

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 11921
ORDER NO. R-11029

**APPLICATION OF WHITING PETROLEUM CORPORATION AND MARALEX
RESOURCES, INC. FOR AN ORDER SHUTTING IN CERTAIN WELLS, SAN
JUAN COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on June 11, 1998, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 6th day of August, 1998, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) The applicants, Whiting Petroleum Corporation and Maralex Resources, Inc., seek an order requiring that the following wells in San Juan County, New Mexico be shut-in for producing out-of-zone:

(a) Thompson Engineering & Production Corp.'s Stacy Well No. 1 (API No. 30-045-29396), located 835 feet from the South line and 1805 feet from the East line (Unit O) of Section 6, Township 26 North, Range 12 West, NMPM;

(b) Pendragon Energy Partners, Inc.'s Chaco Well No. 1 (API No. 30-045-22309), located 1846 feet from the North line and 1806 feet from the West line (Unit F) of

Section 18, Township 26 North, Range 12 West, NMPM;

(c) Pendragon Energy Partners, Inc.'s Chaco Well No. 2-R (API No. 30-045-23691), located 1850 feet from the South and West lines (Unit K) of Section 7, Township 26 North, Range 12 West, NMPM;

(d) Pendragon Energy Partners, Inc.'s Chaco Well No. 4 (API No. 30-045-22410), located 790 feet from the North and West lines (Unit D) of Section 7, Township 26 North, Range 12 West, NMPM;

(e) Pendragon Energy Partners, Inc.'s Chaco Well No. 5 (API No. 30-045-22411), located 790 feet from the South and East lines (Unit P) of Section 1, Township 26 North, Range 13 West, NMPM;

(f) Pendragon Energy Partners, Inc.'s Chaco Limited Well No. 1-J (API No. 30-045-25134), located 1850 feet from the South line and 1750 feet from the West line (Unit K) of Section 1, Township 26 North, Range 13 West, NMPM; and,

(g) Pendragon Energy Partners, Inc.'s Chaco Limited Well No. 2-J (API No. 30-045-23593), located 790 feet from the North line and 1850 feet from the East line (Unit B) of Section 1, Township 26 North, Range 13 West, NMPM.

(3) By written request received by the Division on May 22, 1998, the applicants moved to dismiss this case.

(4) By letter dated May 26, 1998, legal counsel for Pendragon Energy Partners, Inc. and J. K. Edwards Associates, Inc. filed an objection to the applicants' motion for dismissal.

(5) This matter was called at the June 11, 1998 hearing, where legal counsel for both the applicants and Pendragon Energy Partners, Inc./J. K. Edwards Associates, Inc. appeared and presented verbal arguments concerning the applicants' request for dismissal.

(6) Dismissal of a case at the request of the applicant is not unique and in this

case the applicant's request is warranted. The applicants' motion to dismiss Case No. 11921 should therefore be granted.

IT IS THEREFORE ORDERED THAT:

Case No. 11921 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY)
 THE OIL CONSERVATION DIVISION FOR THE)
 PURPOSE OF CONSIDERING:)
)
 APPLICATION OF WHITING PETROLEUM)
 CORPORATION AND MARALEX RESOURCES, INC.,)
 FOR AN ORDER SHUTTING IN CERTAIN WELLS,)
 SAN JUAN COUNTY, NEW MEXICO)

CASE NO. 11,921

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

June 11th, 1998

Santa Fe, New Mexico

98 JUN 25 AM 8:43
 OIL CONSERVATION DIV

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, June 11th, 1998, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

I N D E X

June 11th, 1998
Examiner Hearing
CASE NO. 11,921

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* * *

A P P E A R A N C E S

FOR THE DIVISION:

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Attorney at Law
Legal Counsel to the Division
2040 South Pacheco
Santa Fe, New Mexico 87505

FOR THE APPLICANTS:

JAMES G. BRUCE, Attorney at Law
612 Old Santa Fe Trail, Suite B
Santa Fe, New Mexico 87501
P.O. Box 1056
Santa Fe, New Mexico 87504

FOR PENDRAGON ENERGY; J.K. EDWARDS ASSOCIATES,
INCORPORATED; COLEMAN OIL AND GAS; AND THOMPSON
ENGINEERING:

MILLER, STRATVERT and TORGERSON, P.A.
150 Washington
Suite 300
Santa Fe, New Mexico 87501
By: J. SCOTT HALL

* * *

1 WHEREUPON, the following proceedings were had at
2 8:15 a.m.:

3 EXAMINER STOGNER: This hearing will come to
4 order. Please note today's date, June 11th, 1998, Docket
5 Number 15-98. I'm Michael Stogner, appointed today's
6 Hearing Examiner.

7 At this time I'm going to refer to the second
8 page and call Case Number 11,921.

9 MR. CARROLL: Application of Whiting Petroleum
10 Corporation and Maralex Resources, Inc., for an order
11 shutting in certain wells, San Juan County, New Mexico.

12 EXAMINER STOGNER: At the request of the
13 Applicant, this case was requested to be dismissed, but at
14 this time I'll call for any appearances or any discussion.

15 MR. HALL: Mr. Examiner, Scott Hall, Miller
16 Stratvert and Torgerson law firm, Santa Fe. I've entered
17 appearances on behalf of Pendragon Energy; J.K. Edwards
18 Associates, Incorporated; Coleman Oil and Gas; and Thompson
19 Engineering.

20 On behalf of Pendragon and J.K. Edwards we object
21 to dismissal.

22 On behalf of Coleman and Thompson Engineering we
23 do not protest dismissal, to the extent that the
24 Application covered the Stacey Number 1 and the Leslie
25 Number 1 wells, operated by Thompson, owned by Coleman.

1 By way of brief background, Mr. Examiner, the
2 Applicants had engaged the Division in this problem for I
3 believe well over a year and a half now. The basics of
4 their allegations are that the drilling and fracture
5 restimulation of Pendragon's Pictured Cliffs sandstone
6 wells resulted in the communication with the Fruitland Coal
7 zone, and as a further result the PC wells are alleged to
8 be producing coalbed methane.

9 The Applicants engaged the Division's district
10 office in a series of public meetings in Aztec to try to
11 address the situation up there to determine, first of all,
12 whether such a situation exists, and then what the Division
13 and the parties might be able to do about it by way of
14 administrative remedy.

15 In the interim, Whiting and Maralex filed their
16 Application for shut-in orders. Some discovery ensued
17 after that. Both parties had subpoenas issued by the
18 Division Director. Both parties likewise filed some
19 discovery motions, and those motions remain unresolved now,
20 and by doing that, in my view, both sides have invoked the
21 discretion of the Division, for purposes of administering
22 this case.

23 Sometime about February, the Applicant filed an
24 amended Application seeking additional relief in the form
25 of downhole commingling for the two zones. Hearings were

1 set. Both sides, I believe, requested continuances. And
2 at the last go-around I had requested a special hearing
3 date for this proceeding sometime in June, due to some
4 scheduling conflicts.

5 Recently, Mr. Bruce filed a letter request asking
6 for the dismissal. And I do recognize it's the practice of
7 the Division, where a case is filed and there's no activity
8 in the case and agency discretion has not been invoked,
9 that those dismissals are routinely granted. But I would
10 point out that this is not the case here, and that's why we
11 oppose objection.

12 And I will say, I believe the reasons for the
13 request are quite clear. During the process before the
14 Division in Aztec, it became quite apparent to the
15 Applicant that the Division and others were becoming
16 skeptical of the theories that the Applicant was promoting,
17 supporting its position in its Application.

18 And for that reason it went forum-shopping, and
19 it sought to file a lawsuit in state district court.

20 The problem is, Mr. Examiner, that the Applicant
21 has alleged a number of violations of the Oil and Gas Act
22 that, in our view, only this agency has the jurisdiction to
23 adjudicate and administer.

24 I'd like to present for your consideration and to
25 be made a part of the record a memorandum in opposition to

1 dismissal. What I would ask is that you consider these
2 points and authorities.

3 If I may approach and have these made a part of
4 the record, original and two copies.

5 You may wish to consider the memorandum and give
6 the Applicant an opportunity to respond with a memorandum
7 of its own.

8 EXAMINER STOGNER: Mr. Bruce, have you been
9 handed a copy of this?

10 MR. BRUCE: Just right now, Mr. Examiner.

11 EXAMINER STOGNER: Okay.

12 MR. CARROLL: Mr. Bruce, would you like to
13 respond?

14 MR. BRUCE: Yes. Mr. Examiner, Jim Bruce on
15 behalf of the Applicants, Whiting Petroleum Corporation and
16 Maralex Resources, Incorporated.

17 Just very briefly, my clients did file an
18 Application before the Division earlier this year. At the
19 request of the Santa Fe District Office, mediation pursued
20 in the Aztec office, we did not really want to pursue that
21 but we did that at the request of the Division.

22 During the course of discovery we found out a few
23 additional facts which caused us to file the request for
24 dismissal in this case.

25 The Division has a policy to allow an applicant

1 to dismiss an application at any time, and we believe this
2 case should be dismissed.

3 The fact of the matter is that J.K. Edwards and
4 Pendragon have perforated in a zone they don't own. And as
5 the Division knows, there is now a court action pending in
6 Santa Fe County District Court seeking trespass,
7 conversion, damages and injunctive relief.

8 The Division has no jurisdiction over those type
9 of matters, and as a result the case must be pursued in
10 District Court.

11 And again, we just simply request the case be
12 dismissed.

13 MR. CARROLL: Mr. Hall, who are your clients?
14 How many different clients are you representing?

15 MR. HALL: I believe in this case I've entered
16 appearances for Pendragon Energy; J.K. Edwards Associates;
17 Coleman Oil and Gas; and Thompson Engineering.

18 MR. CARROLL: Now, you filed an Application.
19 What clients is that on behalf of?

20 MR. HALL: That is on behalf of Pendragon and
21 J.K. Edwards. That's Case 11,996.

22 MR. CARROLL: So it appears that your rights
23 would be protected by your own Application? I mean, how
24 will they be prejudiced by dismissing Whiting and Maralex's
25 Application?

1 MR. HALL: Well, our concern is that the
2 dismissal of this initial case, Whiting and Maralex having
3 initially invoked agency jurisdiction shouldn't be allowed
4 to unilaterally dismiss when there's been reliance on the
5 part of both parties on the administrative process. Both
6 sides have undertaken discovery, both sides have retained
7 experts, I believe both sides have incurred significant
8 time and expense preparing for a hearing. Given that,
9 prejudice results if we're simply allowed to walk away from
10 the Application.

11 Moreover, I'm directly concerned about the
12 allegations of the Oil and Gas Act that both Applications
13 implicate. There is a question over jurisdiction, and we
14 would be pleased to brief that to you further.

15 But the point is, if the dismissal in the first
16 case is allowed it will facilitate what we believe to be
17 forum-shopping, and that's inappropriate.

18 MR. CARROLL: Well, isn't this an argument you
19 should be making to the judge --

20 MR. HALL: We were --

21 MR. CARROLL: -- asking the judge to kick it over
22 to the Division?

23 MR. HALL: We'll be making those arguments to the
24 judge. We believe we're entitled to make them here as
25 well.

1 MR. CARROLL: Well, do you believe the Division
2 should assert jurisdiction in this case and try to prevent
3 the district court judge from hearing the case?

4 MR. HALL: We're not asking anyone to prevent
5 anything. What we're asking the Division to do is to
6 exercise its statutory authority under the Oil and Gas Act
7 to address these alleged violations.

8 MR. CARROLL: Well, you did that by your
9 application, right? Filed on behalf of Pendragon and
10 Edwards?

11 MR. HALL: We did.

12 MR. CARROLL: So there is still going to be a
13 hearing, and the time and expense involved in preparing for
14 the Whiting and Maralex case will still be useful in the
15 Pendragon and Edwards case; isn't that correct?

16 MR. HALL: That is correct.

17 Again, we are concerned that dismissal will
18 facilitate forum-shopping by the Applicants. They are
19 asking someone other than the agency vested with the
20 expertise, they're asking non-engineers and non-geologists
21 to determine matters of engineering and geologic
22 importance.

23 The statutes simply don't provide for that. They
24 provide that the Division does that sort of thing.

25 MR. CARROLL: Well, it sounds like an argument

1 you should be making to the judge, and hopefully the judge
2 will listen to you.

3 Mr. Bruce, you wanted to respond?

4 MR. BRUCE: Oh, I was just going to say a couple
5 of things. I just had a chance to look at this memo.

6 Mr. Hall cites Rule 41 of the Rules of Civil
7 Procedure. I would point out that -- I can't remember the
8 case number, but it was the last West Lovington-Strawn Pool
9 Rules case, the Commission in that case ruled that they
10 weren't going to file district court rules in matters of
11 this type, in matters of dismissal of an application.

12 In that case, Yates and -- Yates Petroleum
13 Corporation and Hanley Petroleum Corporation unilaterally
14 withdrew an application for hearing *de novo*.

15 That was objected to by Gillespie-Crow, Inc., the
16 applicant in the underlying case, and the Commission said,
17 We're not going to follow Rule 41, as Mr. Hall has stated
18 at this point.

19 I would also point out again, this is forum
20 shopping. It's a trespass and conversion action which the
21 court has jurisdiction over.

22 MR. HALL: Mr. Examiner, what I would recommend
23 you do is, you simply take our memorandum into
24 consideration and provide an opportunity for the Applicant
25 to brief it. We may want to argue this further before you.

1 MR. CARROLL: Mr. Bruce, do you want to --

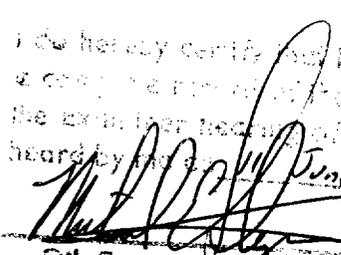
2 MR. BRUCE: I do not want to file anything more.

3 EXAMINER STOGNER: Mr. Bruce, at this time the
4 Division will review and take under consideration your
5 request at this time, and within a week we'll issue a
6 written decision in this matter.

7 Thank you, gentlemen.

8 (Thereupon, these proceedings were concluded at
9 8:30 a.m.)

10 * * *

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13
14 I do hereby certify that the
15 a copy of the record of the
16 the exhibit heretofore filed
17 heard by me on June 11, 1921
18 
19 Examiner
20 Of Conservation Division
21
22
23
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25

CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

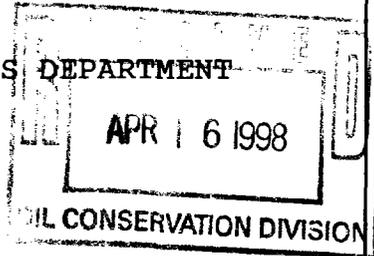
WITNESS MY HAND AND SEAL June 11th, 1998.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 1998

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION



IN THE MATTER OF THE HEARING CALLED BY)
THE OIL CONSERVATION DIVISION FOR THE)
PURPOSE OF CONSIDERING:)
)
APPLICATION OF WHITING PETROLEUM)
CORPORATION AND MARALEX RESOURCES,)
INCORPORATED, FOR AN ORDER SHUTTING)
IN CERTAIN WELLS IN SAN JUAN COUNTY,)
NEW MEXICO)

CASE NO. 11,921

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS
EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

April 2nd, 1998
Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, April 2nd, 1998, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

I N D E X

April 2nd, 1998
Examiner Hearing
CASE NO. 11,921

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* * *

A P P E A R A N C E S

FOR THE DIVISION:

RAND L. CARROLL
Attorney at Law
Legal Counsel to the Division
2040 South Pacheco
Santa Fe, New Mexico 87505

ALSO PRESENT:

JAMES G. BRUCE, Attorney at Law
612 Old Santa Fe Trail, Suite B
Santa Fe, New Mexico 87501
P.O. Box 1056
Santa Fe, New Mexico 87504

* * *

1 WHEREUPON, the following proceedings were had at
2 10:30 a.m.:

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4
5 EXAMINER CATANACH: Now, how do we want to do
6 this?

7 MR. BRUCE: Could I just make a statement on the
8 record?

9 MR. CARROLL: Go ahead, Mr. Bruce.

10 MR. BRUCE: Mr. Examiner, I'm here today in Case
11 11,921, which is the Application of Whiting Petroleum
12 Corporation and Maralex Resources, Incorporated, for an
13 order shutting in, et cetera, certain wells in San Juan
14 County, New Mexico.

15 At the request of the Applicant, the Division
16 Director issued three subpoenas on March 23rd, one to
17 Thompson Engineering and Production Corporation, one to
18 Coleman Oil and Gas, Incorporated, and one to J.K. Edwards
19 and Associates, Incorporated.

20 The three subpoenas were served to the parties on
21 March 24th.

22 The subpoenas requested that they appear at 8:15
23 a.m. on Thursday, April 2nd, 1998, at this hearing, and
24 produce the documents requested therein.

25 I have been here since 8:15 a.m., and I would

1 just like to state for the record that no one from those
2 three companies showed up to produce any of the documents
3 that were ordered to be produced by the Division.

4 Thank you.

5 EXAMINER CATANACH: Mr. Bruce, is there a motion
6 to quash that subpoena --

7 MR. BRUCE: No, sir, I --

8 EXAMINER CATANACH: -- as far as you know?

9 MR. BRUCE: -- have not received one.

10 MR. CARROLL: What were the parties you mentioned
11 that you're appearing on behalf of?

12 MR. BRUCE: Thompson Engineering, Coleman Oil and
13 Gas, and J.K. Edwards and Associates.

14 MR. CARROLL: Okay, on behalf of J.K. Edwards we
15 did receive yesterday a motion to quash.

16 MR. BRUCE: Okay, I did not receive it.

17 MR. CARROLL: Let's see if you're copied. No,
18 you're not copied either.

19 MR. BRUCE: Okay.

20 MR. CARROLL: Mr. Hall filed it on behalf --

21 MR. BRUCE: Is it totally -- Could you just tell
22 me, is it to totally quash or partially quash?

23 MR. CARROLL: Doesn't limit it in the heading,
24 so...

25 MR. BRUCE: That's all I wanted.

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EXAMINER CATANACH: Okay, I expect we'll be dealing with that in the next few days.

Thank you, Mr. Bruce.

(Thereupon, these proceedings were concluded at 10:33 a.m.)

* * *

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1192, heard by me on April 2 1998.
David R. Catanach, Examiner
Oil Conservation Division

CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL April 6th, 1998.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 1998

ROSEN, COOK, SLEDGE, DAVIS,
CARROLL & JONES, P.A.

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LEON Y. SADLER, IV
W. BRADFORD ROANE, JR.
JOHN T. FISHER, JR.

June 15, 1998

VIA FACSIMILE: 505/986-1367

J. E. Gallegos, Esq.
Michael J. Condon, Esq.
GALLEGOS LAW FIRM, P.C.
460 St. Michael's Drive
Santa Fe, New Mexico 87505

RE: *Whiting Petroleum v. Pendragon Energy, No. D-0101-CV-98 01295*

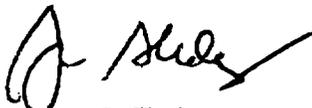
Dear Mr. Gallegos and Mr. Condon:

I represent Black Warrior Wireline Corp. Through our subsidiary Boone Wireline Co., Inc., we recently purchased the business assets of Petro Wireline Services of Farmington, New Mexico. Our manager, Jerry Huskey, received your Notice to Take Oral Deposition Duces Tecum recently.

We do not wish to take one side or the other in this litigation. However, the data which you seek may contain proprietary information with respect to our customer. Before creating expense for all parties by filing a Motion for Protective Order, I would hope that you would postpone the deposition in order to allow Mr. Huskey to furnish the written documentation which he would bring in response to your subpoena to Alan Konrad. If any of the data is thought to be proprietary, an appropriate motion can be filed at that time.

I will try to contact you later in the morning to discuss this, however, given the time differences it seemed best to make this request in writing.

Sincerely,


James J. Sledge

JJS/jw

ATWOOD, MALONE, TURNER & SABIN

A PROFESSIONAL ASSOCIATION

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REPLY TO ROSWELL

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STEVEN L. BELL
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JOHN S. NELSON
LEE M. ROGERS, JR.
TIMOTHY A. LUCAS
VICTORIA DAVIS ARMSTRONG
REMO E. GAY
BRYAN EVANS
TIMOTHY L. WHITE
BARBARA A. REDDY
WILLIAM L. FINLEY

CHARLES F. MALONE
OF COUNSEL

June 12, 1998

J.E. Gallegos, Esquire
GALLEGOS LAW FIRM, P.C.
460 St. Michael's Drive
Santa Fe, New Mexico 87505

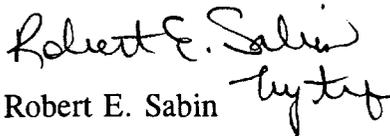
Re: Whiting, et al. vs. Pendragon Energy Partners, Inc., et al.
Santa Fe County Cause No. D-0101-CV-98-01295

Dear Jean:

Thank you for your courtesy in agreeing to postpone the deposition date of BJ Services while we explore the possibility of resolving the matter short of filing a Motion for Protective Order. At this point, BJ Services is still attempting to determine what documents may be responsive to your Subpoena DT. Once we have assembled those documents, we propose to review them with Pendragon Energy Partners to see whether it objects to the production of any of the documents.

JUN 15 '98 PM2:35

Very truly yours,


Robert E. Sabin

RES/trf

cc: Scott Hall, Esq.
Allen Conrad, Esq.

JEG

MILLER, STRATVERT & TORGERSON, P. A.
LAW OFFICES

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ALICE TOMLINSON LORENZ
GREGORY W. CHASE
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STEPHAN M. VIDMAR
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SETH V. BINGHAM
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TIMOTHY R. BRIGGS
RUDOLPH LUCERO
DEBORAH A. SOLOVE
GARY L. GORDON
LAWRENCE R. WHITE
SHARON P. GROSS
VIRGINIA ANDERMAN
MARTE D. LIGHTSTONE
J. SCOTT HALL
THOMAS R. MACK
TERRIL L. SAUER

JOEL T. NEWTON
JUDITH K. NAKAMURA
THOMAS M. DOMME
C. BRIAN CHARLTON
RUTH O. PREGENZER
JEFFREY E. JONES
MANUEL I. ARRIETA
ROBIN A. GOBLE
JAMES R. WOOD
DANA M. KYLE
KIRK R. ALLEN
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KYLE M. FINCH
H. BROOK LASKEY
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PAUL W. ROBINSON, COUNSEL
RALPH WM. RICHARDS, COUNSEL
ROSS B. PERKAL, COUNSEL

PLEASE REPLY TO SANTA FE

June 2, 1998

Lori Wrotenbery, Director
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87504

VIA FACSIMILE: (505) 827-8177

Re: NMOCD Case No. 11921; Application of Whiting Petroleum Corporation and Maralex Resources, Inc. for Shut-in Order, San Juan County, New Mexico

NMOCD Case No. ____; Application of Pendragon Energy Partners, Inc. and J.K. Edwards Associates, Inc. To Confirm Production From Appropriate Common Source Of Supply, San Juan County, New Mexico

Dear Ms. Wrotenbery:

On May 26, 1998, Whiting Petroleum Corporation and Maralex Resources, Inc. filed suit in district court against Pendragon Energy Partners, Inc. and J.K. Edwards Associates, Inc. claiming, generally, that the drilling and fracture stimulation of the Pendragon-operated wells caused the Pictured Cliffs formation in the WAW Fruitland-Pictured Cliffs pool to become communicated with the Fruitland Coal formation. According to Whiting and Maralex, the coalbed methane they own in the Fruitland Coal formation is being produced from the Pendragon Pictured Cliffs completions as a result. These are the same issues that Whiting and Maralex have raised in Case No. 11921. Whiting and Maralex have also pleaded an alternative theory suggesting that their own operations may have caused Fruitland coalbed methane to escape from the zone and migrate into the Fruitland-Pictured Cliffs sandstone. These assertions directly implicate the Division's regulatory authority under the Oil and Gas Act over all matters relating to the conservation of oil and gas and the prevention of waste and specifically over oil and gas operations.

Ms. Lori Wrotenbery
June 2, 1998
Page 2

In addition to their generalized allegations that production from the pools are no longer segregated, Whiting and Maralex have specifically asserted that four of the Pendragon-operated Fruitland-Pictured Cliffs wells¹ have been perforated directly into the coal formation. (See Complaint Para. 24.) This is a serious claim to make and is one which we believe has no good ground to support it. Moreover, it is a matter that necessarily should have been raised to the Division.

In this regard, to answer the questions raised by the Whiting/Maralex claim and to facilitate the Division's administration of this matter, Pendragon is voluntarily running casing collar log surveys on each of the referenced wells. Moreover, Frank Chavez, the district supervisor from the Division's Aztec office has been advised of the operations and has agreed to have the casing survey operations witnessed by Division personnel. The data provided by the casing collar surveys should become available this week. The data should provide definitive proof, one way or another, of the validity of this particular Whiting/Maralex contention and will enable the Division to take appropriate regulatory action.

