Examiner Hearing – October 18, 2007 Docket No. 33-07 Page 2 of 7

The two wells in Roosevelt County are located approximately fifteen (15) miles East of Milnesand, New Mexico. The *Bay Federal* #003 well is located approximately five (5) miles South of Monument, New Mexico. The remaining eight (8) wells are located approximately three (3) to ten (10) miles north of Jal, New Mexico.

2. <u>CASE 14005</u>: Application of the New Mexico Oil Conservation Division for a Compliance Order against Tucumcari Exploration, LLC Quay County, New Mexico. The Applicant seeks an Order requiring Operator in fact, Tucumcari Exploration, LLC ("Tucumcari") to properly and fully register as Operator of record for the seven (7) wells described herein, and for an Order further requiring Tucumcari to bring the seven (7) subject wells into compliance, or alternatively authorizing the division to plug the wells and forfeit any applicable/available security in the event that Tucumcari fails to comply, and assessing an appropriate civil penalty, and for such other relief as the Director deems appropriate. The wells involved in this matter include the following:

ANNA KATHERYN #001	3-19-10N-27E	30-037-20051
ANNA KATHERYN #002	1-30-10N-27E	30-037-20052
JOHN DAVID #001	G-19-10N-27E	30-037-20053
JOHN DAVID #002	J-19-10N-27E	30-037-20054
RANDALS #005	D-20-10N-27E	30-037-20055
RANDALS #006	P-30-10N-27E	30-037-20056
RANDALS #007	F-29-10N-27E	30-037-20057

- 3. <u>CASE 14006</u>: Application of the New Mexico Oil Conservation Division for a Compliance Order against Chaparral Energy, LLC. Applicant seeks an order finding that Chaparral Energy, LLC knowingly and willfully violated Oil Conservation Division Rule 19.15.13.1105 NMAC by failing to file a C-105 Well Completion and Recompletion Report and Log Form; requiring Chaparral Energy, LLC to file a C-105 Well Completion and Recompletion Report and Log Form by a date certain; assessing penalties for Chaparral Energy, LLC's knowing and willful violation of Oil Conservation Division Rule 19.15.13.115; and for such other relief as the Director deems appropriate. The affected well is the Roberts 13 No. 001Y well, API No. 30-015-34892, Unit Letter G, Section 13, Township 17 South, Range 26 East, in Eddy County, New Mexico. The well is located approximately 10 miles east of Artesia, New Mexico.
- 4. <u>CASE 14007</u>: Application of the New Mexico Oil Conservation Division for a Compliance Order against Southwestern Inc. The Applicant seeks an order finding that operator is in violation of 19.15.3.100.C NMAC, and is in violation of 19.15.4.201 NMAC, 19.15.1.13.B NMAC and 19.15.3.116.D NMAC as to one well, determining that the violations are knowing and willful and imposing a penalty, requiring operator to come into compliance by a date certain and authorizing the division to plug said well in the event of non-compliance and forfeit the applicable financial assurance. The affected well is: State VC #001, 30-025-03035, L-36-17S-35E. The well is located approximately eight miles west of Humble City in Lea County, New Mexico.
- 5. <u>CASE 14008</u>: Application of the New Mexico Oil Conservation Division for a Compliance Order. The Applicant seeks an order 1) finding that Yeso Energy, Inc., OGRID 221710, knowingly and willfully violated 19.15.13.1115.C NMAC, 19.15.13.1104 NMAC, 19.15.9.701 NMAC and 19.15.10.804.A NMAC as to nineteen wells and imposing monetary penalties for those violations; and 2) requiring the operator to avail itself to an audit and submit corrected records; or, alternatively, 3) ordering operator to plug and abandon all remaining wells for which it remains the operator of record in the state of New Mexico, pursuant to NMSA 70-2-14(B), and, in the event of non-compliance, authorizing the Division to plug said wells and forfeit the operator's financial assurance. The affected wells are:

CORTLAND MYERS UNIT #001	30-025-11194
CORTLAND MYERS UNIT #002	30-025-11195
CORTLAND MYERS UNIT #004	30-025-11198
CORTLAND MYERS UNIT #005	30-025-11199

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. *CASE 13942*: (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