Examiner Hearing – October 18, 2007 Docket No. 33-07 Page 3 of 7

JAMISON #001	30-025-11188
JAMISON #003	30-025-11189
KNIGHT #001	30-025-11186
KNIGHT #002	30-025-11191
KNIGHT #003	30-025-11187
KNIGHT #004	30-025-11190
KNIGHT #009	30-025-20352
KNIGHT #010	30-025-20351
KNIGHT #011	30-025-20350
KNIGHT #014	30-025-27490
LAS CRUCES B #003	30-041-00236
LAS CRUCES B #004	30-041-00237
STATE #001	30-041-20600
STATE BPA #001	30-041-00188
STATE BPA #002	30-041-00189

The State, State BPA and Las Cruces B wells are located approximately six miles southeast of Milnesand in Roosevelt County, New Mexico, with the remainder being located approximately twelve miles south of Eunice and approximately six miles northeast of Jal in Lea County, New Mexico.

6. CASE 13990: (Continued from the October 3, 2007 Examiner Hearing.)

Application of the New Mexico Oil Conservation Division for a Compliance Order. The Applicant seeks an order finding that Pogo Producing Company knowingly and willfully violated Rule 104, Order R-12366, Rule 1115.A, NMSA 1978, Section 70-2-31(B) and NMSA 1978, Section 70-2-31(D) and imposing penalties for those violations, requiring the operator to file corrected reports, requiring operator to plug and abandon a well, and for such other relief as the Director deems appropriate. The affected well is the Resler B #001, 30-025-36573, Unit Letter J, Section 20, Township 23 South, Range 37 East, in Lea County, New Mexico. The well is located less than five miles north of Teaque.

7. <u>CASE 13942</u>: (Continued from the September 20, 2007 Examiner Hearing)

Application of Encore Acquisition Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Morrow formation underlying the N/2 of Section 22, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico. Applicant proposes to drill its Encore 22 State Com. Well No. 1 to be located at a standard gas well location 1730 feet from the North line and 1000 feet from the East line of said Section 22. Applicant seeks to dedicate the N/2 of Section 22 to the well to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Morrow 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 the applicant as operator of the well and a charge for risk involved in drilling said well. The subject lands are located approximately 3 miles east of Buckeye, New Mexico.

8. *CASE 13985:* (Continued from the September 20, 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 underlying the following described acreage in Section 28, T15S, R25E, NMPM, in the following manner: the N/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within that vertical extent. This unit is to be dedicated to its Native Dancer 1525-8 Well No. 1 (API#30-005-63916) which will be located at an unorthodox surface location 760 feet FNL and 168 feet FWL (Unit D) and deviated so that when the wellbore penetrates the Wolfcamp formation it will be at a standard subsurface location, 760 feet FNL and 660 feet FWL Unit D) then drilled horizontally in an easterly direction staying within a producing area 660 feet from each of the end and side boundaries of this spacing unit and ending at

Examiner Hearing – October 18, 2007 Docket No. 33-07 Page 4 of 7

a standard bottomhole location 760 feet FNL and 660 feet FEL (Unit A). 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 the applicant as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 4 miles west of Lake Arthur, New Mexico.

9. <u>CASE 13916</u>: (Reopened and Readvertised) - (This case will be continued and readvertised for the November 1, 2007 Examiner Hearing.)

Application of Parallel Petroleum Corporation for Compulsory Pooling, Chaves County, New Mexico. Applicant in the above-styled cause seeks amendment to Order R-12780 pooling all mineral interests from the surface to the base of the Wolfcamp formation in the spacing and proration units located in the S/2 of Section 28, Township 15 South, Range 25 East, N.M.P.M., Chaves County, New Mexico. Said unit was dedicated to Parallel's Unbridled 1525-28 Well No. 1 to be drilled at a surface location 1880 feet from the South line and 237 feet from the East line and a bottomhole location 1880 feet from the South line and 660 feet from the East line of Section 28, 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. Parallel seeks an order amending Order R-12780 to include certain interest owners inadvertently left out of the original pooling application. Said area is located 5 miles southwest of Lake Arthur, New Mexico.

- Case 14009: Application of McElvain Oil & Gas Properties, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all uncommitted mineral interests in all formations from the surface to the base of the Pictured Cliffs formation in the SW/4 of Section 3, Township 29 North, Range 13 West, N.M.P.M. to form a standard 160-acre gas spacing and proration unit for all formations and/or pools developed on 160-acres within that vertical, which includes but is not necessarily limited to the Fulcher Kutz Pictured Cliffs Gas Pool. Said unit is to be dedicated to applicant's proposed Ruby Well No. 1 to be drilled as a vertical well at a standard gas well location in the SW/4 of said Section 3, at a point 1755 feet from the South line and 860 feet from the West line to a depth sufficient to test any and all formations to the base of the Pictured Cliffs 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 applicant as operator of the well and a 200% risk penalty. Said area is located Southwest of the Worley baseball complex (3350 East 30th Street) in Farmington, New Mexico.
- Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 1, 2, E/2 NW/4 and NE/4 (the N/2) of Section 18, Township 18 South, Range 32 East, NMPM, to form: (i) a standard 321.89-acre gas spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent, including the Northwest Young-Morrow Gas Pool; and (ii)) a standard 161.89-acre gas spacing and proration unit for all pools or formations developed on 160-acre spacing within that vertical extent. The unit is to be dedicated to the Walker 18 Fed. Com. Well No. 1, to be drilled at an orthodox location in Lot 2 of Section 18. 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 11 miles southeast of Loco Hills, New Mexico.
- Resources, LLC seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the SE/4 SW/4 of Section 4, Township 20 South, Range 38 East, NMPM, to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Undesignated West Nadine-San Andres Pool, West Nadine-Paddock-Blinebry Pool, West Nadine-Tubb Pool, and West Nadine-Drinkard Pool. The unit is to be dedicated to the Vinson Well No. 1, located 330 feet from the South line and 2310 feet from the West line of Section 4. Also to be considered will be the cost of re-entering and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Pierce Production Company, LLC as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 2-1/2 miles southwest of Nadine, New Mexico.