

DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 17, 2005

8:15 A.M. - 1220 South St. Francis
Santa Fe, New Mexico

Docket Nos. 38-05 and 39-05 are tentatively set for December 1, 2005 and December 15, 2005. Applications for hearing must be filed at least 30 days in advance of hearing date. OCD Rule 1211.B requires parties who intend to present evidence at an adjudicatory hearing to file a pre-hearing statement no later than the Thursday before the hearing, and serve a copy on opposing counsel of record. If the OCD does not receive a pre-hearing statement from the applicant by the close of business on the Thursday before the hearing, the hearing may be continued or dismissed by order of the examiner. If a protesting party fails to submit a timely pre-hearing statement, the hearing may be continued at the applicant's request. The following cases will be heard by an Examiner.

CASE 13591: *Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico.* Applicant seeks approval of the Milsap State Exploratory Unit from the surface to the base of the Mississippian formation in an area comprising 2240 acres of State of New Mexico lands in Sections 25 and 36 in Township 12 South, Range 33 East, Section 31 in Township 12 South, Range 34 East, and in Section 6 in Township 13 South, Range 34 East, which is located approximately 10 miles west of Tatum, New Mexico.

CASE 13592: *Application of Yates Petroleum Corporation for approval of a Unit Agreement, Chaves County, New Mexico.* Applicant seeks approval of the DeHavilland State Exploratory Unit from the surface to the top of the Pre-Cambrian formation in an area comprising 7038.69 acres of State of New Mexico lands in Sections 6, 7, 16, 17, 18, 20, 21, 28, 29, 32, and 33 in Township 5 South, Range 26 East, which is located approximately 12 miles northeast of Elkins, New Mexico.

CASE 13587: *Continued from November 3, 2005, Examiner Hearing*
Application of Lanexco, Inc. for an infill gas well within an un-prorated gas pool [exception to Division Rule 104.D (3)], Lea County, New Mexico. Applicant seeks to simultaneously dedicate the following two wells within a single 80-acre non-standard gas spacing unit comprising the W/2 SW/4 of Section 21, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico (approved by Division Administrative Order NSP-1443), within the un-prorated Hare-San Andres Gas Pool (78080): (i) existing Robert Well No. 1 (API No. 30-025-28664) located at a standard gas well location 990 feet from the South line and 660 feet from the West line (Unit M) of Section 21; and (ii) proposed Robert Well No. 2 (API No. 30-025-36826) located at a standard gas well location 1650 feet from the South line and 660 feet from the West line (Unit L) of Section 21. This unit is located approximately 1.5 miles north-northwest of Jal, New Mexico.

CASE 13593: *Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox oil well location, Eddy County, New Mexico.* Applicant seeks an order pooling all mineral interests from surface through the Base of the Morrow formation in the following described acreage in Section 2, Township 21 South, Range 22 East: the E/2 to form a standard 320-acre spacing and proration unit for all formations developed on a 320-acre spacing unit within that vertical extent which includes but is not limited to the Undesignated West Indian Basin-Morrow Gas Pool; the NE/4 to form a standard spacing and proration unit for all formations developed on 160-acre spacing within that vertical extent; and the NE/4 NE/4 to form a standard spacing and proration unit for all formations developed on 40-acre spacing within that vertical extent. Said units are to be dedicated to its Tuco "BHE" State Com Well No. 1 to be drilled 1100 feet from the North line and 660 feet from the East line (Unit A) of said Section 2 to an approximate depth of 9,200 feet. If the well is completed as an oil well it will be at an unorthodox location. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Yates Drilling Company as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 8 miles west of Hopkins, Eddy County, New Mexico.

CASE 13558: *Continued from October 20, 2005, Examiner Hearing*
Application of Coleman Oil & Gas, Inc. to amend Order No. R-12201 to extend for one year the production test authorized therein to determine the economic viability of simultaneously producing four existing gas wells on a standard 320-acre spacing unit in the Basin-Fruitland Coal Gas Pool, San Juan County, New Mexico. Applicant seeks the amendment of Order No. R-12201 entered on August 26, 2004, that granted an exception to Rule 7(d) of the Special Pool Rules and Regulations for the Basin-Fruitland Coal Gas Pool and authorized the simultaneous dedication of the S/2 of Section 18, Township 26 North, Range 11 West, NMPM, San Juan County, New Mexico to the following four existing coal gas wells for the purpose of conducting a production test for one year to determine the economic viability of simultaneously producing these wells:

1. **Ricky Well No. 1** (API No. 30-045-25976) located 790 feet from the north line and 875 feet from the West line (Unit D);
2. **Ricky Well No. 1R** (API No. 30-045-31165) located 765 feet from the North line and 830 feet from the West line (Unit D);
3. **Ricky Well No. 2** (API No. 30-045-25977) located 1850 feet from the South line and 790 feet from the West line (Unit L); and
4. **Ricky Well No. 2R** (API No. 30-045-31166) located 1845 feet from the South line and 745 feet from the West line (Unit L).

