn Gas Pool (Pool Code 76320) in Eddy County, New Mexico to include:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM

Section 29: NE/4

- (x) EXTEND the Empire-Abo Pool (Pool Code 22040) in Eddy County, New Mexico to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 28: SW/4

- (y) EXTEND the Northwest Empire-Wolfcamp Pool (Pool Code 97286) in Eddy County, New Mexico to include:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM

Section 35: SE/4

Section 36: SW/4

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 1: W/2

- (z) EXTEND the Foor Ranch-Pre-Permian Gas Pool (Pool Code 76730) in Chaves County, New Mexico to include:

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM

Section 1: W/2

Section 2: All

Section 9: W/2

Section 12: W/2

- (aa) EXTEND the North Foor Ranch-Pre-Permian Gas Pool (Pool Code 97094) in Chaves County, New Mexico to include:

TOWNSHIP 8 SOUTH, RANGE 26 EAST, NMPM

Section 7: E/2

Section 8: All

- (bb) EXTEND the Forty Niner Ridge-Delaware Pool (Pool Code 24750) in Eddy County, New Mexico to include:

TOWNSHIP 23 SOUTH, RANGE 30 EAST, NMPM

Section 21: E/2

Section 22: S/2

- (cc) EXTEND the West Four Mile-Strawn Gas Pool (Pool Code 77020) in Eddy County, New Mexico to include:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM

Section 32: SE/4

Section 33: S/2

TOWNSHIP 19 SOUTH, RANGE 26 EAST, NMPM

Section 5: E/2

- (dd) EXTEND the Grayburg-Upper Pennsylvanian Gas Pool (Pool Code 29270) in Eddy County, New Mexico to include:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 28: NE/4

- (ee) EXTEND the Grayburg Jackson-Seven Rivers-Queen-Grayburg-San Andres Pool (Pool Code 28509) in Eddy County, New Mexico to include:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM

Section 24: N/2 NE/4, SE/4 NE/4 and E/2 SE/4

- (ff) EXTEND the HG-Morrow Gas Pool (Pool Code 78400) in Eddy County, New Mexico to include:

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM

Section 30: W/2

- (gg) EXTEND the Northwest Hackberry-Bone Spring Pool (Pool Code 97020) in Eddy County, New Mexico to include:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 17: S/2

Section 18: S/2

- (hh) EXTEND the Hackberry-Wolfcamp Pool (Pool Code 97081) in Eddy County, New Mexico to include:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 7: W/2

Section 18: W/2 and SE/4

- (ii) EXTEND the Happy Valley-Morrow Gas Pool (Pool Code 78060) in Eddy County, New Mexico to include:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM

Section 3: N/2

Section 4: NE/4

- (ij) EXTEND the Northeast Harroun Ranch-Delaware Pool (Pool Code 96878) in Eddy County, New Mexico to include:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM

Section 16: E/2

Section 21: E/2

- (kk) EXTEND the East Hess Hills-Upper Pennsylvanian Gas Pool (Pool Code 97383) in Eddy County, New Mexico to include:

TOWNSHIP 23 SOUTH, RANGE 23 EAST, NMPM

Section 35: W/2

- (ll) EXTEND the North Illinois Camp-Morrow Gas Pool (Pool Code 78890) in Eddy County, New Mexico to include:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 19: W/2

- (mm) EXTEND the Northwest Indian Basin-Morrow Gas Pool (Pool Code 79000) in Eddy County, New Mexico to include:

TOWNSHIP 20 SOUTH, RANGE 23 EAST, NMPM

Section 16: W/2

Section 17: S/2

Section 21: W/2

- (nn) EXTEND the Indian Basin-Upper Pennsylvanian Associated Pool (Pool Code 33685) in Eddy County, New Mexico to include:

TOWNSHIP 22 SOUTH, RANGE 24 EAST, NMPM

Section 1: S/2

- (oo) EXTEND the Southeast La Huerta-Atoka Gas Pool (Pool Code) in Eddy County, New Mexico to include:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 24: W/2