Once the results of the casing collar surveys are known, I will advise.

Very truly yours,

MILLER, STRATVERT & TORGERSON, P.A.



J. Scott Hall, Esq.

JSH/mg

cc: Al Nicol, Pendragon Energy
Keith Edwards, J.K. Edwards Associates
Gene Gallegos
Jim Bruce
Rand Carrol

¹ Chaco No. 1; Chaco No. 2-R; Chaco No. 4 and Chaco No. 5.

MILLER, STRATVERT & TORGERSON, P.A.
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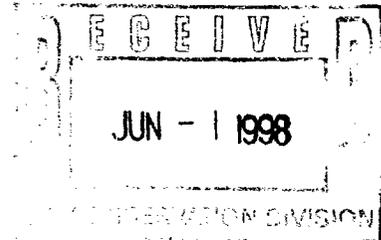
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WILLIAM K. STRATVERT, COUNSEL
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RALPH WM. RICHARDS, COUNSEL
ROSS B. PERKAL, COUNSEL

PLEASE REPLY TO SANTA FE

May 28, 1998



Ms. Lori Wrotenbery, Director
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87504

BY FACSIMILE

Re: NMOCD Case No. 11921; Application of Whiting Petroleum Corporation
and Maralex Resources, Inc. for Shut-in Order, San Juan County, New Mexico

NMOCD Case No. ____; Application of Pendragon Energy Partners, Inc. and J.K.
Edwards Associates, Inc. To Confirm Production From Appropriate Common Source
Of Supply, San Juan County, New Mexico

Dear Ms. Wrotenbery:

I was reluctant to subject you to a round-robin competition of faxed letters from counsel, however, one of Mr. Gallegos's assumptions needs correction: As soon as it became apparent on Tuesday morning that Whiting and Maralex were attempting to avoid the jurisdiction of the NMOCD, I telephoned Division counsel Rand Carroll and advised him of the complaint and later had a copy of the same hand-delivered to him. At that point in time, the complaint had not yet been filed with the Court.

Ms. Lori Wrotenbery
May 28, 1998
Page 2

Rather than see counsel attempt to make their cases by way of further letters to the Director, I believe it is more appropriate for Mr. Gallegos to enter his appearance in the above-pending cases. That way, Mr. Gallegos can explain directly why Whiting and Maralex, having invoked the jurisdiction of the NMOCD originally, are now attempting to change their position.

Very truly yours,

MILLER, STRATVERT, TORGERSON

A handwritten signature in cursive script that reads "J. Scott Hall".

J. Scott Hall, Esq.

JSH:MBC

cc: Mr. Al Nicol, Pendragon Energy
Mr. Keith Edwards, J.K. Edwards Associates
Rand Carroll, Esq.
Gene Gallegos, Esq.
James Bruce, Esq.

GALLEGOS LAW FIRM

A Professional Corporation

460 St. Michael's Drive
Building 300
Santa Fe, New Mexico 87505
Telephone No. 505-983-6686
Telefax No. 505-986-1367
Telefax No. 505-986-0741

May 28, 1998
(Our File No. 98-266.00)

J.E. GALLEGOS *

VIA HAND-DELIVERY

Lori Wrotenbery, Director
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: Whiting Petroleum et al. v. Pendragon Resources, et al.
Santa Fe County Cause No. D-0101-CV-980129S

Dear Ms. Wrotenbery:

You might be curious why there has been a sudden flurry of filings by Pendragon with your agency. Counsel for Pendragon has neglected to advise the Division that Pendragon has been sued in the District Court of Santa Fe County by Whiting Petroleum Corporation and Maralex Resources Inc. for damages and an injunction due to the trespass and conversion by the defendants. A copy of the Complaint in that case is provided for your further information.

It is also interesting to note that Pendragon's scurrying to the Division has all occurred following my advising Scott Hall on Tuesday morning that the lawsuit had been filed and a hearing on the Application for Preliminary Injunction was being sought. Enclosed is a copy of my letter of the morning of Tuesday, May 26, 1998 and the fax confirmation.

The Conservation Division is not the forum for adjudicating tortious conduct, awarding money damages nor providing injunctive relief, as you know. Evidently, Pendragon seeks to use the agency as a haven from facing the charges against it in the Court.

Sincerely,

GALLEGOS LAW FIRM, P.C.

By



J.E. GALLEGOS

JEG:sa

Attachments

fxc: Scott Hall
James Bruce

ioc: Michael J. Condon
Julie L. Hall

John Hazlett
Mickey O'Hare

* New Mexico Board of Legal Specialization
Recognized Specialist in the area of
Natural Resources-Oil and Gas Law

*** TX REPORT ***

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CLIENT: Whiting
CLIENT NO.: 98-266.00

DATE: May 26, 1998

TO: J. Scott Hall

COMPANY: Miller, Stratvert, Torgerson & Schlenker, P.A.

TELEFAX NO.: 989-9857

FROM: J.E. GALLEGOS

MESSAGE:

NUMBER OF PAGES INCLUDING COVER SHEET: 26

IMPORTANT

**THE INFORMATION CONTAINED IN THIS FACSIMILE MESSAGE IS
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 DELIVERING IT TO THE INTENDED RECIPIENT YOU ARE HEREBY NOTIFIED**

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Telefax No. 505-986-0741

May 26, 1998
(Our File No. 98-266.00)

J.E. GALLEGOS *

VIA TELECOPY 989-9857

J. Scott Hall
Miller, Stratvert, Torgerson
& Schlenker, P.A.
Post Office Box 1986
Santa Fe, New Mexico 87504

Re: Whiting Petroleum Company et. al. v. Pendragon Energy
Resources Inc. et al.

Dear Scott:

We are filing suit this morning in behalf of Whiting Petroleum and Maralex Resources against your clients Pendragon and J. K. Edwards. I attempted to reach you by phone this morning at a little after 9:00 but only got voice mail.

We are attaching to this fax a copy of the Complaint and the Application for a Preliminary Injunction. The pleading will also be served on the defendants' statutory agent this morning.

Once we have a judge assigned to the case, we will approach the Court to set a hearing on the Application for Preliminary Injunction. We invite you to appear with us at that time. PLEASE CALL ME AS SOON AS POSSIBLE.

Sincerely,

GALLEGOS LAW FIRM, P.C.

By


J.E. GALLEGOS

JEG:sa

fxc: John Hazlett
Mickey O'Hare
ioc: Michael J. Condon
Michael L. Oja

8
ENDORSED

MAY 26 1998

FIRST JUDICIAL DISTRICT COURT
SANTA FE, RIO ARRIBA & LOS ALAMOS COUNTIES
P. O. Box 2268
Santa Fe, New Mexico 87504-2268
JoAnn Vigil Quintana
Court Administrator/District Court Clerk

FIRST JUDICIAL DISTRICT COURT
COUNTY OF SANTA FE
STATE OF NEW MEXICO

WHITING PETROLEUM CORPORATION,
a corporation, and MARALEX RESOURCES,
INC., a corporation,

Plaintiffs,

vs.

No. D-0101-CV-980129S

PENDRAGON ENERGY PARTNERS, INC.,
a corporation, and J.K. EDWARDS
ASSOCIATES, INC., a corporation

Defendants.

**COMPLAINT FOR TORTIOUS CONDUCT, AND
FOR DAMAGES AND EQUITABLE RELIEF**

Plaintiffs Whiting Petroleum Corporation and Maralex Resources, Inc., for
their claims for relief against the defendants, state and allege as follows:

IDENTIFICATION OF PARTIES

1. Plaintiff Whiting Petroleum Corporation (hereinafter "Whiting") is a Delaware corporation with its principal place of business in Denver, Colorado, and is qualified to do business in New Mexico. Whiting is primarily engaged in the exploration, development, and production of oil and natural gas in various producing regions including, inter alia, the San Juan Basin of New Mexico. With respect to the properties and wells involved in this lawsuit, those properties and wells are situated in the Gallegos Canyon area of the San Juan Basin of New Mexico, and Whiting both owns working interests in those wells, and is the operator of record of the properties. As

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CC: _____
Vol: I Tab: 1

used herein, the term "operator" refers to the entity that is entitled to manage operation of a natural gas or oil well.

2. Plaintiff Maralex Resources, Inc. (hereinafter "Maralex") is a Colorado corporation with its principal place of business in Ignacio, Colorado and is qualified to do business in New Mexico. Maralex is primarily engaged in the exploration, development, and production of oil and natural gas in various producing regions including, inter alia, the San Juan Basin of New Mexico. Maralex owns a working interest in the wells operated by Whiting situated in the San Juan Basin of New Mexico which are involved in this lawsuit, and Maralex is the field operator of those wells under contract to Whiting.

3. Defendant Pendragon Energy Partners, Inc. (hereinafter "Pendragon") is a Colorado corporation with its principal place of business in Denver, Colorado. Pendragon is engaged in the exploration, development, and production of oil and natural gas in the San Juan Basin of New Mexico. Pendragon owns 75% of the working interest in certain mineral formations, as more fully described below, which underlie natural gas producing properties and formations owned by plaintiffs. Pendragon is also the operator of certain wells, the conduct with respect to which gives rise to plaintiffs' claims for relief in this lawsuit. Pendragon's statutory agent for service of process in New Mexico is CT Corporation System, Inc., 123 Marcy Street, Santa Fe, New Mexico 87501.

4. Defendant J.K. Edwards Associates, Inc. (hereinafter "Edwards") is a Colorado corporation with its principal place of business in Denver, Colorado.

Edwards owns 25% of the working interest in certain mineral formations, as more fully described below, which underlie natural gas producing properties and formations owned by plaintiffs. Edwards statutory agent for service of process in New Mexico is CT Corporation System, Inc., 123 Marcy Street, Santa Fe, New Mexico 87501.

JURISDICTION AND VENUE

5. This Court has jurisdiction over the parties and over the subject of this lawsuit. Venue is proper in Santa Fe County pursuant to NMSA 1978, § 38-3-1(F) because the defendants' statutory agent for service of process resides in Santa Fe County, New Mexico.

FACTS COMMON TO ALL CLAIMS FOR RELIEF

6. In the San Juan Basin of Northwest New Mexico oil, gas and other minerals are found in and recovered from different geologic subsurface strata or formations each lying and being situate at varying depths below the earth's surface. It is common, and true in this case, that stratigraphic ownership is held by different parties in the geologic formations that are underneath the same surface acreage.

7. At all times relevant hereto, Whiting or its predecessors in interest, has been the record operator of and has owned a 75% working interest in the following wells in the Gallegos Canyon area of the San Juan Basin:

<u>Well Name</u>	<u>Location</u>
Gallegos Federal 26-12-6 No. 2	W½, Section 6, T12N, R12W, N.M.P.M.
Gallegos Federal 26-12-7 No. 1	W½, Section 7, T26N, R12W, N.M.P.M.
Gallegos Federal 26-13-1 No. 1	E½, Section 1, T26N, R13W, N.M.P.M.

Gallegos Federal 26-13-1 No. 2

W½, Section 1, T26N, R13W, N.M.P.M.

Gallegos Federal 26-13-12 No. 1

N½, Section 12, T26N, R13W, N.M.P.M.

Each of these wells are completed in and producing from a subsurface coalbed strata known as the Basin-Fruitland Coal Gas Pool (a/k/a the "Fruitland formation"), as defined in Order No. R-8768, as amended, issued by the New Mexico Oil Conservation Division. Each such well was drilled before the end of calendar year 1992 so that the production could qualify for the benefit of certain tax credits, as further alleged below. The designated spacing unit by governmental regulation for Fruitland formation wells, is 320 acres for each well.

8. The ownership of plaintiffs in the leases on which their wells are situate consists of the geological formations from the earth's surface to the bottom of the Fruitland formation.

9. Defendants Pendragon and Edwards do not own any working interest in the Fruitland formation underlying plaintiffs' wells, or in any natural gas-producing horizon above the bottom of the Fruitland Coal formation.

10. The coalbeds and the interbedded sandstone layers of the Fruitland formation contain interstitial water with dissolved minerals. Upon completion of a well in this formation, the well will commonly produce, for many months, very large quantities of water; as water is removed, production of commercial quantities of coalbed methane gas increases. Accordingly, operators and working interest owners such as Whiting and Maralex must invest considerable funds and resources not only in drilling and completing coalbed wells but also in dewatering the wells, and in proper disposal of

the water. After the plaintiffs' wells were drilled in 1992 and continuing into 1995 plaintiffs spent significant time and money dewatering the wells, and only when the wells were sufficiently dewatered, did coalbed methane production from the Fruitland formation become profitable.

11. Under Section 29 of the Internal Revenue Code, production of coalbed methane natural gas from wells drilled in the Fruitland formation prior to the end of 1992 qualifies the owner and seller of the gas for certain tax credits attendant to each unit of gas sold. These tax credits are approximately \$1.05 per Mcf (the term "Mcf" is a volumetric measurement of natural gas; one Mcf equals 1,000 cubic feet of natural gas), for gas produced and sold before January 1, 2003, the expiration date for the Section 29 tax credits. To qualify for these tax credits, the coalbed methane gas must be produced from the Basin-Fruitland Coal Gas Pool; any production or removal of coalbed methane gas from a well not timely drilled and designated as producing from a coalbed formation does not qualify for the tax credits. The availability of these tax credits was a material inducement to plaintiffs Whiting and Maralex to, inter alia, (a) acquire their working interests in the Basin-Fruitland Coal Gas Pool, (b) drill and complete their wells, and (c) incur the considerable expense of operating such wells, including dewatering the Fruitland formation.

12. As the name of the Fruitland formation indicates, gas produced from the Basin-Fruitland Coal Gas Pool, unlike gas produced from other, conventional producing horizons in the San Juan Basin, is gas that results from biochemical transformation during coal deposition. The Fruitland formation is extensively striated,

both horizontally and vertically, with small cracks or "cleats" that expose coal surfaces from which methane is released into the cleats. As a coalbed is mined or produced by a well the methane migrates in the formation under pressure through the cleats which are in communication with each other and is released into the wellbore to flow to the surface.

13. A characteristic of Fruitland formation coalbed gas is that, in contrast to natural gas produced from conventional sedimentary beds in the San Juan Basin such as the Pictured Cliffs formation, it consists almost wholly of methane and little or no other hydrocarbons usually are present. Another characteristic of Fruitland formation wells is that as water is removed and gas produced over time the gas flow "inclines" or increases as opposed to wells completed in conventional gas formations, such as the Pictured Cliffs, which decline over time.

14. At all times relevant hereto, defendants Pendragon and Edwards have held ownership in and Pendragon has operated the following wells pertinent to plaintiffs' claims for relief:

<u>Well Name</u>	<u>Location</u>
Chaco No. 1	NW¼, Section 18, T26N, R12W, N.M.P.M.
Chaco No. 2R	SW¼, Section 7, T26N, R12W, N.M.P.M.
Chaco No. 4	NW¼, Section 7, T26N, R12W, N.M.P.M.
Chaco No. 5	SE¼, Section 1, T26N, R13W, N.M.P.M.
Chaco Ltd. No. 1J	SW¼, Section 1, T26N, R13W, N.M.P.M.
Chaco Ltd. No. 2J	NE¼, Section 1, T26N, R13W, N.M.P.M.

15. The above-referenced wells operated by defendant Pendragon are supposedly completed in the Pictured Cliffs formation which lies horizontally under the Fruitland formation. Spacing for the Pendragon-operated wells completed in the Pictured Cliffs formation is 160 acres by governmental regulation. The 160 acre spacing unit is reflective of the Pictured Cliffs formation being a "tight" or low permeability sandstone with a smaller gas drainage area than the Fruitland formation.

16. Defendants' ownership of oil and gas leases is confined to strata below the base of the Fruitland formation; the defendants' wells are supposed to be limited to production of gas from within the Pictured Cliffs formation.

17. In 1995, the Pictured Cliffs formation had marginal, if any, remaining commercial viability in the Gallegos Canyon area. The original development and production of gas reserves from the Pictured Cliffs formation in the Gallegos Canyon area, from the 1950's through the 1970's, depleted that formation. By 1995, the Pictured Cliffs formation had been exploited for decades, contained minimal remaining recoverable reserves which were dramatically less than the known reserves of the overlying Fruitland formation in the area, and had and has comparatively low reservoir pressure. Accordingly, at the times material hereto, production rates for coalbed wells producing from the Fruitland formation are characteristically several multiples of production rates for Pictured Cliffs wells underlying the Fruitland formation.

18. The Pictured Cliffs formation consists of sedimentary sandstone layers in which the natural gas is trapped. Although the Pictured Cliffs formation underlies in close proximity the Fruitland formation, gas reserves in the two formations

are not naturally in communication. Rather, intervening rock and the sandstone of the Pictured Cliffs formation, if undisturbed, presents an impermeable barrier to the passage of coalbed methane gas from the Fruitland formation into the deeper Pictured Cliffs formation.

19. By the summer of 1995, plaintiffs had succeeded in dewatering each of their Fruitland formation coalbed wells referenced above and were experiencing inclining production of coalbed methane from such wells. As of that same time, each of the above-alleged Pictured Cliffs wells operated by defendant Pendragon was either shut-in due to uneconomic volume or was a marginal producer flowing less than 5 Mcf per day.

20. Commencing in or about January 1995 and during that year, defendant Pendragon "restimulated" defendants' old Pictured Cliffs wells.

21. The procedure utilized by defendants to "restimulate" or "recomplete" the old wells was to fracture or "frac" the wells and to "reperforate" the wells. To "frac" a well involves pumping fluid under pressure into the producing formation -- which was supposedly the Pictured Cliffs formation for defendants' wells -- to open cracks in the gas-bearing rock, prop the cracks open with sand or other materials and thus allow transit of natural gas to occur more freely through the formation to the wellbore. To "perforate" means to pierce the casing wall and cement of a wellbore to make holes through which formation fluids or gas may enter.

22. Defendants' officers, employees, and/or agents planned, designed and supervised the fracturing and reperforating of the Pendragon-operated wells,

knowing that the Fruitland formation overlay the Pictured Cliffs formation, knowing that defendants had no legal right, interest or authorization to produce Fruitland coalbed methane from defendants' Pictured Cliffs wells, and knowing that a fracture treatment not confined to the Pictured Cliffs formation would travel vertically upward entering the Fruitland formation and thereby cause plaintiffs' coalbed methane to flow to the surface through defendants' wells.

23. As a result of defendants' planned and designed conduct, fractures have been created by defendants which invade into and upon the Fruitland formation owned by plaintiffs and this invasion has and continues daily to cause the extraction, severance and sale by defendants of plaintiffs' coalbed gas.

24. Plaintiffs are informed and believe and so allege that defendants' Chaco No. 1, Chaco No. 2R, Chaco No. 4 and Chaco No. 5 are wells in which perforations have been created in their well casing not confined to the Pictured Cliffs formation but which instead are at levels above the base of the Fruitland formation; these wells thus not only take gas from the Fruitland formation by virtue of the described fracture paths but also from direct invasion of the coalbed.

25. As a result of Pendragon's activities, defendants' wells, which are to be limited to production from the Pictured Cliffs formation, are in communication with and producing from the Basin-Fruitland Coal Gas Pool, from which defendants have no right or authority to produce coalbed methane. Defendants' Pictured Cliffs wells are draining Fruitland formation reserves owned by plaintiffs Whiting and Maralex, are damaging reservoir pressures, and are otherwise impairing plaintiffs' correlative rights.

Despite plaintiffs' demands that defendants desist from their wrongful actions, defendants' misconduct continues, as do plaintiffs' increasing losses.

FIRST CLAIM FOR RELIEF

(Trespass)

26. Plaintiffs incorporate by reference paragraphs 1 through 25 above.

27. Defendants have no right, interest, title or permission to invade, enter upon, or produce coalbed methane from the described Fruitland formation owned by plaintiffs.

28. Defendants through both (a) fracking or restimulating defendants' Pictured Cliffs wells, and (b) perforating the wellbore casing in certain of defendants' Pictured Cliffs wellbores at levels within the Fruitland formation, have wrongfully physically entered and invaded plaintiffs' real property interests in and to the Fruitland formation, thereby depriving plaintiffs of the use, profits and enjoyment of their real and personal property, and directly infringing plaintiffs' rights of possession.

29. As a direct and proximate result of defendants' activities, plaintiffs have been, and continue to be, irreparably and irretrievably injured. Plaintiffs' damages include, inter alia, (a) lost revenues from being deprived of plaintiffs' coalbed methane gas that has been wrongfully produced through defendants' wells, (b) continuing depletion of plaintiffs' reserves, (c) lost tax credits under Section 29 of the Internal Revenue Code, (d) damage to the reservoir pressure and productive capability of the Fruitland formation, and (e) expenses of dewatering the Fruitland formation which enhanced the release of coalbed methane that has been improperly taken by defendants' Pictured Cliffs wells.

30. Defendants' conduct was undertaken intentionally, wantonly, willfully and/or maliciously in conscious disregard of plaintiffs' rights thereby entitling plaintiffs to an award of punitive damages.

31. Defendants' wrongful conduct is part of an continuing, ongoing, systematic and willful course of conduct that defendants will not abate, despite plaintiffs' repeated requests that defendants desist their wrongful activities. Without injunctive relief prohibiting defendants' continuing wrongful conduct, plaintiffs will be forced to file a multiplicity of lawsuits in the future, and plaintiffs have no adequate remedy at law.

SECOND CLAIM FOR RELIEF
(Conversion)

32. Plaintiffs incorporate by reference paragraphs 1 through 25 above.

33. Defendants' wrongful conduct has resulted in defendants' wells, authorized to produce natural gas only from the Pictured Cliffs formation, draining and capturing plaintiffs' Fruitland formation gas and reserves, so that plaintiffs' coalbed gas has flowed to the wellhead of defendants' wells, rather than having such gas produced at the wellhead of plaintiffs' Fruitland formation wells. Defendants have thus wrongfully exercised dominion and control over and taken possession of plaintiffs' Fruitland formation gas reserves, when produced, and has sold plaintiffs' coalbed methane gas as if the same were defendants' gas, without accounting to plaintiffs for plaintiffs' ownership interests in that Fruitland formation gas, and to the exclusion of plaintiffs' rights.

34. Defendants' wrongful and intentional conversion of plaintiffs' Fruitland formation gas reserves has occurred despite plaintiffs having established to

defendants that defendants are wrongfully converting plaintiffs' gas through defendants' actions and by producing and selling the same from defendants' wells. Plaintiffs have further demanded that defendants desist from their wrongful conduct, but defendants have refused to do so.

35. As a direct and proximate result of defendants' wrongful conduct, plaintiffs have been, and continue to be, irreparably and irretrievably injured. Plaintiffs' damages include, inter alia, (a) lost revenues from production and sale of the Fruitland formation gas reserves through defendants' wells, (b) lost tax credits under Section 29 of the Internal Revenue Code, and (c) expenses of dewatering the Fruitland formation which enhanced the release of coalbed methane that has been improperly converted by defendants.

36. Defendants' conduct was undertaken intentionally, wantonly, willfully and/or maliciously in conscious disregard of plaintiffs' rights thereby entitling plaintiffs to an award of punitive damages.

37. Defendants' wrongful conduct is part of a continuous, ongoing, systematic and willful course of conduct that defendants will not abate, despite plaintiffs' demands that defendants do so. Without injunctive relief prohibiting defendants' continuing wrongful conduct, plaintiffs will be required to file a multiplicity of lawsuits in the future, and will have no adequate remedy at law.

THIRD CLAIM FOR RELIEF
(Negligence)

38. Plaintiffs incorporate by reference Paragraphs 1 through 25.

39. IN THE ALTERNATIVE, if defendants did not intentionally invade and enter plaintiffs' property, then in undertaking the re-perforating and fracing of the Pictured Cliffs wells, defendants owed to plaintiffs a duty of due care to prevent injury or damage to, or entry into, the Fruitland formation.

40. As alleged herein, defendants, their employees and agents, have negligently or recklessly breached the duty owed to plaintiffs.

41. Defendants have further continued to produce and operate their Pictured Cliffs wells that are wrongfully in communication with, and producing from, the Fruitland formation. By doing so, defendants are in violation of spacing requirements of the New Mexico Oil and Gas Commission, which exist to protect the correlative rights of the class of persons with ownership interests in natural gas reserves such as the Fruitland formation which includes plaintiffs. Defendants' conduct therefore constitutes negligence per se.

