Examiner Hearing – January 10, 2008 Docket No. 1-08 Page 6 of 17

II.B of the Special Rules and Regulations for the Basin-Dakota Gas Pool to permit it to produce the following 2 Dakota gas wells in the same quarter-quarter section (NW/4 SW/4) on a standard spacing and proration unit comprised of the W/2 of Section 24, Township 28 North, Range 7 West, NMPM:

- (a) the San Juan 28-7 Unit Well No. 259 (API #30-039-21690) located 1450 feet from the South line and 790 feet from the West line (Unit L) of this section; and
- (b) the San Juan 28-7 Unit Well No. 259G (API #30-039-21788) located 2370 feet from the South line and 225 feet from the West line (Unit L) of this section.

These wells are located approximately 8 miles southeast of Navajo City, New Mexico.

14. <u>CASE 14017</u>: (Continued from the December 13, 2007 Examiner Hearing.)

Application of ConocoPhilllips for an exception to the well density requirements of the Blanco-Mesaverde Gas Pool, Rio Arriba County, New Mexico. Applicant seeks an exception to the well density requirements of Rule I.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool to permit it to produce the following 2 Mesaverde gas wells in the same quarter-quarter section (SW/4 NE/4) on a standard spacing and proration unit comprised of the E/2 of Section 34, Township 29 North, Range 5 West, NMPM:

- (a) the San Juan 29-5 Unit Well No. 34 (API #30-039-075150) located 1425 feet from the North line and 2080 feet from the East line (Unit G) of this section; and
- (b) the San Juan 29-5 Unit Well No. 34R (API #30-039-21788) located 2450 feet from the North line and 1850 feet from the East line (Unit G) of this section.

These wells are located approximately 4 miles southeast of Gobernador Camp, New Mexico.

15. CASE 14018: (Continued from the December 13, 2007 Examiner Hearing.)

Application of ConocoPhilllips for an exception to the well density requirements of the Blanco-Mesaverde Gas Pool, Rio Arriba County, New Mexico. Applicant seeks an exception to the well density requirements of Rule I.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool to permit it to produce the following 2 Mesaverde gas wells in the same quarter-quarter section (NW/4 NE/4) on a standard spacing and proration unit comprised of the E/2 of Section 34, Township 28 North, Range 7 West, NMPM:

- (a) the San Juan 28-7 Unit Well No. 225F (API #30-039-66940) located 740 feet from the North line and 2170 feet from the East line (Unit B) of this section; and
- (b) the San Juan 28-7 Unit Well No. 91 (API #30-039-07270) located 900 feet from the North line and 1460 feet from the East line (Unit B) of this section.

These wells are located approximately 9-1/2 miles southeast of Navajo City, New Mexico.

16, CASE 14025; Re-advertised

Application of Marbob Energy Corporation for an order authorizing the drilling of a well in the Potash Area, Lea County, New Mexico. Applicant seeks an order approving the drilling of its proposed Snyder 2K Fee Well No. 1 to test the Morrow formation, Undesignated Gem-Morrow Gas Pool within the Potash Area at a location 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 1, Township 20 South, Range 32 East, NMPM, Lea County, New Mexico. This well will be drilled to an approximate depth of 13,900 to test all formations from the surface to the base of the Morrow formation. Said location is within the Potash Area and approximately 20 miles south southeast of Maljamar, New Mexico.

17. CASE 14056: Application of Marbob Energy Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 5,000 feet to the base of the Morrow formation in certain spacing and proration units located in the N/2 of Section 6, Township 17 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. Said pooled units are to be dedicated to Marbob's Six Pack Federal well, and will be drilled to test the Morrow formation, Wildcat-Morrow Pool, from a standard surface location 1980 feet from the North line and 1980 feet from the West line in the SE/4 NW/4 (Unit F) of Section 6

Examiner Hearing – January 10, 2008 Docket No. 1-08 Page 7 of 17

at a depth of approximately 11,200 feet. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as actual operating costs and charges for supervision, designation of Marbob Energy Corporation as operator of the well, and a charge for risk involved in drilling said well. Said area is located approximately 3.78 miles Northwest of Loco Hills, New Mexico.