Said spacing unit is located approximately 30 miles southeast of Farmington, New Mexico.

CASE 13566: *Continued from November 3, 2005, Examiner Hearing*

Application of Unit Petroleum Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the San Andres formation to the base of the Morrow formation underlying the E/2 of Section 1, Township 18 South, Range 26 East, and in the following manner: The E/2 to form a standard 320-acre gas spacing and proration unit for all formations and/or pools developed on 320 acre spacing within that vertical extent, including the Atoka-Pennsylvanian Gas Pool; and the SE/4 NE/4 to form a standard 40-acre oil spacing and proration unit for all formations and/or pools developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the Monte Carlo Fed. Com. Well No. 1, to be drilled from a surface location in the SE/4 NE/4 of Section 1 to a bottomhole location approximately 1845 feet from the north line and 1487 feet from the east line of Section 1. 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 unit is located approximately 6 miles east-northeast of Atoka, New Mexico.

CASE 13594: *Application of Kaiser-Francis Oil Company To Amend Administrative Order NSL-5133 To Establish A Non-Standard Spacing and Proration Unit and for an Exception to Rule 104(B)(1).* Applicant seeks the amendment of Administrative Order NSL-5133 to establish an 80-acre nonstandard spacing and proration unit consisting of the SW/4 NW/4 and NW/4 SW/4 of Section 11, T-22-S, R-26-E and for an exception to Rule 104(B)(1) for the completion of its Mesa Grande "11" Well No. 2 in the Bone Spring and Delaware formations drilled at an unorthodox oil well location 2661' FSL and 660' FWL (Unit L) of Section 11. The subject lands and well are located approximately ½ mile southwest of Carlsbad, New Mexico.

CASE 13578: *Continued from October 20, 2005, Examiner Hearing*

Application of Lynx Petroleum Consultants, Inc. for compulsory pooling, Lea County, New Mexico. Lynx Petroleum Consultants, Inc. seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the NE/4 NE/4 of Section 8, Township 18 South, Range 32 East, to form a standard 40 acre oil spacing proration unit for formations and/or pools developed on 40 acre spacing within the vertical extent. Applicant Lynx Petroleum Consultants, Inc. proposes to re-enter the plugged and abandoned Amoco Production Company Federal 'DM' No. 1 located on the identified property. Applicant proposes to re-enter the referenced well located 760 feet from the North line and 960 feet from the East line to a depth sufficient to test the Wolfcamp and Bone Springs formations. Also to be considered will be cost of re-entering and completing the well and the allocation of the cost among the well's working interest owners, as well as actual operating costs and charges for supervision, together with a provision adjusting the rates pursuant to COPAS accounting procedure, designation of Lynx Petroleum Consultants, Inc. as operator of the well and a 200% charge for the risk involved in re-entering and completing the well.

CASE 13531: *Continued from November 3, 2005, Examiner Hearing*

Application of Yates Petroleum Corporation for an Order (1) directing Pride Energy Company to reimburse Yates for the well costs incurred by Yates in its attempt to re-enter the State "X" Well No. 1 (API No. 30-025-01838) located in Section 12, Township 12 South, Range 34 East, NMPM, prior to the time Pride Energy Company assumed operations of the well, (2) directing Pride Energy Company to account for and pay all sums it is now improperly holding pursuant to expired orders of the Division and Commission, and (3) requiring Pride Energy Company to plug and abandon the State "X" Well No. 1, Lea County, New Mexico. Applicant seeks (1) an order directing Pride Energy Company ("Pride") to reimburse Yates for the costs Yates incurred in its re-entry operations on the State "X" Well No. 1 (API No. 30-025-01838) located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 12, Township 12 South, Range 34 East, prior to the time Pride assumed operations of the well, (2) an order directing Pride to account to and refund to Yates all of the portion of the estimated share of well costs for the State "X" Well now