42. As a direct and proximate result of defendants' negligence, plaintiffs have been, and continue to be, irreparably and irretrievably injured. Plaintiffs' damages include, inter alia, (a) lost revenues from being deprived of plaintiffs' coalbed methane gas that has been wrongfully produced through defendants' wells, (b) continuing depletion of plaintiffs' reserves, (c) lost tax credits under Section 29 of the Internal Revenue Code, (d) damage to the reservoir pressure and productive capability of the Fruitland formation, and (e) expenses of dewatering the Fruitland formation which enhanced the release of coalbed methane that has been improperly taken by defendant's Pictured Cliffs wells.

FOURTH CLAIM FOR RELIEF
**(Implied or Quasi-Contract;
Unjust Enrichment; Accounting)**

43. Plaintiffs incorporate by reference Paragraphs 1 through 25.

44. IN THE ALTERNATIVE and in the event that defendants assert or establish that plaintiffs caused or contributed to any release or flow of Fruitland formation coalbed methane into the Pictured Cliffs formation and/or the wellbores of defendants' wells.

45. If during the completion of their Fruitland formation wells, plaintiffs created conditions allowing or contributing to the migration of coalbed gas into defendants' Pictured Cliffs formation, plaintiffs have thus conferred upon defendants' use and enjoyment of value which constitutes an economic benefit that defendants have retained to plaintiffs' detriment and loss.

46. It is inequitable and unjust for defendants to retain and enjoy the benefit of plaintiffs' valuable coalbed gas without having to compensate plaintiffs, and defendants should be required to do so by virtue of a contract implied in equity.

FIFTH CLAIM FOR RELIEF
(Accounting)

47. Plaintiffs incorporate by reference Paragraphs 1 through 25.

48. IN THE ALTERNATIVE to plaintiffs' claims for injunctive relief, defendants' wrongful conduct and conversion of plaintiffs' coalbed gas, which was sold by defendants, has deprived plaintiffs of gas sales revenues rightfully belonging to plaintiffs.

49. Defendants are alone in control of records reflecting the gas sales volumes and revenues from their wells. Defendants have failed and refused to account to plaintiffs for plaintiffs' revenues from plaintiffs' coalbed gas commingled with defendants' Pictured Cliffs wells' gas streams and sold by defendants. Defendants have also refused to acknowledge plaintiffs' interest in future revenues from such sales.

50. In the event that defendants' continuing wrongs are not enjoined, it will be necessary both (a) for defendants to account to plaintiffs for past revenues, and (b) for there to be an equitable allocation and division of the parties' future entitlements to shares of the combined gas stream produced from defendants' Pictured Cliffs wells. Such an accounting is necessary to determine funds owing to plaintiffs, because plaintiffs do not have an adequate legal remedy.

WHEREFORE, plaintiffs pray for the judgment and decree of this Court as follows:

A. On all claims for relief, excepting those pleaded in the alternative, (i) a preliminary injunction prohibiting defendants from further operating and/or producing its wells that are in communication with the Fruitland formation, and requiring that those wells be shut-in, and (ii) after trial on the merits, that the preliminary injunction be made permanent; and

B. On all claims for relief, actual and consequential damages; and

C. On all claims for relief, punitive damages; and

D. On the fifth claim for relief, (i) an accounting for revenues attributable to past sales by defendants of plaintiffs' coalbed gas, and (ii) an equitable

allocation of future production and/or revenues from the combined Pictured Cliffs / Fruitland gas stream from defendants' wells; and

E. On all claims for relief, pre-judgment and post-judgment interest, at the maximum rates permitted by law, costs of suit, and such other relief as the Court deems just and proper.

Respectfully submitted,

GALLEGOS LAW FIRM, P.C.

By  _____

J.E. GALLEGOS

MICHAEL L. OJA

460 St. Michael's Drive, Bldg. 300

Santa Fe, New Mexico 87505

(505) 983-6686

Attorneys for Plaintiffs

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ROSS B. PERKAL, COUNSEL

PLEASE REPLY TO SANTA FE

May 27, 1998

Lori Wrotenbery, Director
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

VIA FACSIMILE: (505) 827-8177

Re: Application of Pendragon Energy Partners, Inc. and J.K. Edwards Associates, Inc. to
Confirm Production from the Appropriate Common Source of Supply, San Juan
County, New Mexico

Dear Ms. Wrotenbery:

Attached is our Motion for Consolidation to be filed on behalf of Pendragon Energy Partners,
Inc. and J.K. Edwards Associates, Inc. An original and two copies will be forwarded tomorrow
by hand-delivery. Thank you for your assistance in this matter.

Very truly yours,

MILLER, STRATVERT & TORGERSON P.A.


J. Scott Hall, Esq.

JSH/mg
Enclosure

cc: Jim Bruce (w/enc.)

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF PENDRAGON ENERGY
PARTNERS, INC. and J.K. EDWARDS
ASSOCIATES, INC. TO CONFIRM PRODUCTION
FROM THE APPROPRIATE COMMON SOURCE
OF SUPPLY, SAN JUAN COUNTY, NEW MEXICO.

CASE NO. _____

MOTION FOR CONSOLIDATION

Pendragon Energy Partners, Inc. ("Pendragon") and J.K. Edwards Associates, Inc. ("J. K. Edwards") through their counsel, move for an Order consolidating the instant case with Case No. 11921¹ and setting the consolidated cases for hearing before the Division's Examiner on a special hearing date as soon as may be conveniently scheduled. In support, Pendragon and J.K. Edwards state:

1. By their Application in this case, Pendragon and J.K. Edwards seek to have the Division issue its order confirming that certain wells completed within the vertical limits of the WAW Fruitland-Pictured Cliffs Pool and that certain wells operated by Whiting Petroleum Corporation and Maralex Resources, Inc. completed in the Basin-Fruitland Coal Gas Pool are producing from the appropriate common source of supply. The Application of Pendragon and J.K. Edwards is based on Rule 3 of the Special Rules and Regulation for the Basin Fruitland Coal Gas pool promulgated by the Division by Order No. R-8768 and R-8768(A).

2. By their separate application, Whiting and Maralex have invoked the jurisdiction of the Division to obtain relief based on their allegations that the drilling or the fracture stimulation

¹Application of Whiting Petroleum Corporation and Maralex Resources, Inc. For An Order Shutting In, Limiting Production From, or Approving Downhole Commingling in Certain Wells, San Juan County, New Mexico; NMOCD Case No. 11921.

of the Pendragon operated wells in the WAW Fruitland Pictured Cliffs Sandstone have become communicated with and are producing from the Basin Fruitland Coal Gas Pool. Pendragon and J.K. Edwards generally deny the Whiting/Maralex allegations. Moreover, it is the specific position of Pendragon and J.K. Edwards that the drilling and fracture stimulation of their Pictured Cliffs Sandstone wells did not result in the communication between zones.

3. Both the Pendragon/J.K. Edwards Application and the Whiting/Maralex Application involve a common nexus of fact. Consolidation of these two matters will interject no new issues into the proceedings and will not result in prejudice to any party. Whiting, Maralex, Pendragon and J.K. Edwards are presently parties in the pending proceeding and are already represented by counsel of record.

4. The consolidation of these two matters into one proceeding will result in administrative efficiency and economy.

WHEREFORE, Pendragon Energy Partners, Inc. and J.K. Edwards Associates, Inc. request entry of an order consolidating this matter with Case No. 11921 and setting the same for hearing before the Division's Examiner on a special hearing date as soon as may be conveniently scheduled.

Respectfully submitted,

MILLER, STRATVERT & TORGERSON, P.A.

By J. Scott Hall

J. Scott Hall
P.O. Box 1986
Santa Fe, New Mexico 87501-1986
(505) 989-9614
Attorneys for Pendragon Energy Partners, Inc. and
J.K. Edwards Associates, Inc.

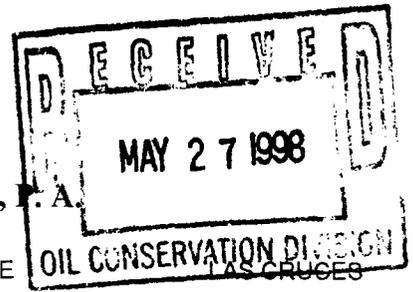
Certificate of Mailing

I hereby certify that a true and correct copy of the foregoing was mailed to counsel of record on the 27 day of May, 1998, as follows:

James Bruce, Esq.
P.O. Box 1056
Santa Fe, New Mexico 87504

J. Scott Hall

J. Scott Hall



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PLEASE REPLY TO SANTA FE

26
May 21, 1998

Rand Carroll, Esq.
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87504

HAND-DELIVERED

Re: NMOCD Case No. 11921; Application of Whiting Petroleum Corporation and Maralex Resources, Inc. for Shut-in Order, San Juan County, New Mexico

Dear Rand:

Enclosed for your general information are copies of (1) the Pendragon/J.K. Edwards Application To Confirm Production From The Appropriate Common Source Of Supply; (2) Motion For Consolidation; (3) correspondence to Director Lori Wrotenbery objecting to the request for dismissal; and (4) the Whiting Petroleum Corporation/Maralex Resources District Court Complaint.

Very truly yours,

MILLER, STRATVERT & TORGERSON, P.A.

J. Scott Hall, Esq.

JSH/mg

Enclosures

cc: Jim Bruce (w/o encls.)

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF PENDRAGON ENERGY PARTNERS, INC. and J.K. EDWARDS ASSOCIATES, INC. TO CONFIRM PRODUCTION FROM THE APPROPRIATE COMMON SOURCE OF SUPPLY, SAN JUAN COUNTY, NEW MEXICO.

CASE NO. _____

APPLICATION

Pendragon Energy Partners, Inc. (“Pendragon”) and J.K. Edwards Associates, Inc. (“J. K. Edwards”) through their counsel, hereby make application to the New Mexico Oil Conservation Division pursuant to Rule 3 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, Order No. R-8768-A and 19 NMAC 15.N.303.A for an order confirming that certain wells completed within the vertical limits of the WAW Fruitland-Pictured Cliffs Pool and the Basin-Fruitland Coal Gas Pool, respectively, are producing from the appropriate common source of supply. In support of their application, Pendragon and J.K. Edwards state:

1. Pendragon operates the following wells completed in and producing from the WAW Fruitland-Pictured Cliffs Pool in San Juan County, New Mexico:

<u>Well Name</u>	<u>Location</u>
Chaco No. 1	NW 1/4, Section 18, T26N, R12W, N.M.P.M.
Chaco No. 2R	SW 1/4, Section 7, T26N, R12W, N.M.P.M.
Chaco No. 4	NW 1/4, Ssection 7, T26N, R12W, N.M.P.M.
Chaco No. 5	SE 1/4, Section 1, T26N, R13W, N.M.P.M.
Chaco Ltd. No. 1J	SW 1/4 Section 1, T26N, R13W, N.M.P.M.
Chaco Ltd. No. 2J	NE 1/4, Section 1, T26N, R13W, N.M.P.M.

In addition to being the designated Operator of the referenced wells, Pendragon, along

with J.K. Edwards, owns working interests in the acreage dedicated to the subject wells.

2. Whiting Petroleum Corporation (“Whiting”) is the Operator of the following wells completed within the Basin-Fruitland Coal Gas Pool:

<u>Well Name</u>	<u>Location</u>
Gallegos Federal 26-12-6 No. 2	W 1/2, Section 6, T12N, R12W, N.M.P.M.
Gallegos Federal 26-12-7 No. 1	W 1/2, Section 7, T26N, R12W, N.M.P.M.
Gallegos Federal 26-13-1 No. 1	E 1/2, Section 1, T26N, R13 W, N.M.P.M.
Gallegos Federal 26-13-1, No. 2	W 1/2, Section 1, T26N, R13W, N.M.P.M.
Gallegos Federal 26-13-12 No. 1	N 1/2 Section 12, T26N. R13W, N.M.P.M.

In addition to being the designated Operator of the referenced coal gas wells, Whiting, along with Maralex Resources, Inc., (Maralex) owns working interests in the acreage dedicated to the coal gas wells.

3. By Order No. R-8768 and R-8768-A, the Division created a new pool in all or parts of San Juan, Rio Arriba, McKinley and Sandoval Counties, New Mexico classified as a gas pool for production from the Fruitland Coal seams and designated the pool as the Basin-Fruitland Coal Gas Pool. The wells and the lands that are the subject of this application are located within the horizontal limits of the Basin-Fruitland Coal Gas Pool as defined by Order No. R-8768 and R-8768-A. The Order also established the vertical limits of the pool by reference to the stratigraphic depth interval.

4. By Order No. R-8769 entered by the New Mexico Oil Conservation Division on October 17, 1988 in Case No. 9421 and as subsequently amended by Order No. R-8760-A, *nunc pro tunc*, the Division defined the vertical limits of the WAW Fruitland-Pictured Cliffs Pool as

follows:

The vertical limits of the WAW Fruitland-Pictured Cliffs Pool in San Juan County, New Mexico are hereby contracted to include only the Pictured Cliffs formation and the sandstone interval of the Fruitland formation in said pool is hereby redesignated as the WAW Fruitland Sand-Pictured Cliffs pool.

All of the Pendragon operated wells referenced above are completed in and producing from the WAW Fruitland-Pictured Cliffs Pool.

5. Whiting and Maralex by their application, as amended, in Case No. 11921 have alleged generally, without any basis in fact, that as a result of drilling or the fracture stimulation, the Pendragon wells have become communicated with and are producing from the Basin-Fruitland Coal Gas pool. Whiting and Maralex further contend, also without any basis in fact, that the Pendragon wells “are draining reserves owned by Whiting and the other interest owners in its wells, and are impairing their correlative rights.” Pendragon and Edwards deny that the drilling or the fracture stimulation of their Pictured Cliffs wells resulted in the communication of the two pools or that they are producing from the Basin-Fruitland Coal Gas Pool through their Pictured Cliffs completions. Pendragon and Edwards generally deny all other claims and allegations set forth in the Whiting/Maralex application, as amended.

6. Rule 3 of the Special Rules and Regulations for the Basin-Coal Gas pool provide that the Division Director can require the Operator of a Basin Fruitland Coal Gas well, a Fruitland Sandstone well or a Pictured Cliffs Sandstone well to demonstrate to the satisfaction of the Division that the well is producing from the appropriate common source of supply.

7. Rule 19, NMAC 15.N.203.A of the Division’s rules and regulations requires the segregation of production from separate sources of supply. The rule provides:

Each pool shall be produced as a single common source of supply and wells therein shall be completed, cased, maintained and operated so as to prevent communication, within the well bore, within any other specific pool or horizon and the production therefrom shall at all times be actually segregated, and the commingling or confusion of such production, before marketing, with the production from any other pool or pools is strictly prohibited.”

See also, Special Rules 2 and 12, Special Rules and Regulations for the Basin-Fruitland Coal Gas pool.

8. Under Section 70-2-6(A) of the New Mexico Oil and Gas Act (N.M. Stat. Ann. 1978, § 70-2-1, *et seq.*) the Division has primary jurisdiction and authority over all matters relating to the conservation of oil and gas and oil or gas operations in this state. In addition, the Division has specific statutory authority to prevent the escape of natural gas from one strata into other strata. N.M. Stat. Ann. 1978, § 70-2-12(B)(2).

The granting of this application is in the interests of the conservation of oil and gas resources and the prevention of waste.

WHEREFORE, Applicants request that this matter be set for hearing before the next scheduled hearing of the Oil Conservation Division and that after notice and hearing as required by law, the Division enter its order requiring the respective operators of the Fruitland Coal Gas wells and the Fruitland Pictured Cliffs sandstone wells to demonstrate are producing from the appropriate common sources of supply and providing such other and further relief as the Division deems appropriate. Applicants also request that this matter be made a part of and consolidated with Case No. 11921 presently pending before the Division.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF PENDRAGON ENERGY
PARTNERS, INC. and J.K. EDWARDS
ASSOCIATES, INC. TO CONFIRM PRODUCTION
FROM THE APPROPRIATE COMMON SOURCE
OF SUPPLY, SAN JUAN COUNTY, NEW MEXICO.

CASE NO. _____

MOTION FOR CONSOLIDATION

Pendragon Energy Partners, Inc. ("Pendragon") and J.K. Edwards Associates, Inc. ("J. K. Edwards") through their counsel, move for an Order consolidating the instant case with Case No. 11921¹ and setting the consolidated cases for hearing before the Division's Examiner on a special hearing date as soon as may be conveniently scheduled. In support, Pendragon and J.K. Edwards state:

1. By their Application in this case, Pendragon and J.K. Edwards seek to have the Division issue its order confirming that certain wells completed within the vertical limits of the WAW Fruitland-Pictured Cliffs Pool and that certain wells operated by Whiting Petroleum Corporation and Maralex Resources, Inc. completed in the Basin-Fruitland Coal Gas Pool are producing from the appropriate common source of supply. The Application of Pendragon and J.K. Edwards is based on Rule 3 of the Special Rules and Regulation for the Basin Fruitland Coal Gas pool promulgated by the Division by Order No. R-8768 and R-8768(A).

2. By their separate application, Whiting and Maralex have invoked the jurisdiction of the Division to obtain relief based on their allegations that the drilling or the fracture stimulation

¹Application of Whiting Petroleum Corporation and Maralex Resources, Inc. For An Order Shutting In, Limiting Production From, or Approving Downhole Commingling in Certain Wells, San Juan County, New Mexico; NMOCD Case No. 11921.

of the Pendragon operated wells in the WAW Fruitland Pictured Cliffs Sandstone have become communicated with and are producing from the Basin Fruitland Coal Gas Pool. Pendragon and J.K. Edwards generally deny the Whiting/Maralex allegations. Moreover, it is the specific position of Pendragon and J.K. Edwards that the drilling and fracture stimulation of their Pictured Cliffs Sandstone wells did not result in the communication between zones.

3. Both the Pendragon/J.K. Edwards Application and the Whiting/Maralex Application involve a common nexus of fact. Consolidation of these two matters will interject no new issues into the proceedings and will not result in prejudice to any party. Whiting, Maralex, Pendragon and J.K. Edwards are presently parties in the pending proceeding and are already represented by counsel of record.

4. The consolidation of these two matters into one proceeding will result in administrative efficiency and economy.

WHEREFORE, Pendragon Energy Partners, Inc. and J.K. Edwards Associates, Inc. request entry of an order consolidating this matter with Case No. 11921 and setting the same for hearing before the Division's Examiner on a special hearing date as soon as may be conveniently scheduled.

Respectfully submitted,

MILLER, STRATVERT & TORGERSON, P.A.

By _____

J. Scott Hall
P.O. Box 1986
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(505) 989-9614
Attorneys for Pendragon Energy Partners, Inc. and
J.K. Edwards Associates, Inc.

Certificate of Mailing

I hereby certify that a true and correct copy of the foregoing was mailed to counsel of record on the ___ day of May, 1998, as follows:

James Bruce, Esq.
P.O. Box 1056
Santa Fe, New Mexico 87504

J. Scott Hall

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RALPH WM. RICHARDS, COUNSEL
ROSS B. PERKAL, COUNSEL

PLEASE REPLY TO SANTA FE

May 26, 1998

Lori Wrotenbery, Director
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

VIA FACSIMILE: (505) 827-8177

Re: NMOCD Case No. 11921; Application of Whiting Petroleum Corporation and
Maralex Resources, Inc. for Shut-in Order, San Juan County, New Mexico

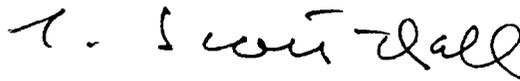
Dear Ms. Wrotenbery:

We received today Mr. Bruce's May 22, 1998 correspondence requesting the dismissal of the referenced case. The request was submitted without our knowledge and without prior consultation.

This dispute involves subject matter and raises issues that are within the exclusive and primary jurisdiction of the New Mexico Oil Conservation Division. Moreover, we have today filed an application with the Division seeking the entry of an order requiring the operators of the affected Basin-Fruitland coal gas wells and the Fruitland-Pictured Cliffs wells to demonstrate that the wells are producing from the appropriate common source of supply. Consequently, the dismissal of this case is inappropriate and we accordingly object, except to the extent that the Whiting/Maralex Application, as amended, purports to effect the Leslie No. 1 and the Stacey No. 1 wells operated by Thompson Engineering.

Very truly yours,

MILLER, STRATVERT & TORGERSON P.A.



J. Scott Hall, Esq.

JSH/mg

cc: James Bruce, Esq.
Al Nicol, Pendragon Energy Partner

08/20/80 102 00102 THE STATE
FIRST JUDICIAL DISTRICT COURT
COUNTY OF SANTA FE
STATE OF NEW MEXICO

WHITING PETROLEUM CORPORATION,
a corporation, and MARALEX RESOURCES,
INC., a corporation,

Plaintiffs,

vs.

No.

PENDRAGON ENERGY PARTNERS, INC.,
a corporation, and J.K. EDWARDS
ASSOCIATIONS, INC., a corporation

Defendants.

**VERIFIED APPLICATION FOR PRELIMINARY INJUNCTION
REQUIRING DEFENDANTS TO SHUT-IN GAS WELLS
ILLEGALLY PRODUCING FROM THE FRUITLAND
FORMATION AND TO CEASE AND DESIST FROM PRODUCING
GAS FROM THE FRUITLAND FORMATION**

Plaintiffs Whiting Petroleum Corporation ("Whiting"), and Maralex Resources, Inc. ("Maralex") by and through their counsel, hereby apply to the Court for a Preliminary Injunction, pursuant to Rule 1-066(A) NMRA 1998, requiring defendants to shut-in six (6) gas wells which are wrongfully producing gas from the plaintiffs' Fruitland formation, and cease and desist producing such gas thereafter. As is more particularly alleged in plaintiffs' Verified Complaint, filed contemporaneously and incorporated herein by reference, injunctive relief is necessary to prevent defendants' ongoing trespass, conversion of plaintiffs' minerals and other continuing wrongs.

As grounds for this Application, plaintiffs would show the Court as follows:

A. PLAINTIFFS' EXCLUSIVE OWNERSHIP RIGHTS IN THE FRUITLAND FORMATION FOR THE LEASES AT ISSUE

1. By virtue of a Farmout Agreement dated December 7, 1992, by and between Merrion Oil & Gas, Inc., Robert L. Bayless, Pitco Production Company, J. Greg Merrion, Merrion Petroleum, James M. Johnson, Merle L. Ellsaesser, and Steven S. Dunn and Maralex, Maralex acquired the exclusive right to drill for, serve and sell natural gas located within a specifically-identified geological strata known as the Fruitland formation in Sections 6 and 7, T26N, R12W, and Sections 1 and 12, T26N, R13W, N.M.P.M., in the San Juan Basin, San Juan County, New Mexico.

2. Whiting is a successor-in-interest to the extent of 75% ownership in the rights to the Fruitland formation so acquired by Maralex.

3. The Fruitland formation has been specifically defined by the New Mexico Oil Conservation Division ("OCD") by Orders Nos. R-8768 and R-8768A. By these Orders, the OCD created the Basin-Fruitland Coal Gas Pool with defined and readily ascertainable vertical limits (herein the "Fruitland formation").

4. Prior to January 1, 1993, in conformity with the provisions of the December, 1992 Farmout Agreement, plaintiff Whiting drilled the following wells in the Fruitland formation, and has operated those wells since that time:

<u>Well Name</u>	<u>Location</u>
Gallegos Federal 26-12-6 No. 2	W½, Section 6, T26N, R12W, N.M.P.M.
Gallegos Federal 26-12-7 No. 1	W½, Section 7, T26N, R12W, N.M.P.M.
Gallegos Federal 26-13-1 No. 1	E½, Section 1, T26N, R13W, N.M.P.M.
Gallegos Federal 26-13-1 No. 2	W½, Section 1, T26N, R13W, N.M.P.M.

5. Plaintiffs operate and are working interest owners of the Fruitland formation coalbed gas in these tracts and wells, referred to, infra, as the "Fruitland coal wells."

B. DEFENDANTS' WRONGFUL TRESPASS AND CONVERSION OF FRUITLAND COAL GAS

6. Defendants are working interest owners and Pendragon operator of wells which were originally completed in the Pictured Cliffs formation. The hydrocarbon productive strata or formations under the surface are held in different ownership, with the Fruitland formation being shallower than the next mineral bearing formation, the Pictured Cliffs. Defendants' wells at the earth's surface are located on the same leases as plaintiffs' Fruitland coal seam gas wells.

7. By reason of the differentiated ownership, defendants' wells should be productive of gas originating only in the Pictured Cliffs formation, which underlies the Fruitland formation in which plaintiffs have their ownership interests. Defendants' wells at issue include:

<u>Well Name</u>	<u>Location</u>
Chaco No. 1	NW/4, Section 18, T26N, R12W, N.M.P.M.
Chaco No. 2R	SW/4, Section 7, T26N, R12W, N.M.P.M.
Chaco No. 4	NW/4, Section 7, T26N, R12W, N.M.P.M.
Chaco No. 5	SE/4, Section 1, T26N, R13W, N.M.P.M.
Chaco Ltd. No. 1J	SW/4, Section 1, T26N, R13W, N.M.P.M.
Chaco Ltd. No. 2J	NE/4, Section 1, T26N, R13W, N.M.P.M.

