

CASE NO. 13859: *Continued from the January 18, 2007 Examiner Hearing.*

*Application of the New Mexico Oil Conservation Division for a Compliance Order against Pronghorn Management Corp.* Applicant seeks an order requiring finding operator to be in knowing and willful violation of NMSA 1978, Section 70-2-31(B)(2), 19.15.13.1115.A NMAC, and 19.15.4.201 NMAC as to eleven wells: assessing penalties for the violations: requiring operator to file corrected production reports by a date certain: requiring operator to bring the wells into compliance with 19.15.4.201 NMAC by a date certain and authorizing the Division to plug said wells and forfeit the applicable financial assurance in the event of non-compliance: and requiring operator to provide contact information for private lessors affected by the violations. The wells at issue are: Fields #004, 30-025-25348, A-25-23S-32E; JF Black #001, 30-025-11178, G-21-24S-37E; Marshall #007, 30-025-25201, C-19-23S-33E; New Mexico BZ State NCT 5 #001, 30-025-03521, D-29-21S-35E; New Mexico BZ State NCT 5 #002, 30-025-03522, C-29-21S-35E; New Mexico BZ State NCT 5 #003, 30-025-03523, E-29-21S-35E; New Mexico DL State #001, 30-025-28223, I-18-23S-33E; New Mexico DL State #002, 30-025-28607, O-18-23S-33E; New Mexico EF State #001, 30-025-28680, L-17-23S-33E; State C #001, 30-025-03485, M-20-21S-35E; State HL #001, 30-025-26492, L-2-23S-33E. The wells are located in southern Lea County, New Mexico.

CASE NO. 13843: *Continued from the January 18, 2007 Examiner Hearing.*

*Application of Parallel Petroleum Corporation for compulsory pooling and unorthodox well location, Eddy County, New Mexico.* Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the N/2 of Section 19, Township 19 South, Range 21 East, N.M.P.M., Eddy County, New Mexico: the N/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Gardner Draw-Morrow Gas Pool. Said unit is to be dedicated to its Drewford's Boombox 1921-19 Com Well No. 1 to be drilled at an unorthodox surface location 165 feet from the East line and 760 feet from the North line, and will penetrate the top of the Wolfcamp formation at a point 660 feet from the East line and 760 feet from the North line and a bottomhole location of 660 feet from the West line and 760 feet from the North line of Section 19, Township 19 South, Range 21 East to an approximate depth of 4350 feet to test any and all formations from the surface to the base of the Wolfcamp. 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 Parallel Petroleum Corporation as operator of the well and a charge for risk involved in drilling said well. Said area is located 12 miles southwest of Hope, New Mexico.

CASE NO. 13864: *Continued from the January 18, 2007 Examiner Hearing.*

*Application of Parallel Petroleum Corporation for compulsory pooling, Chaves County, New Mexico.* Applicant seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation in the following described spacing and proration units located in the N/2 of Section 33, Township 15 South, Range 25 East, N.M.P.M., Chaves County, New Mexico: the N/2 for all formations and/or pools developed on 320-acre spacing. Said unit is to be dedicated to its Personally 1525-33 Well No. 1 to be drilled at an unorthodox surface location 760 feet from the North line and 147 feet from the East line of Section 32, Township 15 South, Range 25 East and will penetrate the top of the Wolfcamp formation at 760 feet from the North line and 660 feet from the West line and a bottomhole location 760 feet from the North line and 660 feet from the East line of Section 33, Township 15 South, Range 25 East, NMPM, Chaves County, New Mexico to an approximate depth of 4750 feet to test any and all formations from the surface to the base of the Wolfcamp formation. 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 Parallel Petroleum Corporation as operator of the well and a charge for risk involved in drilling said well. Said area is located 12 miles NW of Lake Arthur, New Mexico.