18. CASE 14024: Re-advertised

Application of OGX Resources, 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 in the following described spacing and proration units located in the E/2 of Section 34, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico: the E/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Undesignated Otis-Morrow Gas Pool, Undesignated Otis-Atoka Gas Pool, Undesignated Carlsbad-Strawn Gas and the Undesignated Cass Draw-Wolfcamp Gas Pool; the NE/4 for all formations and/or pools developed on 160-acre spacing; and the NE/4 NE/4 for all formations and/or pools developed on 40-acre spacing which includes but is not limited to the Undesignated North Cass Draw-Wolfcamp Pool. Said units are to be dedicated to its Weems Well No. 1 (API No. 30-015-35789) to be directionally drilled as a gas well from a standard surface location 1073 feet from the North line and 1501 feet from the East line (Unit B), to a standard bottom hole location 660 feet from the North and East lines (Unit A) of said Section 34 at an approximate depth of 12,400 feet to test any and all formations from the surface to the base of 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 OGX Resources, L.L.C. as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 4 miles east of the Carlsbad, New Mexico Municipal Airport.

- 19. CASE 14057: Application of Black Hills Gas Resources, Inc. for a non-standard proration unit, Rio Arriba County, New Mexico. Applicant in the above-styled cause seeks an order creating a non-standard 583.43-acre proration unit, East Blanco Pictured Cliffs Gas Pool, comprised of Lot 10 of Section 6, the NE/4 and the E/2 NW/4 of Section 7 and the N/2 of Section 8, Township 30 North, Range 3 West, NMPM, Rio Arriba County, New Mexico. Black Hills proposes to dedicate this non-standard proration unit to its Jicarilla 458-08 Well No. 13 to be drilled from a surface location 1000 feet from the North line and 2300 feet from the East line of said Section 8 and a bottomhole location 200 feet from the North line and 700 feet from the West line of said Section 7. This non-standard proration unit is located approximately 15 miles northeast of Dulce, New Mexico.
- 20. <u>CASE 14058</u>: Application of Yates Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation in the following described spacing and proration units located in the SE/4 SE/4 of Section 30, Township 22 South, Range 32 East, N.M.P.M., Lea County, New Mexico: the SE/4 SE/4 for all formations and/or pools developed on 40-acre spacing within this vertical extent including the Undesignated East Livingston Ridge-Delaware Pool and the Undesignated Southeast Livingston Ridge-Delaware Pool. Said unit is to be dedicated to its Amazing BAZ Federal Well No. 3 to be drilled at a location 330 feet from the South and East lines of Section 30, Township 22 South, Range 32 East, NMPM, Lea County, New Mexico to an approximate depth of 8,600 feet to test any and all formations from the surface to the base of the Bone Spring 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 Yates Petroleum Corporation as operator of the well and a charge for risk involved in drilling said well. Said area is located 25 miles west of Eunice, New Mexico.
- 21. CASE 14059: Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Precambrian formation in the following described spacing and proration units located in the S/2 of Section 14, Township 6 South, Range 26 East, N.M.P.M., Chaves County, New Mexico: the S/2 for all formations and/or pools developed on 320-acre spacing within this vertical extent including the Undesignated Bosque-Pennsylvanian Gas Pool and the Undesignated Crockett Draw-Wolfcamp Gas Pool; the SE/4 for all formations and/or pools developed on 160-acre spacing within this vertical extent including the Undesignated Pecos Slope-Abo Gas Pool; and the NW/4 SE/4 for all formations and/or pools developed on 40-acre spacing within this vertical extent including the Undesignated Crockett Draw-Siluro Devonian Pool. Said unit is to be dedicated to its Cooker BCB Fed Com Well No. 3 to be drilled at a location 1680 feet from the South line and