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These wells are referred to, infra, as the "Chaco wells."

8. In 1995, defendants began refracking and reperforming work on the Chaco wells. "Fracking" is a process which involves pumping fluid under pressure into the producing formation, in order to create artificial breaks or fractures in the rock to allow increased flow paths for the gas. "Perforations" refers to holes made in the steel well casing and cement which provide entrances for the gas from the formation to flow into the well and then to the surface.

9. Defendants' work on their Chaco wells in 1995 resulted in the creation of vertical fractures from the Pictured Cliffs formation into the Fruitland formation and in perforations being opened in the Fruitland formation. Thereafter and continuing daily to the present the Chaco wells have been producing high volumes of coalbed methane from plaintiffs' Fruitland formation.

10. Suspecting that the condition described next above did exist, the plaintiffs initiated an extensive data gathering and engineering investigation in order to be able to competently formulate scientifically supportable conclusions about the suspected invasion of their property. It took more than one year and considerable expense to assemble, formulate and evaluate with reasonable certainty the proof demonstrating that the plaintiffs' Fruitland formation has been trespassed upon by defendants and that the Chaco wells are taking the plaintiffs' coalbed gas.

11. Beginning in January of 1998, plaintiffs held meetings with representatives of defendants at which they presented data and studies seeking to persuade defendants in an amicable manner that the Chaco wells were wrongfully producing plaintiffs' gas and must be shut-in. Also in January 1998 plaintiffs filed an

application with the New Mexico Oil Conservation Division initiating an administrative action parallel to the negotiation with defendants in the hope that litigation might be avoided. The last meeting between the parties was in March 1998 whereupon defendants denied their fracs and perforations are outside the Pictured Cliffs formation and absolutely refused to shut-in the Chaco wells.

C. **PLAINTIFFS' IRREPARABLE INJURY AND LACK OF ADEQUATE LEGAL REMEDY**

12. The actions of defendants in re-perforating and fracing so as to cause the Chaco wells to produce plaintiffs' Fruitland formation coal seam gas are wrongful and unlawful, and are continuing, resulting in irreparable injury to plaintiffs for which there is no adequate remedy at law.

13. Defendants' wrongful actions constitute a continuous trespass on minerals belonging to plaintiffs, subject to relief by injunction. See Winrock Enterprises v. House of Fabrics, 91 N.M. 661, 579 P.2d 787, 790 (1978); Kennedy v. Bond, 80 N.M. 734, 460 P.2d 809, 813 (1969); 54 Am.Jur.2d Mines and Minerals § 230 (pending the determination of adverse mining claims in a suit for that purpose, an injunction may issue to prevent the continuance of mining operations or the removal of minerals, in order to save the substance of the estate for the party entitled thereto).

14. Defendants' wrongful actions constitutes a continuous conversion of plaintiffs' property; there is a likelihood plaintiffs will prevail on the merits; the defendants will not be harmed by shut-in of the wells as compared to the harm suffered by plaintiffs; relief by injunction is merited. Winrock v. House of Fabrics, *supra*; State v. Casares, 52 N.M. 406, 200 P.2d 369, 371 (1948).

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15. Defendants' actions result in the drainage of coalbed gas belonging to plaintiffs and impair plaintiffs' ability to produce their coalbed gas from the Fruitland formation on the properties and leases at issue. Defendants' actions have resulted, or may result, in permanent and irreversible damage to the producing capability of plaintiffs' Fruitland formation reservoir and to plaintiffs' ability to produce gas therefrom in the future. Defendants' actions have resulted, and will, if not abated, continue to result in the day by day irretrievable loss to plaintiffs of tax credits pursuant to 26 U.S.C. Section 29 of the Internal Revenue Code, which credits apply to coal seam gas produced and sold before January 1, 2003.

16. A request for injunctive relief is directed to the sound discretion of the trial court. Wilcox v. Timberon Protective Association, 111 N.M. 478, 806 P.2d 1068 (Ct. App. 1990). The factors to be considered by the Court and the balance of existing equities and hardships, clearly favor the allowance of equitable relief to plaintiffs and against defendants.

D. BOND SHOULD NOT BE REQUIRED

17. Plaintiffs should not be required to post a bond as a condition for the issuance of a Preliminary Injunction because a temporary, finite cessation of defendants' wrongful production from the Fruitland formation will not harm or injure defendants, and any resultant harm is measurable by the value of gas production lost during the preliminary cessation of production.

E. NOTICE TO DEFENDANTS AND HEARING

18. Plaintiffs have contemporaneously filed and served their Complaint for Tortious Conduct, and for Damages and Equitable Relief, and have expressly

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notified defendants of plaintiffs' effort to present this Verified Application to the Court and seek an expedited hearing. A copy of this Verified Application was served along with the Complaint. Plaintiffs request a hearing on this Verified Application within thirty (30) days.

WHEREFORE, plaintiffs request as follows:

A. This Court advance the matter on the docket and grant a hearing at the earliest available date.

B. This Court upon the evidence presented enter a Preliminary Injunction requiring defendants to shut-in the Chaco wells in the disputed area and to cease and desist producing gas from the Fruitland formation until further Order of the Court; and

C. This Court otherwise fashion the Injunction to fit the circumstances and award such further relief as the Court deems just and proper.

Respectfully submitted,

GALLEGOS LAW FIRM, P.C.

By 
J.E. GALLEGOS
MICHAEL J. CONDON
460 St. Michael's Drive, Bldg. 300
Santa Fe, New Mexico 87505
(505) 983-6686

Attorneys for Plaintiffs Whiting Petroleum
Corp. and Maralex Resources, Inc.

VERIFICATION

STATE OF COLORADO)
) ss.
COUNTY OF LA PLATA)

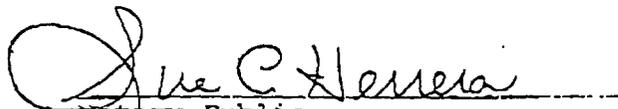
 COMES NOW A. M. O'Hare, and having been first duly sworn, hereby states as follows:

1. I am the President of Maralex Resources, Inc., plaintiff in this case and I have personal knowledge about and am directly involved with the gas producing wells that are described in this case.

2. I have read the Verified Application for Preliminary Injunction Requiring Defendants to Shut-In Gas Wells Illegally Producing from the Fruitland Formation and to Cease and Desist from Producing Gas from the Fruitland Formation. The allegations therein are true and correct to the best of my personal knowledge.


A. M. O'Hare
President, Maralex Resources,
Inc.

SUBSCRIBED AND SWORN TO before me this 22nd day
of May, 1998.


Notary Public

My Commission Expires:
11/24/2001

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF WHITING PETROLEUM CORPORATION AND MARALEX RESOURCES, INC., FOR AN ORDER SHUTTING-IN CERTAIN WELLS, SAN JUAN COUNTY, NEW MEXICO

CASE NO. 11921

Letter
Dismissing
↓
No prejudice
to
Pendragon/
Edwards

**MEMORANDUM IN OPPOSITION TO
REQUEST FOR DISMISSAL**

Pendragon Energy Partners, Inc., ("Pendragon"), through its counsel submits this Memorandum In Opposition to the request of Whiting Petroleum Corporation and Maralex Resources, Inc. for the dismissal of this matter.

BACKGROUND

This matter was formerly commenced on January 13, 1998 when Whiting Petroleum ("Whiting") and Maralex Resources, Inc. ("Maralex") filed their application with the seeking an Order requiring that certain wells operated by Pendragon in San Juan County be shut-in. Whiting and Maralex alleged, generally, that drilling and fracture restimulation operations in the Pictured Cliffs Formation caused that formation to become communicated with the Basin-Fruitland Coal Formation. Whiting and Maralex also asserted that Pendragon's wells are draining reserves owned by Whiting and the other interest owners in its wells and are impairing their correlative rights. Pendragon has generally denied these assertions.

The Whiting/Maralex application was preceded by several months of activity in consultation with the NMOCD's Aztec District Office and was followed by a number of public meetings at the Division from January through March of 1998. In the interim,

both parties commenced discovery and the Director issued Subpoenas Duces Tecum at the request of Pendragon, Whiting and Maralex. Significant amounts of documents were produced by each side. In addition, both sides filed their respective Partial Motions To Quash certain portions of the subpoenas. Those Motions currently remain pending before the Division. Moreover, on February 10, 1998, Whiting and Maralex, at the request of the Division, filed an Amended Application seeking additional administrative relief, including possible downhole commingling in accordance with Rule 12 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool as promulgated by the Division in Order Number R-8768-A. Pendragon had also submitted a request for a special hearing date in this matter due to scheduling conflicts for a number of its witnesses and had undertaken significant preparations for a hearing on the merits this month.

POINTS AND AUTHORITIES

Given the substantial amount of prehearing activity, including the conduct of extensive discovery and the filing of unresolved Motions, it is the position of Pendragon that the unilateral dismissal is inappropriate. This is unlike the typical case before the Division where an application is filed and no activity ensues. To the contrary, substantial reliance has been placed on the Division's administrative processes by both parties. Accordingly, in a circumstance such as this, the analogous authorities that have developed under Rule 41 of the Federal and New Mexico Rules of Civil Procedure apply.

According to Rule 41 of the Federal Rules of Civil Procedure:

[A]n action may be dismissed by the plaintiff
without order of court (i) by filing a notice of dismissal at

any time before service by the adverse party of an answer or of a Motion For Summary Judgment, whichever first occurs, or (ii) by filing a stipulation of dismissal signed by all parties who have appeared in the action.

Fed. R. Civ. P. 41 (a) (1). See also United States v. Transocean Air Lines, Inc., 356 F. 2d. 702, 705 (5th Cir. 1969); Brackett v. State highways & Transportation Commission of Missouri, 163 F. R. D. 305, 306-07 (W. D. Mo. 1995); Chadorow v. Roswick, 160 F. R. D. 522, 523 (E. D. Pa. 1995). The theory underlying this principle is that, after a defendant has become actively engaged in defense of the lawsuit, he is entitled to have the case adjudicated and it cannot, therefore, be terminated without either his consent, permission of the court, or dismissal with prejudice that assures him against renewal of hostilities. Exxon Corp. v. Maryland Casualty Co., 599 F. 2d. 659, 661 (5th Cir. 1979). See also 9 Wright and Miller, Fed'l Practice and Procedure. §§ 2363, 2364 (2d. ed. 1995). In determining whether to grant a party's motion for voluntary dismissal, the court should consider a number of factors, including: the effort and expenses expended by the defendant; the plaintiff's justification for dismissal; the fact that a motion for summary judgment has been filed; and whether dismissal would prejudice the defendant. Tikkanen v. Citibank (South Dakota) N. A., 801 F. Supp. 270, 273 (D. Minn. 1992). Additional factors may include: the plaintiff's diligence in bringing the motion; any undue vexatiousness on the plaintiff's part; the duplicative expense of relitigation; and the adequacy of the plaintiff's explanation for the need to dismiss. 9 Wright and Miller, Fed'l Practice and Procedure §2364 (1998 pocket part). In Tikkanen, the plaintiffs argued that because discovery had barely begun, the defendants would not be prejudiced

by the voluntary dismissal. The defendants argued that dismissal was unwarranted because they had expended substantial effort and expense to defend the action. The defendants further maintained that, as a business matter, they had a vital interest in the prompt resolution of the plaintiffs' claims. Id. The court agreed that dismissal of the action was unwarranted because substantial resources had already been committed to the case. Id.

Voluntary dismissal is almost alien to our adversary system. Olitsky v. O'Malley, 597 F. 2d. 303, 306 (1st Cir. 1979). It has been generally held that motions for voluntary dismissal should be liberally granted as long as no party is prejudiced. Watson v. Clark, 716 F. Supp. 1354, 1355 (D. Nev. 1989). However, the decision to grant a voluntary dismissal is within the sound discretion of the court. Id. The court must consider whether the defendants will suffer some "plain legal prejudice" as a result. Id. See also Greguski v. Long Island Railroad Co., 163 F. R. D. 221, 224 (S. D. N. Y. 1995) (voluntary dismissal should generally be granted where no prejudice would accrue to the defendant). Plain legal prejudice does not result from such things as when a defendant faces the prospect of a second lawsuit; when the plaintiff merely gains a tactical advantage; or when the defendant misses an opportunity for a legal ruling on the merits. Watson, 716 F. Supp. At 1355. Plain legal prejudice is found "where actual legal rights are threatened or where monetary or other burdens appear to be extreme or unreasonable." Id. At 1356. An example of such is where the motion for voluntary dismissal comes at an advanced stage of the proceedings which prejudices the defendant by waste of time and expense in preparation of the defense. Id.

According to Erie-Lackawanna Railroad Co. v. United States, 279 F. Supp. 303, 306-7 (S. D. N. Y. 1967), litigants should not be permitted to invoke the jurisdiction of one court, require it to expend its energies in becoming familiar with the subject matter, and then take their grievances to another court which they consider may be more favorable. The court further stated that regardless of the right that the plaintiffs had to initially sue elsewhere, they chose to bring their action to the district court, and therefore, waived any objection that they may have on the issue of venue. Id. at 307. The court concluded by stating:

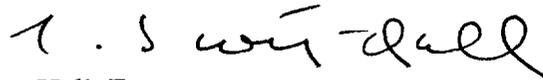
While obviously no plaintiff should be forced to litigate against his will, that does not mean that he is wholly free at his own volition to stop litigation in the court of his initial choice and begin again in another, regardless of the interests of the other parties and the public interest.

Id.

Wherefore, Pendragon requests that the Whiting/Maralex Motion To Dismiss be denied.

Respectfully submitted,

MILLER, STRATVERT & TORGERSON, P. A.

A handwritten signature in black ink, appearing to read "J. Scott Hall".

J. Scott Hall, Esq.

Attorneys for Pendragon Energy Partners, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was mailed to counsel of record on the 11th day of June, 1998, as follows:

James Bruce, Esq.
P. O. Box 1056
Santa Fe, New Mexico 87504-1056

J. E. Gallegos, Esq.
Gallegos Law Firm, P. C.
460 St. Michaels Dr., #300
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J. Scott Hall, Esq.

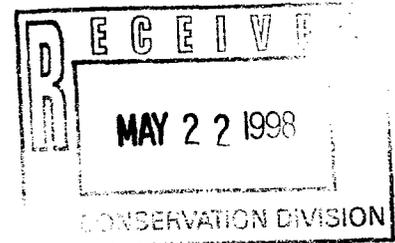
JAMES BRUCE

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May 22, 1998

Hand Delivered

Lori Wrotenbery
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Case No. 11921: Application of Whiting Petroleum Corporation and Maralex Resources, Inc.

Dear Ms. Wrotenbery:

The applicants wish to withdraw the above application at this time. Therefore, please dismiss Case No. 11921. Thank you.

Very truly yours,

A handwritten signature in cursive script, appearing to read "James Bruce".

James Bruce

Attorney for Whiting Petroleum Corporation and Maralex Resources, Inc.

cc: J. Scott Hall

MILLER, STRATVERT & TORGERSON, P. A.
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WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL
RALPH WM. RICHARDS, COUNSEL
ROSS B. PERKAL, COUNSEL

PLEASE REPLY TO SANTA FE

May 26, 1998

Lori Wrotenbery, Director
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

VIA FACSIMILE: (505) 827-8177

Re: NMOCD Case No. 11921; Application of Whiting Petroleum Corporation and
Maralex Resources, Inc. for Shut-in Order, San Juan County, New Mexico

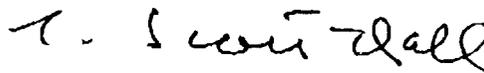
Dear Ms. Wrotenbery:

We received today Mr. Bruce's May 22, 1998 correspondence requesting the dismissal of the referenced case. The request was submitted without our knowledge and without prior consultation.

This dispute involves subject matter and raises issues that are within the exclusive and primary jurisdiction of the New Mexico Oil Conservation Division. Moreover, we have today filed an application with the Division seeking the entry of an order requiring the operators of the affected Basin-Fruitland coal gas wells and the Fruitland-Pictured Cliffs wells to demonstrate that the wells are producing from the appropriate common source of supply. Consequently, the dismissal of this case is inappropriate and we accordingly object, except to the extent that the Whiting/Maralex Application, as amended, purports to effect the Leslie No. 1 and the Stacey No. 1 wells operated by Thompson Engineering.

Very truly yours,

MILLER, STRATVERT & TORGERSON P.A.



J. Scott Hall, Esq.

JSH/mg

cc: James Bruce, Esq.
Al Nicol, Pendragon Energy Partner

DOCKET: EXAMINER HEARING - THURSDAY - JUNE 11, 1998
8:15 A.M. - 2040 South Pacheco
Santa Fe, New Mexico

Dockets Nos. 17-98 and 18-98 are tentatively set for June 25 and July 9, 1998. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11973: (Readvertised)

Application of Shahara Oil, L.L.C. for a waterflood/tertiary recovery project and qualification of the project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act", Eddy County, New Mexico. Applicant seeks approval to institute a waterflood and tertiary recovery project including the utilization of micro-organisms, for enhanced recovery in the Loco Hills-Queen-Grayburg-San Andres Pool on its Beeson "F" Federal lease (U. S. Government lease No. LC-060529), comprising portions of Sections 29 and 31, Township 17 South, Range 30 East, by the injection of water through 12 existing wells. Applicant further seeks to qualify this project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). The proposed project area is located approximately two miles southwest of Loco Hills, New Mexico.

CASE 11974: (Continued from May 14, 1998, Examiner Hearing.)

Application of Richardson Production Company for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the SW/4 and all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the W/2 of Section 21, Township 30 North, Range 14 West, forming standard 160-acre and 320-acre spacing and proration units, respectively. Said units are to be dedicated to its WP Federal "21" Well No. 1 which is to be located in Unit M of said Section 21 for downhole commingled production from the Pictured Cliffs formation and the Basin-Fruitland Coal Gas Pool. Also to be considered will be the costs of participating in said well, including but not limited to the costs of drilling, completing and equipping said well, including the imposition of a risk factor penalty, and the allocation of those costs and income therefrom as well as actual operating costs and charges for supervision, and the designation of Richardson Operating Company as the operator of the well. Said well is located approximately 5 miles northeast of Kirtland, New Mexico.

CASE 11980: Application of Nearburg Producing Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an exception to Division Rule 104 to permit it to re-enter the Cities Service Little Box Canyon Well No. 4 which is located at a standard surface location 1980 feet from the North line and 1650 feet from the East line and to directionally drill it to an unorthodox bottomhole location at a point in the top of the Morrow "C" formation of the Little Box Canyon-Morrow Gas Pool being a point not closer than 990 feet from the North line or 660 feet from the East line (Unit A) of Section 12, Township 21 South, Range 21 East, to be dedicated to a 320-acre gas spacing unit consisting of the N/2 of said Section 12, said location being unorthodox for any and all gas production from any and all formations/pools spaced on 320 acres including but not limited to the Little Box Canyon-Morrow Gas Pool. Said location is located approximately 30 miles west-northwest of Carlsbad, New Mexico.

CASE 11981: Application of Devon Energy Corporation (Nevada) for lease commingling, Eddy County, New Mexico. Applicant seeks an exception to Division Rule 309 to permit lease commingling of Red Lake Queen-Grayburg-San Andres Pool production from 32 wells drilled or to be drilled on its Federal Leases LC 069274, LC 026874-B, LC 060894, LC 0026874-F, and 049648-B, covering parts of Section 31, Township 17 South, Range 27 East, and Sections 5 and 6, Township 18 South, Range 27 East, without separately metering production from each well or lease. Said leases are located approximately 6.5 miles southeast of Artesia, New Mexico.

CASE 11982: Application of Pogo Producing Company for approval of a pressure maintenance project and to qualify said project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval to institute a pressure maintenance project in the West Red Tank-Delaware Pool on Federal Leases NM 81272 and NM 86149 (comprising portions of Sections 22, 26, and 27, Township 22 South, Range 32 East), by the injection of water into the Prize Fed. Well No. 4, located in Unit H of said Section 27. Applicant further seeks to qualify the project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said project is located approximately 13.5 miles south-southeast of the intersection of State Highway 176 and U.S. Highway 62/180.

CASE 11983: Application of Nearburg Exploration Company, L.L.C., for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the W/2, in all formations developed on 160-acre spacing in the NW/4, in all formations developed on 80-acre spacing in the W/2 NW/4, and in all formations developed on 40-acre spacing in the SW/4 NW/4 of Section 4, Township 20 South, Range 25 East. Said units are to be dedicated to its Culver 4 Federal Com Well No. 1 to be drilled at a standard location 1650 feet from the North line and 660 feet from the West line of said Section 4 to a depth sufficient to test all formations from the surface to the base of the Morrow formation, Cemetery-Morrow Gas Pool. 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 charge for risk involved in drilling said well. Said area is located approximately 7 miles southwest of Lakewood, New Mexico.

Examiner Hearing - June 11, 1998

Docket No. 15-98

Page 2 of 3

CASE 11984: Application of Nearburg Exploration Company, L.L.C., for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the S/2, in all formations developed on 160-acre spacing in the SE/4, in all formations developed on 80-acre spacing in the W/2 SE/4, and in all formations developed on 40-acre spacing in the SW/4 SE/4 of Section 23, Township 18 South, Range 24 East. Said units are to be dedicated to its Poco Mesa "23" State Com Well No. 1 to be drilled at a standard location 660 feet from the South line and 1650 feet from the East line of said Section 23 to a depth sufficient to test all formations from the surface to the base of the Morrow formation, Penasco Draw-Morrow Gas Pool. 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 charge for risk involved in drilling said well. Said area is located approximately 9 miles southwest of Artesia, New Mexico.

CASE 11906: (Continued from May 14, 1998, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco/Canyon formation underlying the following described acreage in Section 5, Township 20 South, Range 25 East and in the following manner: Lots 1, 2 and the S/2 NE/4 (the NE/4) to form a standard 160.45-acre oil spacing and proration unit for any formations and/or pools developed on 160-acre spacing within said vertical extent, including the Undesignated North Dagger Draw-Upper Pennsylvanian Pool; and the SW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools spaced on 40-acres within said vertical extent, including the Undesignated Seven Rivers-Yeso Pool. Said units are to be dedicated to its S.P. Johnson Com Well No. 2, located 1650 feet from the North line and 1980 feet from the East line (Unit G) of said Section 5. 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 charge for risk involved in drilling said well. Said unit is located approximately 4.5 miles west north-west of Seven Rivers, New Mexico.

CASE 11976: (Continued from May 14, 1998, Examiner Hearing.)

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling and an unorthodox well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in Lots 1, 2, 7, 8, 9, 10, 15 and 16, containing 319.97 acres, more or less, for all formations developed on 320-acre spacing, including but not limited to the Hat Mesa-Morrow Gas Pool; in Lots 9, 10, 15, and 16 for all formations developed on 160-acre spacing; in Lots 15 and 16 for all formations developed on 80-acre spacing; and in Lot 16 for all formations developed on 40-acre spacing, of Section 2, Township 21 South, Range 32 East. Said units are to be dedicated to its Minis "2" Federal Well No. 1 to be drilled to the Morrow formation at an unorthodox location 3630 feet from the South line (990 feet from the South line of the dedicated stand-up spacing unit) and 660 feet from the East line of said Section 2. 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 charge for risk involved in drilling said well. Said area is located approximately 5 miles southeast of Halfway, New Mexico.

CASE 11985: Application of Saga Petroleum, L.L.C., for an unorthodox well location, Eddy County, New Mexico. Applicant seeks authorization to drill its Dero Federal Well No. 3 at an unorthodox gas well location 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 35, Township 19 South, Range 28 East, to test all pools developed on 320-acre spacing including the Winchester-Morrow Gas Pool, the Undesignated Winchester-Atoka Gas Pool, the Winchester-Strawn Gas Pool, the Undesignated Winchester-Upper Pennsylvanian Gas Pool, and the Undesignated Winchester-Wolfcamp Pool. The S/2 of said Section 35 is to be dedicated to said well forming a standard 320-acre spacing and proration unit. Said unit is located approximately 13 miles east of Lakewood, New Mexico.

CASE 11975: (Continued from May 14, 1998, Examiner Hearing.)

Application of Saba Energy of Texas, Incorporated for special pool rules, Lea County, New Mexico. Applicant seeks the promulgation of Special Pool Rules for the Tatum-Wolfcamp Pool located in portions of Section 32, Township 12 South, Range 36 East and Sections 5, 6, and 7 of Township 13 South, Range 36 East, including provisions for 80-acre spacing and special well location requirements. Said area is located approximately 2 miles south-southwest of Tatum, New Mexico.