CASE NO. 13865: *Application of Versado Gas Processors, LLC operated by Targa Resources, LLC for approval of an acid gas injection well, Lea County, New Mexico.* Applicant seeks an order to utilize its proposed Versado AGI Well No. 1, to be drilled 1200 feet from the West line and 2580 feet from the South line of Section 27, Township 22 South, Range 37 East, NMPM, to inject up to 2500 barrels of acid gas per day, at a maximum pressure of 2000 psi, into the San Andres Formation, at an approximate depth of 4500 feet to 5000 feet. This proposed well will replace Eunice Gas Plant SWD Well No. 1 (API No. 30-025-21497) at this location. Versado may be contacted through its representative, Mr. Alberto Gutierrez, 500 Marquette Ave NW, Suite 1350, Albuquerque, New Mexico 87102 or (505) 842-8000. This well is located approximately 5 miles south of Eunice, New Mexico.

CASE NO. 13787: *Continued from the January 4, 2007 Examiner Hearing.*

*Application of RSC Resources Limited Partnership for approval of a non-standard oil spacing and proration unit, compulsory pooling, and an unorthodox oil well location, Lea County, New Mexico.* Applicant seeks an order

approving a non-standard 80-acre oil spacing and proration unit in the Devonian formation (North Knowles-Devonian Pool) comprised of the SE 4 NE 4 and NE 4 SE 4 of Section 14, Township 16 South, Range 38 East, NMPM, and pooling all mineral interests in said unit. The unit is to be dedicated to the Lawrence Well No. 1Y, to be re-entered at an unorthodox surface location 2531 feet from the North line and 630 feet from the East line of Section 14, with an estimated unorthodox bottom hole location 2531 feet from the North line and 660 feet from the East line of Section 14, and applicant further seeks approval of said locations. Also to be considered will be the cost of re-entering, 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 re-entering, drilling, and completing the well. The unit is located approximately 6-1/2 miles north-northeast of Knowles, New Mexico.

CASE NO. 13851: Continued from the January 4, 2007 Examiner Hearing.

Application of Nadel and Gussman Permian, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S/2 of Section 12, Township 21 South, Range 21 East, NMPM, to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the Little Box Canyon-Morrow Gas Pool. The unit is to be dedicated to the Major Gant Fed. Well No. 1, to be drilled at an orthodox location in the SW 4 of Section 12. 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 21 miles west-southwest of Seven Rivers, New Mexico.

CASE NO. 13866: Application of BEPCO, L.P. for an exception to Division Order No. R-111-P, Eddy County, New Mexico. Applicant seeks an order granting an exception to Division Order No. R-111-P so that it is not required to cement production strings to the surface on wells drilled to the Delaware and Bone Spring formations on state and fee lands covering all of Sections 24, 25, and 36, Township 23 South, Range 29 East, NMPM, and the W/2 of Section 19, W/2 of Section 30, and NW 4 and W/2 SW 4 of Section 31, Township 23 South, Range 30 East, NMPM. This area is centered approximately 9-1/2 miles east of Loving, New Mexico.

CASE NO. 13832: Continued from the January 4, 2007 Examiner Hearing.

Application of BEPCO, L.P. to rescind Administrative Order SWD-1044, Eddy County, New Mexico. Applicant seeks an order rescinding Administrative Order SWD-1044, which approved salt-water disposal into the Delaware formation for Yates Petroleum Corporation's Jester Well No. 4, to be located 990 feet from the North line and 1650 feet from the West line of Section 12, Township 24 South, Range 29 East, NMPM. The well is located approximately 5 miles east-southeast of Harroun, New Mexico.

CASE NO. 13867: Application of Devon Energy Production Company, L.P. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the NE 4 SW 4 of Section 20, Township 21 South, Range 26 East, NMPM, to form a standard 40-acre gas spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the ARCO 20 Fed. Well No. 2, drilled at an unorthodox oil well location in the NE 4 SW 4 of Section 20. 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 west-northwest of Carlsbad, New Mexico.

CASE NO. 13868: Application of Devon Energy Production Company, L.P. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the SE 4 SW 4 of Section 20, Township 21 South, Range 26 East, NMPM, to form a standard 40-acre gas spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the ARCO 20 Fed. Well No. 2, drilled at an unorthodox oil well location in the SE 4 SW 4 of Section 20. 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 west-northwest of Carlsbad, New Mexico.