Section 25: NW/4

Section 26: N/2

(pp) EXTEND the South Livingston Ridge-Delaware Pool (Pool Code 96149) in Eddy County, New Mexico to include:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 1: NE/4

(qq) EXTEND the Northwest Loco Hills-Wolfcamp Pool (Pool Code 97092) in Eddy County, New Mexico to include:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 23: E/2

Section 26: NE/4

(rr) EXTEND the Logan Draw-Morrow Gas Pool (Pool Code 80400) in Eddy County, New Mexico to include:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 19: N/2

(ss) EXTEND the Lost Lake-Wolfcamp Gas Pool (Pool Code 97281) in Chaves County, New Mexico to include:

TOWNSHIP 9 SOUTH, RANGE 24 EAST, NMPM

Section 36: E/2

TOWNSHIP 10 SOUTH, RANGE 24 EAST, NMPM

Section 1: N/2

(tt) EXTEND the Malaga-Atoka Gas Pool (Pool Code 80890) in Eddy County, New Mexico to include:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM

Section 23: N/2

(uu) EXTEND the South Millman-Morrow Gas Pool (Pool Code 81365) in Eddy County, New Mexico to include:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM

Section 9: E/2

(vv) EXTEND the Nash Draw-Delaware Pool (Pool Code 47545) in Eddy County, New Mexico to include:

TOWNSHIP 24 SOUTH, RANGE 30 EAST, NMPM

Section 19: NE/4

(ww) EXTEND the Otis-Atoka Gas Pool (Pool Code 96891) in Eddy County, New Mexico to include:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM

Section 14: E/2

Section 23: E/2

Section 26: N/2

(xx) EXTEND the Penasco Draw-Permo Pennsylvanian Gas Pool (Pool Code 82775) in Eddy County, New Mexico to include:

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM

Section 16: NE/4

Section 17: N/2

Section 18: E/2

Section 33: NE/4

Section 34: N/2

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM

Section 6: E/2

(yy) EXTEND the Southeast Quahada Ridge-Delaware Pool (Pool Code 50443) in Eddy County, New Mexico to include:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM

Section 25: NW/4

(zz) EXTEND the Red Lake-Atoka-Morrow Gas Pool (Pool Code 83620) in Eddy County, New Mexico to include:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 13: W/2

Section 14: E/2

(aaa) EXTEND the Northeast Red Lake-Glorieta-Yeso Pool (Pool Code 96836) in Eddy County, New Mexico to include:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 34: NW/4

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 2: E/2

(bbb) EXTEND the Red Lake Shores-Glorieta-Yeso Pool (Pool Code 97130) in Eddy County, New Mexico to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 16: N/2

(ccc) EXTEND the Robina Draw-Atoka Gas Pool (Pool Code 83890) in Eddy County, New Mexico to include:

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM

Section 9: W/2

Section 16: NW/4

(ddd) EXTEND the Sand Tank-Bone Spring Pool (Pool Code 96832) in Eddy County, New Mexico to include:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM

Section 7: N/2

(eee) EXTEND the Scanlon-Delaware Pool (Pool Code 55500) in Eddy County, New Mexico to include:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM

Section 26: SW/4

Section 27: SE/4

- (fff) EXTEND the North Shugart-Bone Spring Pool (Pool Code 56405) in Eddy County, New Mexico to include:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM

Section 12: NE/4

- (ggg) EXTEND the Tamano-Bone Spring Pool (Pool Code 58040) in Eddy County, New Mexico to include:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 10: NW/4

- (hhh) EXTEND the Tansill Dam-Atoka Gas Pool (Pool Code 85900) in Eddy County, New Mexico to include:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM

Section 9: S/2

- (iii) EXTEND the Winchester-Wolfcamp Gas Pool (Pool Code 87760) in Eddy County, New Mexico to include:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM

Section 32: S/2

- (jjj) EXTEND the North Winchester-Wolfcamp Pool (Pool Code 65033) in Eddy County, New Mexico to include:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM

Section 15: All

- (kkk) EXTEND the Wye-Delaware Pool (Pool Code 96378) in Eddy County, New Mexico to include:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM

Section 30: SE/4

Section 31: NE/4

IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.