CASE 11986: Application of Saba Energy of Texas, Incorporated for pool creation and special pool rules, Lea County, New Mexico. Applicant seeks the creation of a new pool for the production of hydrocarbons from the Upper Pennsylvanian formation that is comprised of the E/2 NE/4 and the E/2 SE/4 of Section 7, Township 13 South, Range 36 East, as the result of the discovery of oil in its Saba State Well No. 1 located in Unit I of said Section 7 and the promulgation of Special Pool Rules for this new pool including provisions for 80-acre spacing and special well location requirements. Said area is located approximately 2 miles south-southwest of Tatum, New Mexico.

[REDACTED] (Continued from May 14, 1998, Examiner Hearing.)

Application of Whiting Petroleum Corporation and Maralex Resources, Inc. for an order shutting in certain wells, San Juan County, New Mexico. Applicant seeks an order requiring that the following wells be shut-in because they are producing from a formation or pool owned by applicants: Thompson Engineering & Production Corp. Stacey Well No. 1; and the Pendragon Energy Partners, Inc. Chaco Well Nos. 1, 2R, 4 and 5, and Chaco Ltd. Well No. 1J and 2J. Said wells are located in Sections 6, 7, and 18, Township 26 North, Range 12 West and Sections 1 and 12, Township 26 North, Range 13 West. Said area is located approximately 15 miles south-southeast of Farmington, New Mexico.

Examiner Hearing - June 11, 1998

Docket No. 15-98

Page 3 of 3

CASE 11946: (Continued from March 5, 1998, Examiner Hearing.)

Application of Oil Conservation Division for an order requiring McKay Oil Corporation to properly plug eleven (11) wells, Chaves County, New Mexico. Applicant seeks an order requiring McKay Oil Corporation to properly plug the below-listed eleven (11) wells in Chaves County, New Mexico, authorizing the Division to plug said wells, and ordering a forfeiture of the plugging bond, if any. Said wells are located in an area approximately 30 miles north of Roswell, New Mexico.

West Fork Unit# 1, Section 32, Township 4 South, Range 22 East, Unit C
Bonnie# 1, Section 30, Township 5 South, Range 22 East, Unit O
Wolf State# 1, Section 16, Township 6 South, Range 23 East, Unit J
Pipeline Com.# 2, Section 26, Township 6 South, Range 22 East, Unit K
Macho State# 1, Section 32, Township 6 South, Range 23 East, Unit G
Desert Rose# 1, Section 12, Township 6 South, Range 22 East, Unit M
Inexico# 2, Section 32, Township 5 South, Range 22 East, Unit J
Inexico# 5, Section 33, Township 5 South, Range 22 East, Unit K
Inexico# 7, Section 33, Township 5 South, Range 22 East, Unit J
Camp State# 1, Section 25, Township 5 South, Range 22 East, Unit J
Aikman# 1, Section 36, Township 5 South, Range 26 East, Unit P



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

May 12, 1998

J. Scott Hall
P. O. Box 1986
Santa Fe, New Mexico 87501-1986

James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

Re: Division Case 11921: Application of Whiting Petroleum Corporation and Maralex Resources, Inc. For an order shutting in certain wells operated by Thompson Engineering & Production Corporation and Pendragon Energy Partners, Inc. In Sections 6, 7, and 18, Township 26 North, Range 12 West, NMPM, San Juan County, New Mexico.

Dear Messrs. Hall and Bruce:

Reference is made to Mr. Hall's request by letter dated April 27, 1998 on behalf of Pendragon Energy Partners, Inc. to continue this case to a special hearing during the week of June 1, 1998 and to my telephone conversations with both Mr. Hall and Mr. Bruce concerning this matter. The first week in June will not available to me. In order for the Division to consider an alternate date to hear this case I will need to meet with both of you and discuss this issue further. In the mean time Division Case No. 11921 will be continued from the May 14, 1998 docket to the June 11, 1998 docket.

Thank you for your cooperation in this matter.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Aztec
Florene Davidson, NMOCD - Santa Fe
File: Case 11921

MILLER, STRATVERT & TORGERSO, P.A.
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WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL
RALPH WM. RICHARDS, COUNSEL

PLEASE REPLY TO SANTA FE

April 27, 1998

Mr. Michael Stogner, Chief Engineer
New Mexico Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: NMOCD Case No. 11921; Application of Whiting Petroleum Corporation and
Maralex Resources for An Order Shutting-In Certain Wells, San Juan County,
New Mexico

Dear Mr. Stogner:

As you know, the above matter is presently set for hearing on May 14, 1998. A scheduling conflict has arisen for one of our witnesses expected to testify in the above matter presently set for hearing on the May 14, 1998 examiner docket. (Please see attached correspondence from Roland Blauer.) In addition, as it is anticipated that at least one or more days will be required for a hearing, continuing the matter to the June 11, 1998 hearing docket presents a scheduling problem for another of our witnesses, Al Nicol, who has an earlier commitment that requires him to return to Denver the afternoon of the 11th. Accordingly, I suggest the matter be set for a special hearing for one or two days during the week of June 1st.

Jim Bruce, counsel for the applicants, concurs with the request to continue the May 14th hearing.

Should you wish to convene a telephone conversation with counsel to discuss scheduling

Mr. Michael Stogner, Chief Engineer
New Mexico Oil Conservation Division
April 27, 1998
Page 2

Should you wish to convene a telephone conversation with counsel to discuss scheduling for this case, I will be happy to arrange the same.

Sincerely,

MILLER, STRATVERT & TORGERSON, P.A.

A handwritten signature in black ink, appearing to read "J. Scott Hall". The signature is written in a cursive style with a horizontal line above the "y" in "Hall".

J. Scott Hall

JSH:CMB

cc: James Bruce, Esq.
Al Nicol, Pendragon



PENDRAGON ENERGY PARTNERS, INC.

621 17th Street, Suite 750 • Denver, CO 80293 • (303) 296-9402 Fax (303) 296-9410

April 23, 1998

Mr. Scott Hall, Esq.
Miller, Stratvert & Torgerson, P.A.
P. O. Box 1986
Santa Fe, N M 87504-1986

Re: NMOCD Case No. 11921; Application of Whiting Petroleum Corporation and Maralex Resources, Inc. for an Order Shutting In Wells, San Juan County, N.M.

Dear Scott:

Roland Blauer has notified you that his presence is required as an expert witness in a Wyoming Oil & Gas Conservation Commission hearing which has been continued until May 14, 1998. Roland is an owner in the wells identified by Whiting and Maralex in NMOCD Case No. 11921, and he will also be one of our key expert witnesses. Therefore, please determine if Whiting, Maralex and the NMOCD will accommodate our need for a continuance. Roland's letter advises you of his other schedule commitments.

Please also note that I have a long-standing commitment which will cause me to be unavailable during the period June 12-18, 1998. Because I will also be presenting a substantial portion of our testimony, an accommodation of that possible schedule conflict would also be appreciated.

Sincerely,

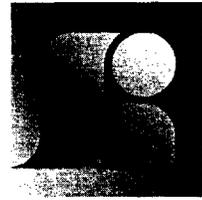
Alan B. Nicol
President

ABN/jf

April 22, 1998

Mr. J. Scott Hall
Miller, Stratvert & Torgerson, P.A.
150 Washington Avenue Suite 300
Santa Fe, New Mexico 87502-1986

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SERVICES
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RE: NMOCD Case No. 11921:
Application of Whiting Petroleum Corporation and Maralux Resources, Inc.
For an Order shutting in wells, San Juan County, New Mexico

Dear Mr. Hall,

I have a scheduling conflict which will prevent me from appearing in the above captioned case on May 14, 1998. I am representing a client before the Wyoming Oil and Gas Commission in a sensitive sour-gas production issue on May 12 and 13. The attorneys representing my client have advised me that I must further be available to the Wyoming Commission staff for any additional questions unresolved during the hearing. Thus, I am not able to attend the New Mexico Commission Hearing during May.

Further, the June Wyoming Commission hearing is scheduled June 9, 1998. I am not currently scheduled for that date, but expect to be required to be present that day only for a reading of the Commission findings from the May Hearing. Thus, I should have no difficulty being in Santa Fe on June 11. I have advised my client and their attorneys of this schedule to assure my availability.

I apologize for any inconvenience this has caused. Please contact me if you require additional information.

Sincerely,

Roland E. Blauer

1998 4 23 10 10

This Case will be heard after Case 11934

CASE 11921: (Continued from April 16, 1998, Examiner Hearing.)

Application of Whiting Petroleum Corporation and Maralex Resources, Inc. for an order shutting in certain wells, San Juan County, New Mexico. Applicants seek an order requiring that the following wells be shut-in because they are producing from a formation or pool owned by applicants: Thompson Engineering & Production Corp. Stacey Well No.1; and the Pendragon Energy Partners, Inc. Chaco Well Nos. 1, 2R, 4 and 5, and Chaco Ltd. Well Nos. 1J and 2J. Said wells are located in Sections 6, 7, and 18, Township 26 North, Range 12 West and Sections 1 and 12, Township 26 North, Range 13 West. Said area is located approximately 15 miles south-southeast of Farmington, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - MAY 14, 1998**8:15 AM - 2040 South Pacheco
Santa Fe, New Mexico**

Dockets Nos 14-98 and 15-98 are tentatively set for May 28, 1998 and June 11, 1998. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11900: (Continued from April 16, 1998, Examiner Hearing - This Case Will be Dismissed.)

Application of Yates Petroleum Corporation to rescind Administrative Order No. SWD-657, Lea County, New Mexico. Applicant seeks rescission of Administrative Order No. SWD-657 which approved the application of Manzano Oil Corporation for authorization to convert the State "22" Well No. 1, located 2310 feet from the South line and 990 feet from the East line (Unit I) of Section 22, Township 10 South, Range 37 East, to a salt water disposal well for the injection of Devonian water into the San Andres formation. Said well is located approximately 12 miles northeast of Tatum, New Mexico.

CASE 11962: (Continued from April 16, 1998, Examiner Hearing.)

Application of Merrion Oil & Gas Corporation for compulsory pooling and a non-standard gas well location, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the West Kutz-Pictured Cliffs Pool underlying the SW/4 of Section 15, Township 29 North, Range 13 West, thereby forming a standard 160-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to the existing Farmington "C" Com Well No. 1 (API No. 30-045-12174), located at an unorthodox gas well location 1625 feet from the South line and 1250 feet from the West line (Unit L) of said Section 15. Also to be considered will be the cost of recompleting 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 charge for risk involved in recompleting said well. Said 160-acre unit area is located approximately 3 miles east of Farmington, New Mexico.

CASE 11974: **Application of Richardson Production Company for compulsory pooling, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the SW/4 and all minerals interests in the Basin-Fruitland Coal Gas Pool underlying the W/2 of Section 21, Township 30 North, Range 14 West, forming a standard 160-acre and 320-acre spacing and proration units, respectively. Said units are to be dedicated to its WP Federal "21" Well No. 1 which is to be located in Unit M of said Section 21 for downhole commingled production from the Pictured Cliffs formation and the Basin-Fruitland Coal Gas Pool. Also to be considered will be the costs of participating in said well, including but not limited to the costs of drilling, completing and equipping said wells, including the imposition of a risk factor penalty, and the allocation of those costs and income therefrom as well as actual operating costs and charges for supervision, and the designation of Richardson Operating Company as the operator of the well. Said well is located approximately 5 miles northeast of Kirtland, New Mexico.

CASE 11887: (Continued from April 16, 1998, Examiner Hearing.)

Application of Santa Fe Energy Resources, Inc. for compulsory pooling and a non-standard gas spacing and proration unit, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 3-6 and 11-14 of Section 1, Township 21 South, Range 34 East, to form a non-standard 315.22-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Wilson-Morrow Gas Pool. Said unit is to be dedicated to its Outland "1" State Well No. 1, to be drilled at an orthodox gas well location 3300 feet from the North line and 1650 feet from the West line of said Section 1. 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 the operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 10 miles west-northwest of Oil Center, New Mexico.

CASE 11969: (Continued from April 30, 1998, Examiner Hearing.)

Application of Santa Fe Energy Resources, Inc. 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 following described acreage in Section 24, Township 18 South, Range 30 East, and in the following manner: The W/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including but not limited to the Undesignated North Shugart-Morrow Gas Pool; the SW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and the NE/4 SW/4, below 4100 feet subsurface, to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said units are to be dedicated to the Benson "24" Fed. Com. Well No. 1, located at an orthodox well location 1980 feet from the South and West lines (Unit K) of said Section 24. 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 charge for the risk involved in drilling said well. Said unit are located approximately 7 miles southeast of Loco Hills, New Mexico.

CASE 11971: (Continued from April 30, 1998, Examiner Hearing.)

Application of Yates Petroleum Corporation for an unorthodox well location, non-standard proration unit, and simultaneous dedication, Eddy County, New Mexico. Applicant seeks an exception to Division Rule 104.C(2) to permit it to drill its proposed Little Box Canyon AOX Federal Well No. 2 at an unorthodox location 1980 feet from the North line and 1190 feet from the West line as a second well in the W/2 of Section 7, Township 21 South, Range 22 East, and simultaneously dedicate the W/2 of said Section 7 to the Little Box Canyon AOX Federal Wells Nos. 1 and 2 in the Little Box Canyon-Morrow Gas Pool. Said wells are located approximately 30 miles west-northwest of Carlsbad, New Mexico.

CASE 11975: **Application of Saba Energy of Texas, Incorporated for special pool rules, Lea County, New Mexico.** Applicant seeks the promulgation of Special Pool Rules for the Tatum-Wolfcamp Pool located in portions of Section 32, Township 12 South, Range 36 East and Sections 5, 6, and 7 of Township 13 South, Range 36 East, including provisions for 80-acre spacing and special well location requirements. Said area is located approximately 2 miles south-southwest of Tatum, New Mexico.

CASE 11906: (Continued from April 16, 1998, Examiner Hearing.)

Application of Nearburg Exploration Company, 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 Cisco/Canyon formation underlying the following described acreage in Section 5, Township 20 South, Range 25 East, and in the following manner: Lots 1, 2, and the S/2 NE/4 (the NE/4) to form a standard 160.45-acre oil spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, including the Undesignated North Dagger-Draw Pennsylvanian Pool; and the SW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools spaced on 40 acres within said vertical extent, including the Undesignated Seven Rivers-Yeso Pool. Said units are to be dedicated to its S.P. Johnson Com. Well No. 2, located 1650 feet from the North line and 1980 feet from the East line (Unit G) of said Section 5. 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 charge for the risk involved in drilling said well. Said unit is located approximately 4.5 miles west-northwest of Seven Rivers, New Mexico.

CASE 11976: **Application of Nearburg Exploration Company, L.L.C. for compulsory pooling and an unorthodox well location, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in Lots 1, 2, 7, 8, 9, 10, 15 and 16, containing 319.97 acres, more or less, for all formations developed on 320-acre spacing, including but not limited to the Hat Mesa-Morrow Gas Pool; in Lots 9, 10, 15, and 16 for all formations developed on 160-acre spacing; in Lots 15 and 16 for all formations developed on 80-acre spacing; and in Lot 16 for all formations developed on 40-acre spacing, of Section 2, Township 21 South, Range 32 East. Said units are to be dedicated to its Minis "2" Federal Well No. 1 to be drilled to the Morrow formation at an unorthodox location 3630 feet from the South line and (990 feet from the South line of the dedicated stand-up spacing unit) and 660 feet from the East line of said Section 2. 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 charge for risk involved in drilling said well. Said area is located approximately 5 miles southeast of Halfway, New Mexico.

CASE 11965: (Continued from April 16, 1989, Examiner Hearing.)

Application of Yates Petroleum Corporation for 320-acre spacing, Eddy County, New Mexico. Applicant seeks 320-acre spacing for the Cemetary-Wolfcamp Gas Pool located in portions of Section 25, Township 20 South, Range 24 East and Section 30, Township 20 South, Range 25 East (which is located approximately 7 miles west-southwest of Seven Rivers, New Mexico). Said pool was created prior to Division Order No. R-2707 and therefore is not automatically eligible for 320-acre spacing.

CASE 11811: (Continued from March 19, 1998, Examiner Hearing.)

Application of the Oil Conservation Division for an order requiring Hanson Energy to plug seventeen (17) wells in Eddy County, New Mexico. In the matter of the hearing called by the Oil Conservation Division ("Division") to permit the operator, Hanson Energy, Gulf Insurance Company, and all other interested parties to appear and show cause why seventeen (17) wells located in Township 18 South, Range 28 East and Township 17 South, Ranges 27 and 28 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug said wells, the Division seeks an order (i) authorizing the Division to plug said wells, (ii) declaring forfeiture of the plugging bond, if any, covering said wells, and (iii) authorizing the Division to recover from the operator the costs of plugging the wells in excess of the amount of the bond. Said wells are located approximately 10 miles south-southeast of Artesia, New Mexico.

CASE 11958: (Continued from April 30, 1998, Examiner Hearing.)

Application of Ocean Energy, Inc. for compulsory pooling and an unorthodox well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the following described acreage in irregular Section 2, Township 16 South, Range 35 East, and in the following manner: Lots 9-16 of Section 2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Townsend-Morrow Gas Pool and the Undesignated North Townsend-Mississippian Gas Pool; and Lots 13 and 14 of Section 2 to form a standard 80-acre oil spacing and proration unit for any formations and/or pools spaced on 80 acres within said vertical extent, including the South Big Dog-Strawn Pool. Said units are to be dedicated to its Townsend State Com. Well No. 2, located at an unorthodox location 3250 feet from the South line and 1400 feet from the West line of said Section 2. 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 charge for the risk involved in drilling said well. Said unit is located approximately 5 miles west-northwest of Lovington, New Mexico.

CASE 11959: (Continued from April 30, 1998, Examiner Hearing.)

Application of Ocean Energy, Inc. 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 underlying the S/2 of irregular Section 2, Township 16 South, Range 35 East, 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 said vertical extent, including the Undesignated Townsend-Morrow Gas Pool and the Undesignated North Townsend-Mississippian Gas Pool. Said unit is to be dedicated to its Townsend State Com. Well No. 6, located at an orthodox location 990 feet from the South line and 1650 feet from the West line of said Section 2. 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 charge for the risk involved in drilling said well. Said unit is located approximately 5 miles west of Lovington, New Mexico.

CASE 11934: (Continued from April 16, 1998, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the following described acreage in irregular Section 2, Township 16 South, Range 35 East, in the following manner: Lots 11, 12, 13, 14 and the SW/4 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent; Lots 11, 12, 13 and 14 to form a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; Lots 13 and 14 to form a standard 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent; and Lot 13 to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said units are to be dedicated to the proposed Fields "APK" State Com Well No. 3 which will be drilled at a standard location 3300 feet from the South line and 760 feet from the West line of said Section 2. 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 charge for the risk involved in drilling said well. Said area is located approximately 4 miles west of Lovington, New Mexico.

CASE 11977: In the matter of the hearing called by the Oil Conservation Division for an order creating and extending certain pools in Rio Arriba and San Juan Counties, New Mexico.

- (a) CREATE a new pool in Rio Arriba County, New Mexico, classified as a gas pool for Ojo Alamo production and designated as the Cabresto Canyon-Ojo Alamo Pool. The discovery well is the Robert L. Bayless Jicarilla 459 Well No. 3 located in Unit G of Section 18, Township 30 North, Range 3 West, NMPM. Said pool would comprise:

TOWNSHIP 30 NORTH, RANGE 3 WEST, NMPM

Section 18: NE/4

- (b) CREATE a new pool in Rio Arriba County, New Mexico, classified as a gas pool for Gallup production and designated as the Ice Canyon-Gallup Pool. The discovery well is the Caulkins Oil Company Breech Well No. 377 located in Unit M of Section 23, Township 26 North, Range 7 West, NMPM. Said pool would comprise:

TOWNSHIP 26 NORTH, RANGE 7 WEST, NMPM

Section 23: SW/4

Examiner Hearing - May 14, 1998
Docket No. 13-98
Page 4 of 5

- (c) EXTEND the Barker Dome-Desert Creek Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 32 NORTH, RANGE 14 WEST, NMPM

Section 31: All

- (d) EXTEND the Blanco-Pictured Cliffs Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 7 WEST, NMPM

Section 4: E/2

Section 9: E/2

Section 10: S/2

Section 15: All

Section 16: E/2

Section 21: E/2

Section 22: All

Section 27: All

Section 28: E/2

Section 33: E/2

Section 34: All

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM

Section 21: NE/4

- (e) EXTEND the South Blanco-Tocito Oil Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 6 WEST, NMPM

Section 2: SW/4

Section 3: SE/4

Section 10: NE/4

- (f) EXTEND the Carracas-Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM

Section 27: NE/4

- (g) EXTEND the Fulcher Kutz-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 30 NORTH, RANGE 12 WEST, NMPM

Section 7: S/2

Section 18: All

TOWNSHIP 30 NORTH, RANGE 13 WEST, NMPM

Section 34: SE/4

Section 35: S/2

Section 36: S/2

- (h) EXTEND the Gallegos-Fruitland Sand Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 11 WEST, NMPM

Section 14: S/2

- (i) EXTEND the Gavilan-Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 2 WEST, NMPM

Section 2: S/2

Section 3: SE/4

- (j) EXTEND the Otero-Chacra Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM

Section 2: N/2 and SE/4

TOWNSHIP 26 NORTH, RANGE 7 WEST, NMPM

Section 14: S/2

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM

Section 5: SW/4

Section 6: S/2

Sections 7 and 8: All

Section 17: NW/4

Section 18: N/2

IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

April 8, 1998

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

M.S.

Re: Case 11921 (Application of Whiting Petroleum Corporation
and Maralex Resources, Inc., San Juan County, New Mexico)

Dear Mr. Stogner:

Please continue the above matter to the May 14, 1998 Examiner
hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Whiting
Petroleum Corporation
and Maralex Resources, Inc.

cc: J.Scott Hall

MILLER, STRATVERT & TORGERSON, P.A.
LAW OFFICES

RANNE B. MILLER
ALAN C. TORGERSON
ALICE TOMLINSON LORENZ
GREGORY W. CHASE
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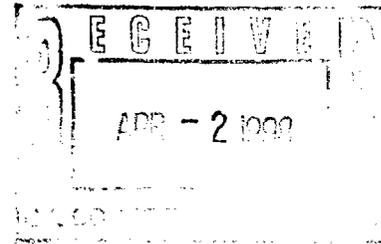
SANTA FE

150 WASHINGTON AVE., SUITE 300
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SANTA FE, NM 87504-1986
TELEPHONE: (505) 989-9614
FACSIMILE: (505) 989-9857

WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL
RALPH WM. RICHARDS, COUNSEL

PLEASE REPLY TO SANTA FE

March 31, 1998



Lori Wrottenbery, Director
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: NMOCD Case No. 11921; Application of Whiting Petroleum Corporation and Maralex Resources, Inc. for an Order Shutting-In Certain Wells, San Juan County, New Mexico

Dear Ms. Wrottenbery:

Enclosed please find an original and one copy of Coleman Oil and Gas, Inc. and Thompson Engineering and Production Corporation's Motion to Quash and Objection to Subpoena Duces Tecum. Would you please file the original and return the endorsed copy in the envelope provided for you. Thank you for your assistance in this matter.

Sincerely,

MILLER, STRATVERT & TORGERSON, P.A.

J. Scott Hall

JSH:CMB
Enclosure

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF WHITING PETROLEUM CORPORATION AND MARALEX RESOURCES, INC., FOR AN ORDER SHUTTING-IN CERTAIN WELLS, SAN JUAN COUNTY, NEW MEXICO,

Case No. 11921

COLEMAN OIL AND GAS, INC. AND THOMPSON ENGINEERING AND PRODUCTION CORPORATION'S MOTION TO QUASH AND OBJECTION TO SUBPOENA DUCES TECUM

Coleman Oil and Gas, Inc. ("Coleman") and Thompson Engineering and Production Corp. ("Thompson") hereby object to and move to quash certain portions of the identical Subpoenas Duces Tecum obtained by Whiting Petroleum Corporation and Maralex Resources, Inc. for the production of certain documents and records of Coleman and Thompson. (See March 23, 1998 Whiting/Maralex Subpoenas Duces Tecum, Exhibits A and B, attached).

On February 10, 1998, Whiting and Maralex filed their Amended Application seeking the issuance by the Division of an order shutting-in a number of wells operated by Pendragon Energy Partners and Thompson Engineering in San Juan County. Coleman owns the preponderance of the working interests in the Thompson-operated wells.

It is generally alleged by Whiting and Maralex that certain wells operated by Pendragon and Thompson Engineering completed in the WAW Fruitland Sand-Picture Cliffs pool are producing gas from spacing units in the Basin-Fruitland Coal Gas Pool operated by Whiting and in which both Whiting and Maralex own working interests. As a consequence, Whiting and Maralex are asking the Division to order the Pendragon and Thompson wells to be shut-in or, alternatively, to be commingled.

The Thompson Engineering operated wells and their locations are as follows:

<u>Well Name</u>	<u>Well Unit</u>
Stacey No. 1	SE1/4 Sec. 6-26N-12W
Leslie No. 1	NE1/4 Sec. 7-26N-12W

Items one through nine of the subpoenas served on Coleman Oil and Gas and Thompson Engineering are identical to those set forth in the earlier subpoena directed to Pendragon Energy Partners, Inc. and J.K. Edwards & Associates. Among other things, the Whiting/Maralex subpoenas request geologic, engineering, drilling completion and operating data for the acreage dedicated to Pendragon and Thompson operated wells referenced above, as well as on seventeen additional sections outside the area affected by the Whiting/Maralex application. Such materials and data were produced earlier by Pendragon on February 28, 1998.

To the extent that the subpoena requests such information for acreage outside of that dedicated to the Stacey No. 1 and Leslie No. 1, Coleman objects for the reason that the subpoena is unreasonably cumulative and duplicative and is obtainable from some other source that is less burdensome and less expensive. Moreover, the production of materials and data relating to non-operated acreage is not pertinent to any question lawfully before the Division for determination as presently framed by the Amended Application. (See § 70-2-8, N.M. Stat. Ann. 1997)

Item ten of the Whiting/Maralex subpoena seeks the production of "operating agreements, partnership or joint venture agreements, authorizations for expenditure" and other similar agreements ". . . which show liability for and apportionment of various drilling and

operating costs.

To the extent subpoena item ten seeks the production of any information or materials beyond that described in subpoena items one through nine, Coleman and Thompson object for the reason that the subpoena item is vague, overbroad and unduly burdensome. Moreover, the broad scope of item ten would include the production of proprietary and confidential business information and/or interpretative materials. Additionally, the materials sought by item ten include information not pertinent to some question lawfully before the Division for determination pursuant to the issues set forth in the Amended Application. (See § 70-2-8, N.M. Stat. Ann. 1997) Accordingly, Coleman and Thompson object.

Item eleven of the subpoenas directed to Coleman and Thompson seek the production of correspondence with "any working interest owner in the wells" relating to matters under subpoena items one through ten, "or regarding production from the wells." Again, item eleven is vague, over-broad and unduly burdensome and is pertinent to no issue lawfully before the Division for determination. Moreover, to the extent item eleven includes proprietary and confidential business information and/or interpretative materials, or may be construed to include documents and materials covered by the common defense privilege, Coleman and Thompson object.

WHEREFORE, Coleman Oil and Gas, Inc. and Thompson Engineering and Production move that the Division enter its order partially quashing the February 23, 1998 Whiting/Maralex subpoenas for the reasons set forth above.

Respectfully submitted,

MILLER, STRATVERT & TORGERSON, P.A.

By J. Scott Hall

J. Scott Hall
Attorneys for Coleman/Thompson
Post Office Box 1986
Santa Fe, New Mexico 87504-1986
(505) 989-9614

Certificate of Mailing

I hereby certify that a true and correct copy of the foregoing was mailed to counsel of record on the 31 day of March, 1998, as follows:

James Bruce, Esq.
P.O. Box 1056
Santa Fe, New Mexico 87504

J. Scott Hall
J. Scott Hall

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF WHITING PETROLEUM CORPORATION AND MARALEX RESOURCES, INC. FOR AN ORDER SHUTTING-IN, LIMITING PRODUCTION FROM, OR APPROVING DOWNHOLE COMMINGLING IN, CERTAIN WELLS, SAN JUAN COUNTY, NEW MEXICO.

Case No. 11,921

RECEIVED

MAR 28 1998

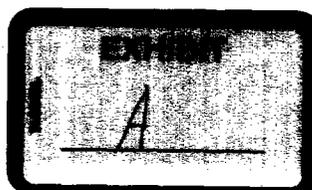
Oil Conservation Division

SUBPOENA DUCES TECUM

TO: Coleman Oil & Gas, Inc.
c/o George E. Coleman, registered agent
1800 McDonald Road
Farmington, New Mexico 87499

Pursuant to NMSA 1978 §70-2-8 (1995 Repl. Pamp.) and Division Rule 1211, you are hereby ordered to appear at 8:15 a.m. on Thursday, April 2, 1998, at the hearing room of the New Mexico Oil Conservation Division, 2040 South Pacheco Street, Santa Fe, New Mexico 87505, produce the documents and records described below, and make them available for inspection and copying by employees or representatives of Whiting Petroleum Corporation and Maralex Resources, Inc.:

DOCUMENTS TO BE PRODUCED: All documents, records, and data regarding the matters itemized below, in your possession or under your control, pertaining to wells (i) operated by you, (ii) in which you own an interest, or (iii) on which you possess any of the requested data (collectively, "the wells"), located in: Sections 31 and 32, Township 27 North, Range 12 West; Sections 5-8 and 17-20, Township 26 North, Range 12 West; Sections 35 and 36, Township 27 North, Range 13 West; and Sections 1, 2, 11-14, and 24, Township 26 North, Range 13 West, San Juan County, New Mexico (collectively, "the subject area"):



1. All gas, oil, and water production data from the wells from the completion of each well through February 28, 1998;
2. All analyses of water and gas produced from the wells;
3. All orders and authorizations granting you permission to dispose of water produced from any of the wells;
4. All electrical, mechanical, or other logs on the wells;
5. All core data and core analyses on the wells, whether they pertain to the Pictured Cliffs, Fruitland Sand, or Fruitland Coal formations;
6. All pressure data for the wells since their commencement, including bottom hole pressures, surface pressures, shut-in bottom hole pressures, pressure build-up tests, pressure gradients, and production pressures;
7. All frac records on the wells (on both computer disc and paper format, if available), including but not limited to (i) proposed frac designs, (ii) Nolte plots for frac jobs, (iii) frac job reports, and (iv) all related materials, including rates, pressures, volumes, and rheologies for all fluids for all frac jobs, and any subsequent pressure analyses;
8. All drilling, completion, and workover reports on the wells;
9. All geological data on the wells;
10. All operating agreements, partnership or joint venture agreements, authorizations for expenditure, and other agreements regarding drilling, recompleting, workovers of, or operating the wells, including documents which show liability

for and apportionment of drilling, recompletion, workover, and operating costs; and

11. Correspondence with any working interest owner in the wells pertaining or related to any of the information itemized in paragraphs 1-10 above, or regarding production from the wells. ✓

INSTRUCTIONS: This subpoena requires the production of all information described above available to you or in your possession, custody, or control, wherever located.

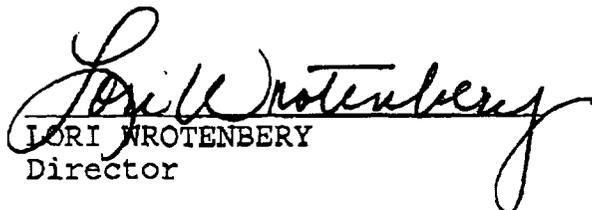
"You" or "your" means Coleman Oil & Gas, Inc. and its employees, former employees, officers, directors, agents, contractors, representatives, affiliated companies, and predecessors.

If the requested data is not in your possession or control, identify the person performing the test or analyses, and the present custodian of the data, including name, address, and telephone number.

This subpoena was issued at the request of Whiting Petroleum Corporation and Maralex Resources, Inc. through their attorney, James Bruce, P.O. Box 1056, Santa Fe, New Mexico 87504, (505) 982-2043.

ISSUED this 23rd day of March, 1998, at Santa Fe, New Mexico.

NEW MEXICO OIL CONSERVATION
DIVISION


LORI WROTENBERY
Director

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF WHITING PETROLEUM
CORPORATION AND MARALEX RESOURCES,
INC. FOR AN ORDER SHUTTING-IN,
LIMITING PRODUCTION FROM, OR APPROVING
DOWNHOLE COMMINGLING IN, CERTAIN
WELLS, SAN JUAN COUNTY, NEW MEXICO.

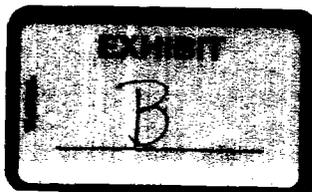
Case No. 11,921

SUBPOENA DUCES TECUM

TO: Thompson Engineering & Production Corp.
c/o Paul C. Thompson, registered agent
7415 East Main
Farmington, New Mexico 87402

Pursuant to NMSA 1978 §70-2-8 (1995 Repl. Pamp.) and Division Rule 1211, you are hereby ordered to appear at 8:15 a.m. on Thursday, April 2, 1998, at the hearing room of the New Mexico Oil Conservation Division, 2040 South Pacheco Street, Santa Fe, New Mexico 87505, produce the documents and records described below, and make them available for inspection and copying by employees or representatives of Whiting Petroleum Corporation and Maralex Resources, Inc.:

DOCUMENTS TO BE PRODUCED: All documents, records, and data regarding the matters itemized below, in your possession or under your control, pertaining to wells (i) operated by you, (ii) in which you own an interest, or (iii) on which you possess any of the requested data (collectively, "the wells"), located in: Sections 31 and 32, Township 27 North, Range 12 West; Sections 5-8 and 17-20, Township 26 North, Range 12 West; Sections 35 and 36, Township 27 North, Range 13 West; and Sections 1, 2, 11-14, and 24, Township 26 North, Range 13 West, San Juan County, New Mexico (collectively, "the subject area"):



1. All gas, oil, and water production data from the wells from the completion of each well through February 28, 1998;
2. All analyses of water and gas produced from the wells;
3. All orders and authorizations granting you permission to dispose of water produced from any of the wells;
4. All electrical, mechanical, or other logs on the wells;
5. All core data and core analyses on the wells, whether they pertain to the Pictured Cliffs, Fruitland Sand, or Fruitland Coal formations;
6. All pressure data for the wells since their commencement, including bottom hole pressures, surface pressures, shut-in bottom hole pressures, pressure build-up tests, pressure gradients, and production pressures;
7. All frac records on the wells (on both computer disc and paper format, if available), including but not limited to (i) proposed frac designs, (ii) Nolte plots for frac jobs, (iii) frac job reports, and (iv) all related materials, including rates, pressures, volumes, and rheologies for all fluids for all frac jobs, and any subsequent pressure analyses;
8. All drilling, completion, and workover reports on the wells;
9. All geological data on the wells;
10. All operating agreements, partnership or joint venture agreements, authorizations for expenditure, and other agreements regarding drilling, recompleting, workovers of, or operating the wells, including documents which show liability

for and apportionment of drilling, recompletion, workover, and operating costs; and

11. Correspondence with any working interest owner in the wells pertaining or related to any of the information itemized in paragraphs 1-10 above, or regarding production from the wells.

INSTRUCTIONS: This subpoena requires the production of all information described above available to you or in your possession, custody, or control, wherever located.

"You" or your" means Thompson Engineering & Production Corp. and its employees, former employees, officers, directors, agents, contractors, representatives, affiliated companies, and predecessors.

If the requested data is not in your possession or control, identify the person performing the test or analyses, and the present custodian of the data, including name, address, and telephone number.

This subpoena was issued at the request of Whiting Petroleum Corporation and Maralex Resources, Inc. through their attorney, James Bruce, P.O. Box 1056, Santa Fe, New Mexico 87504, (505) 982-2043.

ISSUED this _____ day of March, 1998, at Santa Fe, New Mexico.

NEW MEXICO OIL CONSERVATION
DIVISION

(S)

LORI WROTENBERY
Director

MILLER, STRATVERT & TORGERSON, P.A.
LAW OFFICES

Handwritten: 5/11
Handwritten: 06/11

RANNE B. MILLER
ALAN C. TORGERSON
ALICE TOMLINSON LORENZ
GREGORY W. CHASE
ALAN KONRAD
LYMAN G. SANDY
STEPHEN M. WILLIAMS
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POST OFFICE BOX 869
FARMINGTON, NM 87499-0869
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FACSIMILE: (505) 325-5474

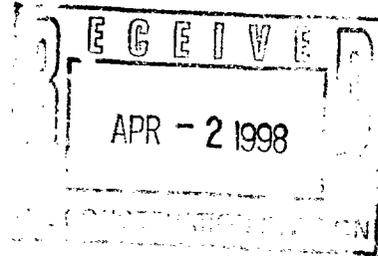
SANTA FE

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TELEPHONE: (505) 989-9614
FACSIMILE: (505) 989-9857

WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL
RALPH WM. RICHARDS, COUNSEL

PLEASE REPLY TO SANTA FE

March 31, 1998



Lori Wrottenbery, Director
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: NMOCD Case No. 11921; Application of Whiting Petroleum Corporation and Maralex Resources, Inc. for an Order Shutting-In Certain Wells, San Juan County, New Mexico

Dear Ms. Wrottenbery:

Enclosed please find an original and one copy each of the following:

1. Entry of Appearance on behalf of Coleman Oil & Gas;
2. Entry of Appearance on behalf of Thompson Engineering; and
3. Entry of Appearance on behalf of J.K. Edwards.

Would you please file the original and return the endorsed copy in the envelope provided for you. Thank you for your assistance in this matter.

Sincerely,

MILLER, STRATVERT & TORGERSON, P.A.

Handwritten signature: J. Scott Hall

J. Scott Hall

JSH:CMB

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF WHITING PETROLEUM
CORPORATION AND MARALEX RESOURCES,
INC., FOR AN ORDER SHUTTING-IN CERTAIN
WELLS, SAN JUAN COUNTY, NEW MEXICO,

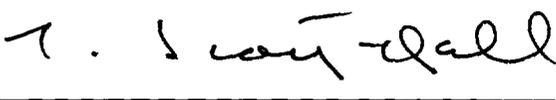
Case No. 11921

ENTRY OF APPEARANCE

Comes now THOMPSON ENGINEERING by and through its undersigned attorneys,
Miller, Stratvert & Torgerson, P.A., and hereby enters its appearance in the above cause.

MILLER, STRATVERT & TORGERSON, P.A.

By



J. Scott Hall
Attorneys for Thompson Engineering
Post Office Box 1986
Santa Fe, New Mexico 87504-1986
(505) 989-9614

Certificate of Mailing

I hereby certify that a true and correct copy of the foregoing was mailed to counsel of record on the 30 day of March, 1998, as follows:

James Bruce, Esq.
P.O. Box 1056
Santa Fe, New Mexico 87504

J. Scott Hall

J. Scott Hall

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF WHITING PETROLEUM
CORPORATION AND MARALEX RESOURCES,
INC., FOR AN ORDER SHUTTING-IN CERTAIN
WELLS, SAN JUAN COUNTY, NEW MEXICO,

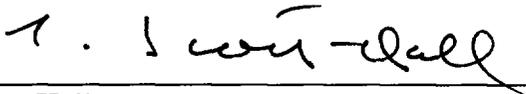
Case No. 11921

ENTRY OF APPEARANCE

Comes now J. K. EDWARDS ASSOCIATES, INC. by and through its undersigned
attorneys, Miller, Stratvert & Torgerson , P.A., and hereby enters its appearance in the above
cause.

MILLER, STRATVERT & TORGERSON, P.A.

By



J. Scott Hall
Attorneys for J.K. Edwards Associates, Inc.
Post Office Box 1986
Santa Fe, New Mexico 87504-1986
(505) 989-9614

Certificate of Mailing

I hereby certify that a true and correct copy of the foregoing was mailed to counsel of record on the 30 day of March, 1998, as follows:

James Bruce, Esq.
P.O. Box 1056
Santa Fe, New Mexico 87504



J. Scott Hall

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF WHITING PETROLEUM CORPORATION AND MARALEX RESOURCES, INC., FOR AN ORDER SHUTTING-IN CERTAIN WELLS, SAN JUAN COUNTY, NEW MEXICO,

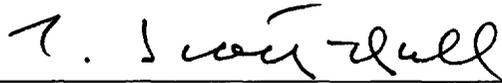
Case No. 11921

ENTRY OF APPEARANCE

Comes now COLEMAN OIL & GAS, by and through its undersigned attorneys, Miller, Stratvert & Torgerson, P.A., and hereby enters its appearance in the above cause.

MILLER, STRATVERT & TORGERSON, P.A.

By



J. Scott Hall
Attorneys for Coleman Oil & Gas
Post Office Box 1986
Santa Fe, New Mexico 87504-1986
(505) 989-9614

Certificate of Mailing

I hereby certify that a true and correct copy of the foregoing was mailed to counsel of record on the 30 day of March, 1998, as follows:

James Bruce, Esq.
P.O. Box 1056
Santa Fe, New Mexico 87504

J. Scott Hall

J. Scott Hall

MILLER, STRATVERT & TORGERSON, P.A.
LAW OFFICES

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C. BRIAN CHARLTON
RUTH O. PREGENZER
JEFFREY E. JONES
MANUEL I. ARRIETA
ROBIN A. GOBLE
JAMES R. WOOD
DANA M. KYLE
KIRK R. ALLEN
RUTH M. FUESS
JAMES B. GREEN
KYLE M. FINCH
H. BROOK LASKEY
KATHERINE W. HALL
FRED SCHILLER
MICHAEL I. GARCIA
LARA L. WHITE
PAULA G. MAYNES
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SANTA FE

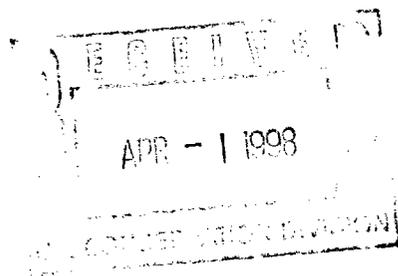
150 WASHINGTON AVE., SUITE 300
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SANTA FE, NM 87504-1986
TELEPHONE: (505) 989-9614
FACSIMILE: (505) 989-9857

WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL
RALPH WM. RICHARDS, COUNSEL

PLEASE REPLY TO SANTA FE

March 31, 1998

Lori Wrotenbery, Director
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505



Re: NMOCD Case No. 11921; Application of Whiting Petroleum Corporation and Maralex Resources, Inc. for an Order Shutting-In Certain Wells, San Juan County, New Mexico

Dear Ms. Wrotenbery:

Enclosed please find an original and one copy of J.K. Edwards & Associates, Inc.'s Motion to Quash and Objection to Subpoena Duces Tecum. Would you please file the original and return the endorsed copy in the envelope provided for you. Thank you for your assistance in this matter.

Sincerely,

MILLER, STRATVERT & TORGERSON, P.A.

J. Scott Hall

JSH:CMB
Enclosure

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF WHITING PETROLEUM CORPORATION AND MARALEX RESOURCES, INC., FOR AN ORDER SHUTTING-IN CERTAIN WELLS, SAN JUAN COUNTY, NEW MEXICO,

RECORDED
Case No. 11921
1998
Oil Conservation

**J.K. EDWARDS & ASSOCIATES, INC.'S MOTION TO QUASH
AND OBJECTION TO SUBPOENA DUCES TECUM**

J.K. Edwards and Associates ("J.K. Edwards") hereby objects to and moves to quash certain portions of the Subpoena Duces Tecum obtained by Whiting Petroleum Corporation and Maralex Resources, Inc. for the production of certain documents and records of J.K. Edwards. (See Whiting/Maralex Subpoena Duces Tecum, Exhibit A, attached).

On February 10, 1998, Whiting and Maralex filed their Amended Application seeking the issuance by the Division of an order shutting-in a number of wells operated by Pendragon and Thompson Engineering in San Juan County. It is generally alleged by Whiting and Maralex that certain wells operated by Pendragon and Thompson Engineering completed in the WAW Fruitland Sand-Picture Cliffs pool are producing gas from spacing units in the Basin-Fruitland Coal Gas Pool operated by Whiting and in which both Whiting and Maralex own working interests. As a consequence, Whiting and Maralex are asking the Division to order the Pendragon and Thompson wells to be shut-in or, alternatively, to be commingled. J.K. Edwards owns certain working interests in the Pendragon-operated wells.

Items one through nine of the subpoena served on J.K. Edwards & Associates are identical to those set forth in the earlier subpoena directed to Pendragon Energy Partners, Inc. Among other things, the Whiting/Maralex subpoena requests geologic, engineering, drilling

completion and operating data for the acreage dedicated to the Pendragon and Thompson operated wells referenced above, as well as on seventeen additional sections outside the area affected by the Whiting/Maralex application.

On February 28, 1998, Pendragon Energy produced documents in its possession responsive to subpoena items one through nine including responsive materials obtained from J.K. Edwards when Pendragon acquired certain ownership interests from Edwards.

Item ten of the Whiting/Maralex subpoena seeks the production of "operating agreements, partnership or joint venture agreements, authorizations for expenditure" and other similar agreements" . . . which show liability for and apportionment of various drilling and operating costs.

In addition, item eleven of the subpoena is a blanket request for the production of all documents related to the sale of an interest in any of the subject wells to "prospective purchasers."

To the extent subpoena items ten and eleven seek the production of any information or materials beyond that described in subpoena items one through nine, J.K. Edwards objects for the reason that the subpoena items are vague, overbroad and unduly burdensome. Moreover, the broad scope of items ten and eleven would include the production of proprietary and confidential business information and/or interpretative materials. Additionally, the materials sought by items ten and eleven include information not pertinent to some question lawfully before the Division for determination pursuant to the issues set forth in the Amended Application. (See § 70-2-8, N.M. Stat. Ann. 1997) Accordingly, J.K. Edwards objects.

WHEREFORE, J.K. Edwards Associates moves that the Division enter its order

partially quashing the March 23, 1998 Whiting/Maralex subpoena for the reasons set forth above.

Respectfully submitted,

MILLER, STRATVERT & TORGERSON, P.A.

By J. Scott Hall

J. Scott Hall
Attorneys for J.K. Edwards & Associates, Inc.
Post Office Box 1986
Santa Fe, New Mexico 87504-1986
(505) 989-9614

Certificate of Mailing

I hereby certify that a true and correct copy of the foregoing was mailed to counsel of record on the 31 day of March, 1998, as follows:

James Bruce, Esq.
P.O. Box 1056
Santa Fe, New Mexico 87504

J. Scott Hall

J. Scott Hall

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF WHITING PETROLEUM CORPORATION AND MARALEX RESOURCES, INC. FOR AN ORDER SHUTTING-IN, LIMITING PRODUCTION FROM, OR APPROVING DOWNHOLE COMINGLING IN, CERTAIN WELLS, SAN JUAN COUNTY, NEW MEXICO.

Case No. 11,921

RECEIVED

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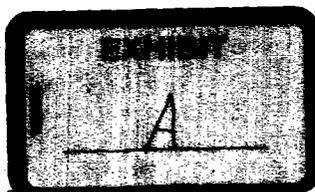
SUBPOENA DUCES TECUM

TO: J.K. Edwards & Associates, Inc.
c/o CT Corporation System, registered agent
123 East Marcy Street
Santa Fe, New Mexico 87501

Oil Conservation Division

Pursuant to NMSA 1978 §70-2-8 (1995 Repl. Pamp.) and Division Rule 1211, you are hereby ordered to appear at 8:15 a.m. on Thursday, February 19, 1998, at the hearing room of the New Mexico Oil Conservation Division, 2040 South Pacheco Street, Santa Fe, New Mexico 87505, produce the documents and records described below, and make them available for inspection and copying by employees or representatives of Whiting Petroleum Corporation and Maralex Resources, Inc.:

DOCUMENTS TO BE PRODUCED: All documents, records, and data regarding the matters itemized below, in your possession or under your control, pertaining to wells (i) operated by you, (ii) in which you now own or formerly owned an interest, or (iii) on which you possess any of the requested data (collectively, "the wells"), located in: Sections 31 and 32, Township 27 North, Range 12 West; Sections 5-8 and 17-20, Township 26 North, Range 13 West; Sections 35 and 36, Township 27 North, Range 13 West; and Sections 1, 2, 11-14, and 24, Township 26 North, Range 13 West, San Juan County, New Mexico (collectively, "the subject area"):



1. All gas, oil, and water production data from the wells from the completion of each well through February 28, 1998;
2. All analyses of water and gas produced from the wells;
3. All orders and authorizations granting you permission to dispose of water produced from any of the wells;
4. All electrical, mechanical, or other logs on the wells;
5. All core data and core analyses on the wells, whether they pertain to the Pictured Cliffs, Fruitland Sand, or Fruitland Coal formations;
6. All pressure data for the wells since their commencement, including bottom hole pressures, surface pressures, shut-in bottom hole pressures, pressure build-up tests, pressure gradients, and production pressures;
7. All frac records on the wells (on both computer disc and paper format, if available), including but not limited to (i) proposed frac designs, (ii) Nolte plots for frac jobs, (iii) frac job reports, and (iv) all related materials, including rates, pressures, volumes, and rheologies for all fluids for all frac jobs, and any subsequent pressure analyses;
8. All drilling, completion, and workover reports on the wells;
9. All geological data on the wells;
10. All operating agreements, partnership or joint venture agreements, authorizations for expenditure, and other agreements regarding drilling, recompleting, workovers of, or operating the wells, including documents which show liability

for and apportionment of drilling, recompletion, workover, and operating costs; and

11. All documents provided by you to prospective purchasers prior to your sale of an interest in any of the wells, including correspondence pertaining but not limited to any of the information itemized in paragraphs 1-10 above

INSTRUCTIONS: This subpoena requires the production of all information described above available to you or in your possession, custody, or control, wherever located.

"You" or your" means J.K. Edwards & Associates, Inc. and its employees, former employees, officers, directors, agents, contractors, representatives, affiliated companies, and predecessors.

If the requested data is not in your possession or control, identify the person performing the test or analyses, and the present custodian of the data, including name, address, and telephone number.

This subpoena was issued at the request of Whiting Petroleum Corporation and Maralex Resources, Inc. through their attorney, James Bruce, P.O. Box 1056, Santa Fe, New Mexico 87504, (505) 982-2043.

ISSUED this 23rd day of March, 1998, at Santa Fe, New Mexico.

NEW MEXICO OIL CONSERVATION
DIVISION

David Rotenberg
DIRECTOR

MILLER, STRATVERT & TORGERSON, P.A.
LAW OFFICES

RANNE B. MILLER
ALAN C. TORGERSON
ALICE TOMLINSON LORENZ
GREGORY W. CHASE
ALAN KONRAD
LYMAN G. SANDY
STEPHEN M. WILLIAMS
STEPHAN M. VIDMAR
ROBERT C. GUTIERREZ
SETH V. BINGHAM
JAMES B. COLLINS
TIMOTHY R. BRIGGS
RUDOLPH LUCERO
DEBORAH A. SOLOVE
GARY L. GORDON
LAWRENCE R. WHITE
SHARON P. GROSS
VIRGINIA ANDERMAN
MARTE D. LIGHTSTONE
J. SCOTT HALL
THOMAS R. MACK
TERRI L. SAUER

JOEL T. NEWTON
JUDITH K. NAKAMURA
THOMAS M. DOMME
C. BRIAN CHARLTON
RUTH O. PREGENZER
JEFFREY E. JONES
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ROBIN A. GOBLE
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FARMINGTON, NM 87499-0869
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SANTA FE

150 WASHINGTON AVE., SUITE 300
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SANTA FE, NM 87504-1986
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FACSIMILE: (505) 989-9857

WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL
RALPH WM. RICHARDS, COUNSEL

PLEASE REPLY TO SANTA FE

March 30, 1998

Lori Wrotenbery, Director
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

BY HAND DELIVERY

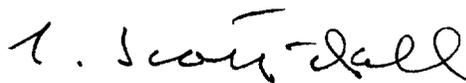
Re: NMOCD Case No. 11921; Application of Whiting Petroleum Corporation and Maralex Resources, Inc. for an Order Shutting-In Certain Wells, San Juan County, New Mexico

Dear Ms. Wrotenbery:

Enclosed please find an original and one copy of Pendragon Energy Partners' Motion to Quash and Objection to Subpoena Duces Tecum. Would you please file the original and return the endorsed copy in the envelope provided for you. Thank you for your assistance in this matter.

Sincerely,

MILLER, STRATVERT & TORGERSON, P.A.



J. Scott Hall

JSH:CMB

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF WHITING PETROLEUM CORPORATION AND MARALEX RESOURCES, INC., FOR AN ORDER SHUTTING-IN CERTAIN WELLS, SAN JUAN COUNTY, NEW MEXICO,

Case No. 11921

**PENDRAGON ENERGY PARTNERS MOTION TO QUASH
AND OBJECTION TO SUBPOENA DUCES TECUM**

Pendragon Energy Partners, Inc., ("Pendragon") hereby objects to and moves to quash certain portions of the Subpoena Duces Tecum obtained by Whiting Petroleum Corporation and Maralex Resources, Inc. for the production of certain documents and records of Pendragon. (See Whiting/Maralex Subpoena Duces Tecum, Exhibit A, attached).

On February 10, 1998, Whiting and Maralex filed their Amended Application seeking the issuance by the Division of an order shutting-in a number of wells operated by Pendragon and Thompson Engineering in San Juan County. It is generally alleged by Whiting and Maralex that certain wells operated by Pendragon and Thompson Engineering completed in the WAW Fruitland Sand-Picture Cliffs pool are producing gas from spacing units in the Basin-Fruitland Coal Gas Pool operated by Whiting and in which both Whiting and Maralex own working interests. As a consequence, Whiting and Maralex are asking the Division to order the Pendragon and Thompson wells to be shut-in or, alternatively, to be commingled. Thompson Engineering operates the following wells:

<u>Well Name</u>	<u>Well Unit</u>
Stacey No. 1	SE1/4 § 6-26N-12W
Leslie No. 1	NE1/4 § 7-26N-12W

Pendragon operates the following wells:

<u>Well Name</u>	<u>Well Unit</u>
Chaco No. 1	NW1/4 §18-26N-12W
Chaco No. 2R	SW1/4 §7-26N-12W
Chaco No. 4	NW1/4 §7-26N-12W
Chaco No. 5	SE1/4 §1-26N-13W
Chaco Ltd. No. 1J	SW1/4 §1-26N-13W
Chaco Ltd. No. 2J	NE1/4 §1-26N-13W

The Whiting/Maralex wells are:

<u>Well Name</u>	<u>Well Unit</u>
Gallegos Fed. 26-12-6 No. 2	W1/2 §6-26N-12W
Gallegos Fed. 26-12-7 No. 1	W1/2 §7-26N-12W
Gallegos Fed. 26-13-1 No. 1	E1/2 §1-26N-13W
Gallegos Fed. 26-13-1 No. 2	W1/2 §1-26N-13W
Gallegos Fed. 26-13-12 No. 1	N1/2 §12-26N-13W

Among other things, the Whiting/Maralex subpoena requests geologic, engineering, drilling completion and operating data for the acreage dedicated to Pendragon and Thompson operated wells referenced above, as well as on seventeen additional sections outside the area affected by the Whiting/Maralex application.

On February 28, 1998, Pendragon complied with the Whiting/Maralex subpoena and produced documents in its possession responsive to subpoena items one through nine.

Item ten of the Whiting/Maralex subpoena seeks the production of: "all documents provided to you by J.K. Edwards and Associates, Inc. prior to your purchase of an interest in any of the wells, including correspondence pertaining but not limited to any of the information

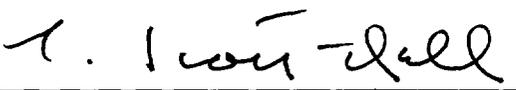
itemized in Paragraphs one through nine above." J. K. Edwards, Inc. is the predecessor in title to a certain quantum of the working interest now owned by Pendragon Energy in the subject Fruitland Sand-Pictured Cliffs wells. To the extent the documents and data obtained from J.K. Edwards was responsive to subpoena items one through nine, they were produced on February 28, 1998.

To the extent subpoena item ten seeks the production of any information or materials beyond that described in subpoena items one through nine, Pendragon objects for the reason that the subpoena item is vague, overbroad and unduly burdensome. Moreover, the broad scope of item ten would include the production of proprietary and confidential business information and/or interpretative materials. Additionally, the materials sought by item ten include information not pertinent to some question lawfully before the Division for determination pursuant to the issues set forth in the Amended Application. (See § 70-2-8, N.M. Stat. Ann. 1997) Accordingly, Pendragon objects.

WHEREFORE, Pendragon Energy Partners, Inc. moves that the Division enter its order partially quashing the February 10, 1998 Whiting/Maralex subpoena for the reasons set forth above.

Respectfully submitted,

MILLER, STRATVERT & TORGERSON, P.A.

By 

J. Scott Hall
Attorneys for Pendragon Energy Partners
Post Office Box 1986
Santa Fe, New Mexico 87504-1986
(505) 989-9614

Certificate of Mailing

I hereby certify that a true and correct copy of the foregoing was mailed to counsel of record on the 30 day of March, 1998, as follows:

James Bruce, Esq.
P.O. Box 1056
Santa Fe, New Mexico 87504



J. Scott Hall

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF WHITING PETROLEUM CORPORATION AND MARALEX RESOURCES, INC. FOR AN ORDER SHUTTING-IN, LIMITING PRODUCTION FROM, OR APPROVING DOWNHOLE COMMINGLING IN, CERTAIN WELLS, SAN JUAN COUNTY, NEW MEXICO.

Case No. 11,921

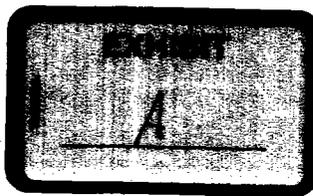
SUBPOENA DUCES TECUM

TO: Pendragon Energy Partners, Inc.
c/o J. Scott Hall
Miller, Stratvert & Torgerson, P.A.
Suite 300
150 Washington Avenue
Santa Fe, New Mexico 87501

RECEIVED
FEB 19 1998
Oil Conservation Division

Pursuant to NMSA 1978 §70-2-8 (1995 Repl. Pamp.) and Division Rule 1211, you are hereby ordered to appear at 8:15 a.m. on Thursday, February 19, 1998, at the offices of the New Mexico Oil Conservation Division, 2040 South Pacheco Street, Santa Fe, New Mexico 87505, produce the documents and records described below, and make them available for inspection and copying by employees or representatives of Whiting Petroleum Corporation and Maralex Resources, Inc.:

DOCUMENTS TO BE PRODUCED: All documents, records, and data regarding the matters itemized below, in your possession or under your control, pertaining to wells owned or operated by you, or on which you possess any of the requested data (collectively, "the wells"), located in: Sections 31 and 32, Township 27 North, Range 12 West; Sections 5-8 and 17-20, Township 26 North, Range 12 West; Sections 35 and 36, Township 27 North, Range 13 West; and Sections 1, 2, 11-14, and 24, Township 26 North, Range 13 West, San Juan County, New Mexico (collectively, "the subject area"):



1. All gas, oil, and water production data from the wells from the completion of each well through January 31, 1998;
2. All analyses of water and gas produced from the wells;
3. All orders and authorizations granting you the permission to dispose of water produced from any of the wells;
4. All electrical, mechanical, or other logs on the wells;
5. All core data and core analyses on the wells, whether they pertain to the Pictured Cliffs, Fruitland Sand, or Fruitland Coal formations;
6. All pressure data for the wells since their commencement, including bottom hole pressures, surface pressures, shut-in bottom hole pressures, pressure build-up tests, pressure gradients, and production pressures;
7. All frac records on the wells (on both computer disc and paper format, if available), including but not limited to (i) proposed frac designs, (ii) Nolte plots for frac jobs, (iii) frac job reports, and (iv) all related materials, including rates, pressures, volumes, and rheologies for all fluids for all frac jobs, and any subsequent pressure analyses;
8. All drilling, completion, and workover reports on the wells;
9. All geological data on the wells; and
10. All documents p [REDACTED] & Associates, Inc. prior to your purchase of an interest in any of the wells, including correspondence pertaining but not limited to any of the information itemized in paragraphs 1-9

above.

INSTRUCTIONS: This subpoena requires the production of all information described above available to you or in your possession, custody, or control, wherever located.

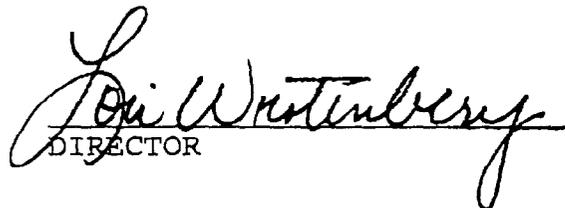
"You" or your" means Pendragon Energy Partners, Inc. and its employees, former employees, officers, directors, agents, contractors, representatives, affiliated companies, and predecessors.

If the requested data is not in your possession or control, identify the person performing the test or analyses, and the present custodian of the data, including name, address, and telephone number.

This subpoena was issued at the request of Whiting Petroleum Corporation and Maralex Resources, Inc. through their attorney, James Bruce, P.O. Box 1056, Santa Fe, New Mexico 87504, (505) 982-2043.

ISSUED this 10th day of February, 1998, at Santa Fe, New Mexico.

NEW MEXICO OIL CONSERVATION
DIVISION


DIRECTOR

DOCKET: EXAMINER HEARING - THURSDAY - APRIL 16, 1998

8:15 AM - 2040 South Pacheco
Santa Fe, New Mexico

Dockets Nos 11-98 and 12-98 are tentatively set for April 30, 1998 and May 14, 1998. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11962: Application of Merrion Oil & Gas Corporation for compulsory pooling and a non-standard gas well location, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the West Kutz-Pictured Cliffs Pool underlying the SW/4 of Section 15, Township 29 North, Range 13 West, thereby forming a standard 160-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to the existing Farmington "C" Com Well No. 1 (API No. 30-045-12174), located at an unorthodox gas well location 1625 feet from the South line and 1250 feet from the West line (Unit L) of said Section 15. Also to be considered will be the cost of recompleting 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 charge for risk involved in recompleting said well. Said 160-acre unit area is located approximately 3 miles east of Farmington, New Mexico.

CASE 11963: Application of Merrion Oil & Gas Corporation for compulsory pooling and a non-standard gas well location, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Undesignated West Kutz-Pictured Cliffs Pool underlying the NW/4 of Section 15, Township 29 North, Range 13 West, thereby forming a standard 160-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to the proposed Boice Com Well No. 1 (API No. 30-045-29519) to be drilled at an unorthodox gas well location 670 feet from the North line and 1290 feet from the West line (Unit D) of said Section 15. 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 charge for risk involved in drilling said well. Said 160-acre unit area is located approximately 3 miles east of Farmington, New Mexico.

CASE 11964: Application of Marathon Oil Company to amend the special rules and regulations for the Travis-Upper Pennsylvanian Pool, Eddy County, New Mexico. Applicant seeks to amend Rule 4 of the Special Rules and Regulations for the Travis-Upper Pennsylvanian Pool, as promulgated by Division Order No. R-5643, as amended, to provide for standard oil well locations, within standard 80-acre oil spacing and proration units, not closer than 330 feet to any governmental quarter-quarter section. Further, the applicant requests an increased gas-oil ratio limitation of 7,000 cubic feet of gas per barrel of oil for said pool. The pool currently includes portions of Sections 12, 13, 14, and 23, Township 18 South, Range 28 East, which is located approximately 9 miles west-southwest of Loco Hills, New Mexico.

CASE 11949: (Continued from March 19, 1998, Examiner Hearing.)

Application of Thornton Operating Corporation to amend Division Order No. R-9514-C, Chaves County, New Mexico. Applicant seeks an amendment to Division Order No. R-9514-C, issued in Case 11615 and dated June 5, 1997 which authorized the reentry and directional drilling of the McClellan Federal Well No. 1 from a previously approved surface location 182 feet from the North line and 507 feet from the West line (Unit D) of Section 26, Township 13 South, Range 29 East, to authorize a new unorthodox bottomhole location for this well in the Devonian formation 68 feet from the South line and 263 feet from the West line (Unit M) of Section 23, Township 13 South, Range 29 East. This well is located approximately 18 miles east of Hagerman, New Mexico.
IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.

CASE 11965: Application of Yates Petroleum Corporation for 320-acre spacing, Eddy County, New Mexico. Applicant seeks 320-acre spacing for the Cemetary-Wolfcamp Gas Pool located in portions of Section 25, Township 20 South, Range 24 East and Section 30, Township 20 South, Range 25 East (which is located approximately 7 miles west-southwest of Seven Rivers, New Mexico). Said pool was created prior to Division Order No. R-2707 and therefore is not automatically eligible for 320-acre spacing.

CASE 11906: (Reopened)

Application of Nearburg Exploration Company, 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 Cisco/Canyon formation underlying the following described acreage in Section 5, Township 20 South, Range 25 East, and in the following manner: Lots 1, 2, and the S/2 NE/4 (the NE/4) to form a standard 160.45-acre oil spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, including the Undesignated North Dagger-Draw Pennsylvanian Pool; and the SW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools spaced on 40 acres within said vertical extent, including the Undesignated Seven Rivers-Yeso Pool. Said units are to be dedicated to its S.P. Johnson Com. Well No. 2, located 1650 feet from the North line and 1980 feet from the East line (Unit G) of said Section 5. 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 charge for the risk involved in drilling said well. Said unit is located approximately 4.5 miles west-northwest of Seven Rivers, New Mexico.

CASE 11941: (Continued from March 19, 1998, Examiner Hearing.)

Application of Mewbourne Oil Company 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 W/2 of Section 11, Township 24 South, Range 24 East, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Mosley Canyon-Strawn Gas Pool and the Baldrige Canyon-Morrow Gas Pool. Said unit is to be dedicated to its Baldrige Canyon "11" State Com. Well No. 1, located 1650 feet from the South line and 660 feet from the West line (Unit L) of said Section 11. 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 charge for the risk involved in drilling said well. Said unit is located approximately 7 miles northwest of Whites City, New Mexico.

CASE 11905: (Continued from April 2, 1998, Examiner Hearing.)

Application of Devon Energy Corporation (Nevada) for simultaneous dedication, Eddy County, New Mexico. Applicant seeks an exception to Division Rule 104.D.(3) to permit it to drill its Pure Fed. Well No. 3 at a location 1650 feet from the North and East lines (Unit G) of Section 11, Township 21 South, Range 25 East, to test the Catclaw Draw-Morrow Gas Pool, and to simultaneously dedicate Section 11, in the Morrow formation, to the Pure Fed. Well No. 3 and its existing Pure Fed. Well Nos. 1 and 2. Said unit is located approximately 9.5 miles northwest of Carlsbad, New Mexico.

CASE 11966: **Application of Devon Energy Corporation (Nevada) for 23 unorthodox oil well locations, Eddy County, New Mexico.** Applicant seeks approval of 23 unorthodox oil well locations in the Red Lake Queen-Grayburg-San Andres Pool for wells in Sections 27, 31, 33, and 34, Township 17 South, Range 27 East, and Sections 3, 5, 6, 9, 17, and 18, Township 18 South, Range 27 East. Said area is centered approximately 9 miles southeast of Artesia, New Mexico.

CASE 11967: (This Case will be Continued to April 30, 1998, Examiner Hearing.)

Application of Mewbourne Oil Company 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 following described acreage in Section 22, Township 21 South, Range 26 East, and in the following manner: the N/2 thereby forming a standard 320-acre gas spacing and proration unit for any and all pools developed on 320-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated Avalon-Wolfcamp Gas Pool, Undesignated Avalon-Upper Pennsylvanian Gas Pool, Undesignated Avalon-Strawn Gas Pool, Undesignated Northeast Happy Valley-Strawn Gas Pool, Undesignated Avalon-Atoka Gas Pool, Undesignated Crozier Bluff-Atoka Gas Pool, Undesignated Avalon-Morrow Gas Pool, and Undesignated Burton Flat-Morrow Gas Pool; the NW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated East Catclaw Draw-Delaware Pool; and the E/2 NW/4 to form a standard 80-acre oil spacing and proration unit for any pools developed on 80-acre spacing within said vertical extent (which currently there is none and should therefore be dismissed unless there is good cause shown to include an 80-acre proration unit). Said units are to be dedicated to a single well to be drilled at a standard location for all three sized units in the NE/4 NW/4 (Unit C) of said Section 22. 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 the operator of the well and a charge for risk involved in drilling said well. Unit "C" of said Section 22 is located approximately 4 miles northwest of Carlsbad, New Mexico.

CASE 11900: (Continued from March 19, 1998, Examiner Hearing.)

Application of Yates Petroleum Corporation to rescind Administrative Order No. SWD-657, Lea County, New Mexico. Applicant seeks rescission of Administrative Order No. SWD-657 which approved the application of Manzano Oil Corporation for authorization to convert the State "22" Well No. 1, located 2310 feet from the South line and 990 feet from the East line (Unit I) of Section 22, Township 10 South, Range 37 East, to a salt water disposal well for the injection of Devonian water into the San Andres formation. Said well is located approximately 12 miles northeast of Tatum, New Mexico.

CASE 11887: (Continued from March 19, 1998, Examiner Hearing.)

Application of Santa Fe Energy Resources, Inc. for compulsory pooling and a non-standard gas spacing and proration unit, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 3-6 and 11-14 of Section 1, Township 21 South, Range 34 East, to form a non-standard 315.22-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Wilson-Morrow Gas Pool. Said unit is to be dedicated to its Outland "1" State Well No. 1, to be drilled at an orthodox gas well location 3300 feet from the North line and 1650 feet from the West line of said Section 1. 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 the operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 10 miles west-northwest of Oil Center, New Mexico.

CASE 11921: (Continued from March 19, 1998, Examiner Hearing.)

Application of Whiting Petroleum Corporation and Maralex Resources, Inc. for an order shutting in certain wells, San Juan County, New Mexico. Applicants seek an order requiring that the following wells be shut-in because they are producing from a formation or pool owned by applicants: Thompson Engineering & Production Corp. Stacey Well No. 1; and the Pendragon Energy Partners, Inc. Chaco Well Nos. 1, 2R, 4 and 5, and Chaco Ltd. Well Nos. 1J and 2J. Said wells are located in Sections 6, 7, and 18, Township 26 North, Range 12 West and Sections 1 and 12, Township 26 North, Range 13 West. Said area is located approximately 15 miles south-southeast of Farmington, New Mexico.

CASE 11934: (Continued from April 2, 1998, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the following described acreage in irregular Section 2, Township 16 South, Range 35 East, in the following manner: Lots 11, 12, 13, 14 and the SW/4 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent; Lots 11, 12, 13 and 14 to form a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; Lots 13 and 14 to form a standard 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent; and Lot 13 to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said units are to be dedicated to the proposed Fields "APK" State Com Well No. 3 which will be drilled at a standard location 3300 feet from the South line and 760 feet from the West line of said Section 2. 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 charge for the risk involved in drilling said well. Said area is located approximately 4 miles west of Lovington, New Mexico.

CASE 11958: (Continued from April 2, 1998, Examiner Hearing.)

Application of UMC Petroleum Corporation for compulsory pooling and an unorthodox well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the following described acreage in irregular Section 2, Township 16 South, Range 35 East, and in the following manner: Lots 9-16 of Section 2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Townsend-Morrow Gas Pool and the Undesignated North Townsend-Mississippian Gas Pool; and Lots 13 and 14 of Section 2 to form a standard 80-acre oil spacing and proration unit for any formations and/or pools spaced on 80 acres within said vertical extent, including the South Big Dog-Strawn Pool. Said units are to be dedicated to its Townsend State Com. Well No. 2, located at an unorthodox location 3250 feet from the South line and 1400 feet from the West line of said Section 2. 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 charge for the risk involved in drilling said well. Said unit is located approximately 5 miles west-northwest of Lovington, New Mexico.

CASE 11959: (Continued from April 2, 1998, Examiner Hearing.)

Application of UMC 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 underlying the S/2 of irregular Section 2, Township 16 South, Range 35 East, 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 said vertical extent, including the Undesignated Townsend-Morrow Gas Pool and the Undesignated North Townsend-Mississippian Gas Pool. Said unit is to be dedicated to its Townsend State Com. Well No. 6, located at an orthodox location 990 feet from the South line and 1650 feet from the West line of said Section 2. 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 charge for the risk involved in drilling said well. Said unit is located approximately 5 miles west of Lovington, New Mexico.

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

March 20, 1998

Hand Delivered

Florene Davidson
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Case No. 11921: Application of Whiting Petroleum
Corporation and Maralex Resources, Inc.

Dear Florene:

Enclosed are three separate Subpoenas *Duces Tecum* in the above matter. Please have the Division Director execute them, and call me when they are ready so that I may pick them up. Thank you.

One copy of each subpoena is for the Division's file.

Very truly yours,



James Bruce

Attorney for Whiting Petroleum
Corporation and Maralex
Resources, Inc.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF WHITING PETROLEUM
CORPORATION AND MARALEX RESOURCES,
INC. FOR AN ORDER SHUTTING-IN,
LIMITING PRODUCTION FROM, OR APPROVING
DOWNHOLE COMMINGLING IN, CERTAIN
WELLS, SAN JUAN COUNTY, NEW MEXICO.

Case No. 11,921

SUBPOENA DUCES TECUM

TO: J.K. Edwards & Associates, Inc.
c/o CT Corporation System, registered agent
123 East Marcy Street
Santa Fe, New Mexico 87501

Pursuant to NMSA 1978 §70-2-8 (1995 Repl. Pamp.) and Division Rule 1211, you are hereby ordered to appear at 8:15 a.m. on Thursday, February 19, 1998, at the hearing room of the New Mexico Oil Conservation Division, 2040 South Pacheco Street, Santa Fe, New Mexico 87505, produce the documents and records described below, and make them available for inspection and copying by employees or representatives of Whiting Petroleum Corporation and Maralex Resources, Inc.:

DOCUMENTS TO BE PRODUCED: All documents, records, and data regarding the matters itemized below, in your possession or under your control, pertaining to wells (i) operated by you, (ii) in which you now own or formerly owned an interest, or (iii) on which you possess any of the requested data (collectively, "the wells"), located in: Sections 31 and 32, Township 27 North, Range 12 West; Sections 5-8 and 17-20, Township 26 North, Range 12 West; Sections 35 and 36, Township 27 North, Range 13 West; and Sections 1, 2, 11-14, and 24, Township 26 North, Range 13 West, San Juan County, New Mexico (collectively, "the subject area"):

1. All gas, oil, and water production data from the wells from the completion of each well through February 28, 1998;
2. All analyses of water and gas produced from the wells;
3. All orders and authorizations granting you permission to dispose of water produced from any of the wells;
4. All electrical, mechanical, or other logs on the wells;
5. All core data and core analyses on the wells, whether they pertain to the Pictured Cliffs, Fruitland Sand, or Fruitland Coal formations;
6. All pressure data for the wells since their commencement, including bottom hole pressures, surface pressures, shut-in bottom hole pressures, pressure build-up tests, pressure gradients, and production pressures;
7. All frac records on the wells (on both computer disc and paper format, if available), including but not limited to (i) proposed frac designs, (ii) Nolte plots for frac jobs, (iii) frac job reports, and (iv) all related materials, including rates, pressures, volumes, and rheologies for all fluids for all frac jobs, and any subsequent pressure analyses;
8. All drilling, completion, and workover reports on the wells;
9. All geological data on the wells;
10. All operating agreements, partnership or joint venture agreements, authorizations for expenditure, and other agreements regarding drilling, recompleting, workovers of, or operating the wells, including documents which show liability

for and apportionment of drilling, recompletion, workover, and operating costs; and

11. All documents provided by you to prospective purchasers prior to your sale of an interest in any of the wells, including correspondence pertaining but not limited to any of the information itemized in paragraphs 1-10 above

INSTRUCTIONS: This subpoena requires the production of all information described above available to you or in your possession, custody, or control, wherever located.

"You" or your" means J.K. Edwards & Associates, Inc. and its employees, former employees, officers, directors, agents, contractors, representatives, affiliated companies, and predecessors.

If the requested data is not in your possession or control, identify the person performing the test or analyses, and the present custodian of the data, including name, address, and telephone number.

This subpoena was issued at the request of Whiting Petroleum Corporation and Maralex Resources, Inc. through their attorney, James Bruce, P.O. Box 1056, Santa Fe, New Mexico 87504, (505) 982-2043.

ISSUED this 23rd day of March, 1998, at Santa Fe, New Mexico.

NEW MEXICO OIL CONSERVATION
DIVISION


DIRECTOR

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF WHITING PETROLEUM CORPORATION AND MARALEX RESOURCES, INC. FOR AN ORDER SHUTTING-IN, LIMITING PRODUCTION FROM, OR APPROVING DOWNHOLE COMMINGLING IN, CERTAIN WELLS, SAN JUAN COUNTY, NEW MEXICO.

Case No. 11,921

SUBPOENA DUCES TECUM

TO: Thompson Engineering & Production Corp.
c/o Paul C. Thompson, registered agent
7415 East Main
Farmington, New Mexico 87402

Pursuant to NMSA 1978 §70-2-8 (1995 Repl. Pamp.) and Division Rule 1211, you are hereby ordered to appear at 8:15 a.m. on Thursday, April 2, 1998, at the hearing room of the New Mexico Oil Conservation Division, 2040 South Pacheco Street, Santa Fe, New Mexico 87505, produce the documents and records described below, and make them available for inspection and copying by employees or representatives of Whiting Petroleum Corporation and Maralex Resources, Inc.:

DOCUMENTS TO BE PRODUCED: All documents, records, and data regarding the matters itemized below, in your possession or under your control, pertaining to wells (i) operated by you, (ii) in which you own an interest, or (iii) on which you possess any of the requested data (collectively, "the wells"), located in: Sections 31 and 32, Township 27 North, Range 12 West; Sections 5-8 and 17-20, Township 26 North, Range 12 West; Sections 35 and 36, Township 27 North, Range 13 West; and Sections 1, 2, 11-14, and 24, Township 26 North, Range 13 West, San Juan County, New Mexico (collectively, "the subject area"):

1. All gas, oil, and water production data from the wells from the completion of each well through February 28, 1998;
2. All analyses of water and gas produced from the wells;
3. All orders and authorizations granting you permission to dispose of water produced from any of the wells;
4. All electrical, mechanical, or other logs on the wells;
5. All core data and core analyses on the wells, whether they pertain to the Pictured Cliffs, Fruitland Sand, or Fruitland Coal formations;
6. All pressure data for the wells since their commencement, including bottom hole pressures, surface pressures, shut-in bottom hole pressures, pressure build-up tests, pressure gradients, and production pressures;
7. All frac records on the wells (on both computer disc and paper format, if available), including but not limited to (i) proposed frac designs, (ii) Nolte plots for frac jobs, (iii) frac job reports, and (iv) all related materials, including rates, pressures, volumes, and rheologies for all fluids for all frac jobs, and any subsequent pressure analyses;
8. All drilling, completion, and workover reports on the wells;
9. All geological data on the wells;
10. All operating agreements, partnership or joint venture agreements, authorizations for expenditure, and other agreements regarding drilling, recompleting, workovers of, or operating the wells, including documents which show liability

for and apportionment of drilling, recompletion, workover, and operating costs; and

11. Correspondence with any working interest owner in the wells pertaining or related to any of the information itemized in paragraphs 1-10 above, or regarding production from the wells.

INSTRUCTIONS: This subpoena requires the production of all information described above available to you or in your possession, custody, or control, wherever located.

"You" or "your" means Thompson Engineering & Production Corp. and its employees, former employees, officers, directors, agents, contractors, representatives, affiliated companies, and predecessors.

If the requested data is not in your possession or control, identify the person performing the test or analyses, and the present custodian of the data, including name, address, and telephone number.

This subpoena was issued at the request of Whiting Petroleum Corporation and Maralex Resources, Inc. through their attorney, James Bruce, P.O. Box 1056, Santa Fe, New Mexico 87504, (505) 982-2043.

ISSUED this 23rd day of March, 1998, at Santa Fe, New Mexico.

NEW MEXICO OIL CONSERVATION
DIVISION


LORI WROTENBERY
Director

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF WHITING PETROLEUM CORPORATION AND MARALEX RESOURCES, INC. FOR AN ORDER SHUTTING-IN, LIMITING PRODUCTION FROM, OR APPROVING DOWNHOLE COMMINGLING IN, CERTAIN WELLS, SAN JUAN COUNTY, NEW MEXICO.

Case No. 11,921

SUBPOENA DUCES TECUM

TO: Coleman Oil & Gas, Inc.
c/o George E. Coleman, registered agent
1800 McDonald Road
Farmington, New Mexico 87499

Pursuant to NMSA 1978 §70-2-8 (1995 Repl. Pamp.) and Division Rule 1211, you are hereby ordered to appear at 8:15 a.m. on Thursday, April 2, 1998, at the hearing room of the New Mexico Oil Conservation Division, 2040 South Pacheco Street, Santa Fe, New Mexico 87505, produce the documents and records described below, and make them available for inspection and copying by employees or representatives of Whiting Petroleum Corporation and Maralex Resources, Inc.:

DOCUMENTS TO BE PRODUCED: All documents, records, and data regarding the matters itemized below, in your possession or under your control, pertaining to wells (i) operated by you, (ii) in which you own an interest, or (iii) on which you possess any of the requested data (collectively, "the wells"), located in: Sections 31 and 32, Township 27 North, Range 12 West; Sections 5-8 and 17-20, Township 26 North, Range 12 West; Sections 35 and 36, Township 27 North, Range 13 West; and Sections 1, 2, 11-14, and 24, Township 26 North, Range 13 West, San Juan County, New Mexico (collectively, "the subject area"):

1. All gas, oil, and water production data from the wells from the completion of each well through February 28, 1998;
2. All analyses of water and gas produced from the wells;
3. All orders and authorizations granting you permission to dispose of water produced from any of the wells;
4. All electrical, mechanical, or other logs on the wells;
5. All core data and core analyses on the wells, whether they pertain to the Pictured Cliffs, Fruitland Sand, or Fruitland Coal formations;
6. All pressure data for the wells since their commencement, including bottom hole pressures, surface pressures, shut-in bottom hole pressures, pressure build-up tests, pressure gradients, and production pressures;
7. All frac records on the wells (on both computer disc and paper format, if available), including but not limited to (i) proposed frac designs, (ii) Nolte plots for frac jobs, (iii) frac job reports, and (iv) all related materials, including rates, pressures, volumes, and rheologies for all fluids for all frac jobs, and any subsequent pressure analyses;
8. All drilling, completion, and workover reports on the wells;
9. All geological data on the wells;
10. All operating agreements, partnership or joint venture agreements, authorizations for expenditure, and other agreements regarding drilling, recompleting, workovers of, or operating the wells, including documents which show liability

for and apportionment of drilling, recompletion, workover, and operating costs; and

11. Correspondence with any working interest owner in the wells pertaining or related to any of the information itemized in paragraphs 1-10 above, or regarding production from the wells.

INSTRUCTIONS: This subpoena requires the production of all information described above available to you or in your possession, custody, or control, wherever located.

"You" or "your" means Coleman Oil & Gas, Inc. and its employees, former employees, officers, directors, agents, contractors, representatives, affiliated companies, and predecessors.

If the requested data is not in your possession or control, identify the person performing the test or analyses, and the present custodian of the data, including name, address, and telephone number.

This subpoena was issued at the request of Whiting Petroleum Corporation and Maralex Resources, Inc. through their attorney, James Bruce, P.O. Box 1056, Santa Fe, New Mexico 87504, (505) 982-2043.

ISSUED this 23rd day of March, 1998, at Santa Fe, New Mexico.

NEW MEXICO OIL CONSERVATION
DIVISION


LORI WROTENBERY
Director

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

March 17, 1998

WAC

Via Fax

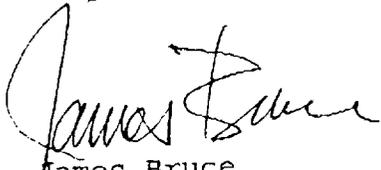
Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Case 11921 (Application of Whiting Petroleum Corporation
and Maralex Resources, Inc., San Juan County, New Mexico)

Dear Mr. Stogner:

Please continue the above matter to the April 16, 1998 Examiner
hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Whiting
Petroleum Corporation
and Maralex Resources, Inc.

cc: J.Scott Hall (via fax)

MILLER, STRATVERT & TORGERSON, P.A.
LAW OFFICES

MAR 18 1998

NEW MEXICO
OIL CONSERVATION DIVISION

RANNE B. MILLER
ALAN C. TORGERSON
ALICE TOMLINSON LORENZ
GREGORY W. CHASE
ALAN KONRAD
LYMAN G. SANDY
STEPHEN M. WILLIAMS
STEPHAN M. VIDMAR
ROBERT C. GUTIERREZ
SETH V. BINGHAM
JAMES B. COLLINS
TIMOTHY R. BRIGGS
RUDOLPH LUCERO
DEBORAH A. SOLOVE
GARY L. GORDON
LAWRENCE R. WHITE
SHARON P. GROSS
VIRGINIA ANDERMAN
MARTE D. LIGHTSTONE
J. SCOTT HALL
THOMAS R. MACK

TERI L. SAUER
JOEL T. NEWTON
JUDITH K. NAKAMURA
THOMAS M. DOMME
C. BRIAN CHARLTON
RUTH O. PREGENZER
JEFFREY E. JONES
MANUEL I. ARRIETA
ROBIN A. GOBLE
JAMES R. WOOD
DANA M. KYLE
KIRK R. ALLEN
RUTH M. FUESS
JAMES B. GREEN
KYLE M. FINCH
H. BROOK LASKEY
KATHERINE W. HALL
FRED SCHILLER
MICHAEL I. GARCIA
LARA L. WHITE
PAULA G. MAYNES

ALBUQUERQUE

500 MARQUETTE N.W., SUITE 1100
POST OFFICE BOX 25687
ALBUQUERQUE, NM 87125-0687
TELEPHONE: (505) 842-1950
FACSIMILE: (505) 243-4408

FARMINGTON

300 WEST ARRINGTON
POST OFFICE BOX 869
FARMINGTON, NM 87499-0869
TELEPHONE: (505) 326-4521
FACSIMILE: (505) 325-5474

LAS CRUCES

500 S. MAIN ST., SUITE 600
POST OFFICE BOX 1209
LAS CRUCES, NM 88004-1209
TELEPHONE: (505) 523-2481
FACSIMILE: (505) 526-2215

SANTA FE

150 WASHINGTON AVE., SUITE 300
POST OFFICE BOX 1986
SANTA FE, NM 87504-1986
TELEPHONE: (505) 989-9614
FACSIMILE: (505) 989-9857

WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL
RALPH WM. RICHARDS, COUNSEL

PLEASE REPLY TO SANTA FE

March 16, 1998

Mr. Michael Stogner, Chief Engineer
New Mexico Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

MS

BY FACSIMILE

Re: NMOCD Case No. 11921; Application of Whiting Petroleum Corporation and
Maralex Resources for An Order Shutting-In Certain Wells, San Juan County,
New Mexico

Dear Mike:

I spoke to Frank Chavez who reports that the compromise and settlement process in Aztec is still ongoing and that another meeting is scheduled for approximately March 25th. Accordingly, I am assuming that the referenced case now set for the March 19th docket is again being continued.

Sincerely,

MILLER, STRATVERT & TORGERSON, P.A.

J. Scott Hall
J. Scott Hall

Mr. Michael Stogner, Chief Engineer
New Mexico Oil Conservation Division
March 16, 1998
Page 2

JSH:CMB

cc: Al Nicol, Pendragon
Paul Thompson, Thompson Engineering
Chris Coleman, Coleman Oil and Gas
James Bruce, Esq.

DOCKET: EXAMINER HEARING - THURSDAY - MARCH 19, 1998

8:15 AM - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos 8-98 and 9-98 are tentatively set for April 2, 1998 and April 16, 1998. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11947: Application of Exxon Corporation for a waterflood project and to qualify said project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval to institute a secondary recovery project in its proposed Knox-Adkins Cooperative Leasehold Waterflood Project by the injection of water into the Blinebry formation in the Oil Center-Blinebry Pool, encompassing 640 acres of fee land comprising all of Section 10, Township 21 South, Range 36 East. Applicant further seeks to qualify the project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said project is located immediately east of Oil Center, New Mexico. **IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

CASE 11926: (Readvertised)

Application of KCS Medallion Resources, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the Wolfcamp formation to the base of the Morrow formation underlying the W/2 of Section 33, Township 19 South, Range 28 East, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including but not limited to the Undesignated Winchester-Morrow Gas Pool, the Winchester-Atoka Gas Pool, and the North Burton Flat-Strawn Gas Pool. Said unit will be dedicated to its Many Sands "33" Well No. 1, to be drilled at an orthodox location 1650 feet from the South line and 660 feet from the West line (Unit L) of said Section 33. 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 charge for the risk involved in drilling said well. Said unit is located approximately 11 miles east-southeast of Lakewood, New Mexico.

CASE 11906: (Continued from February 19, 1998, Examiner Hearing - This Case Will Be Dismissed.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco/Canyon formation underlying the following described acreage in Section 5, Township 20 South, Range 25 East and in the following manner: Lots 1, 2 and the S/2 NE/4 (the NE/4) to form a standard 160.45-acre oil spacing and proration unit for any formations and/or pools developed on 160-acre spacing within said vertical extent, including the Undesignated North Dagger Draw-Upper Pennsylvanian Pool; and the SW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools spaced on 40 acres within said vertical extent, including the Undesignated Seven Rivers-Yeso Pool. Said units are to be dedicated to applicant's S.P. Johnson Com Well No. 2, located 1650 feet from the North line and 1980 feet from the East line (Unit G) of said Section 5. 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 charge for the risk involved in drilling said well. Said unit is located approximately 4.5 miles west-northwest of Seven Rivers, New Mexico.

CASE 11941: (Continued from March 5, 1998, Examiner Hearing.)

Application of Mewbourne Oil Company 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 W/2 of Section 11, Township 24 South, Range 24 East, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Mosley Canyon-Strawn Gas Pool and the Baldrige Canyon-Morrow Gas Pool. Said unit is to be dedicated to its Baldrige Canyon "11" State Com. Well No.1, located 1650 feet from the South line and 660 feet from the West line (Unit L) of said Section 11. 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 charge for the risk involved in drilling said well. Said unit is located approximately 7 miles northwest of Whites City, New Mexico.

CASE 11948: Application of Sonat Exploration Company for blanket surface commingling, Eddy and Lea Counties, New Mexico. Applicant seeks blanket approval to surface commingle Delaware production within ten federal leases from all existing wells and any wells to be drilled within a Project Area which includes all or portions of Sections 1, 8, 9, 10, 11, 12 and 15, Township 24 South, Range 31 East, and portions of Section 18, Township 24 South, Range 32 East, which is located approximately where Highway 128 intersects the Eddy/Lea County Line.

CASE 11949: **Application of Thornton Operating Corporation to amend Division Order No. R-9514-C, Chaves County, New Mexico.** Applicant seeks an amendment to Division Order No. R-9514-C, issued in Case 11615 and dated June 5, 1997 which authorized the reentry and directional drilling of the McClellan Federal Well No. 1 from a previously approved surface location 182 feet from the North line and 507 feet from the West line (Unit D) of Section 26, Township 13 South, Range 29 East, to authorize a new unorthodox bottomhole location for this well in the Devonian formation 68 feet from the South line and 263 feet from the West line (Unit M) of Section 23, Township 13 South, Range 29 East. This well is located approximately 18 miles east of Hagerman, New Mexico. **IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

CASE 11950: **Application of Enron Oil & Gas Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Chester formation, or a depth of 11,800 feet, underlying Lots 1, 2, 3, and 4 and the E/2 W/2 (W/2 equivalent) of Section 31, Township 17 South, Range 30 East, in the following described manner: Lots 1, 2, 3 and 4 and the E/2 W/2 forming a 310.56-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing; Lots 3 and 4 and the E/2 SW/4 for any and all formations and/or pools developed on 160-acre spacing; Lot 4 and the SE/4 SW/4 for any and all formations and/or pools developed on 80-acre spacing; and Lot 4 for any and all formations and/or pools developed on 40-acre spacing. Applicant proposes to dedicate these pooled units to its Sand Tank "31" Fed. Com Well No. 2 to be drilled at an unorthodox location 990 feet from the South line and 1200 feet from the West line of said Section 31. Said location was approved by Division Order No. NSL-3932 on January 14, 1998. 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 charge for the risk involved in drilling said well. Said area is located approximately 2 miles southwest of Loco Hills, New Mexico.

CASE 11934: **(Readvertised - This Case Will Be Continued to April 2, 1998.)**

Application of Yates Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the following described acreage in irregular Section 2, Township 16 South, Range 35 East, in the following manner: Lots 11, 12, 13, 14 and the SW/4 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent; Lots 11, 12, 13 and 14 to form a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; Lots 13 and 14 to form a standard 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent; and Lot 13 to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said units are to be dedicated to the proposed Fields "APK" State Com Well No. 3 which will be drilled at a standard location 3300 feet from the South line and 760 feet from the West line of said Section 2. 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 charge for the risk involved in drilling said well. Said area is located approximately 4 miles west of Lovington, New Mexico.

CASE 11951: **Application of Nearburg Exploration Company, L.L.C. for an unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks authorization to drill a well to the Morrow formation, Undesignated South Carlsbad-Morrow Gas Pool, at an unorthodox well location 990 feet from the North line and 1650 feet from the West line (Unit C) of Section 22, Township 23 South, Range 26 East. The N/2 of said Section 22 is to be dedicated to said well forming a standard 320-acre spacing and proration unit. Said unit is located approximately 8 miles south-southwest of Carlsbad, New Mexico.

CASE 11940: **(Continued from March 5, 1998, Examiner Hearing.)**

Application of Manzano Oil 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 underlying the following described area in Section 4, Township 22 South, Range 27 East in the following manner: the S/2 for all formations developed on 320-acre spacing which presently includes but is not necessarily limited to the South Carlsbad-Morrow Gas Pool and the Undesignated South Carlsbad-Strawn Pool; the SE/4 for all formations developed on 160-acre spacing; the E/2 SE/4 for all formations developed on 80-acre spacing; and the SE/4 SE/4 for all formations developed on 40-acre spacing which presently includes but is not limited to the Esperanza-Delaware Pool. Applicant proposes to dedicate these pooled units to its Esperanza Well No. 1 to be drilled at an unorthodox location 660 feet from the South line and 990 feet from the East line (Unit P) of said Section 4. 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 charge for the risk involved in drilling said well. Said area is located approximately 2 miles southeast of Carlsbad, New Mexico.

CASE 11928: (Continued from February 19, 1998, Examiner Hearing.)

Application of Oryx Energy Company for the expansion of the Indian Basin-Upper Pennsylvanian Associated Pool and the contraction of the Indian Basin-Upper Pennsylvanian Gas Pool and for approval of a non-standard gas proration and spacing unit, Eddy County, New Mexico. Applicant seeks an order expanding the Indian Basin-Upper Pennsylvanian Associated Pool to include the E/2 of Section 36, Township 21 South, Range 23 East, and the corresponding contraction of the Indian Basin-Upper Pennsylvanian Gas Pool to delete said acreage from that pool. In addition, applicant seeks the approval of a non-standard gas proration and spacing unit consisting of the W/2 of said Section 36 to be dedicated to production from the Indian Basin-Upper Pennsylvanian Gas Pool. This acreage is located approximately 14 miles southwest of Seven Rivers, New Mexico.

CASE 11896: (Continued from February 19, 1998, Examiner Hearing.)

Application of OXY USA, Inc. 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 following described area in Section 17, Township 17 South, Range 27 East and 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 spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Jennings Spring-Wolfcamp Pool, Undesignated Logan Draw-Cisco Canyon Gas Pool, Undesignated Hart Draw-Atoka Gas Pool and the Undesignated Logan Draw-Morrow Gas Pool; the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; the N/2 NE/4 to form a standard 80-acre gas spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent; and the NW/4 NE/4 to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said unit is to be dedicated to its Livan Fed. Com Well No. 1 to be drilled at a standard location 660 feet from the North line and 1650 feet from the East line (Unit B) of said Section 17. 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 charge for the risk involved in drilling said well. Said area is located approximately 6 miles east of Artesia, New Mexico.

CASE 11952: **Application of Nearburg Exploration Company, L.L.C. 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 the following described acreage in Section 31, Township 18 South, Range 33 East, and in the following manner: the N/2 of said Section 31 to form a standard 325.37-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently may include but is not necessarily limited to the South Corbin-Morrow Gas Pool; the NE/4 of said Section 31 to form a standard 160-acre gas spacing and proration unit underlying the NE/4 of said Section 31 for any and all formations/pools developed on 160-acre gas spacing; and the SW/4 NE/4 of said Section 31 to form a standard 40-acre spacing unit for any and all formations/pools developed on 40-acre spacing. Said units are to be dedicated to its Gazelle "31" Well No. 1 to be drilled and completed at a standard gas well location 1980 feet from the North line and 1650 feet from the East line (Unit G) of said Section 31. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Nearburg Producing Company as operator of the well and a charge for the risk involved in drilling said well. Said unit is located approximately 12 miles southeast of Maljamar, New Mexico.

CASE 11089: (Reopened - Continued from February 19, 1998, Examiner Hearing.)

Application of Burlington Resources Oil and Gas Company to amend Order No. R-46-C to provide for an infill well in the Barker Dome-Desert Creek Pool, San Juan County, New Mexico. Applicant seek to amend Order No. R-46-C to increase the density of wells in the Barker Dome-Desert Creek Pool from one well to two wells per 320-acre gas spacing unit, provided the infill well is located in a quarter section not containing the original well, within a horizontal area containing all or parts of Sections 7 through 11, 14 through 23, 27 through 32, Township 32 North, Range 14 West, and Sections 12, 13, 24, 25, 36, Township 32 North, Range 15 West. Said area is located approximately 9 miles west-northwest of La Plata, New Mexico.

CASE 11953: **Application of Nearburg Exploration Company, L.L.C. for an order shutting in wells operated by Chesapeake Operating, Inc. until the operator is in compliance with Division reporting rules, Lea County, New Mexico.** Applicant seeks an order shutting-in wells operated by Chesapeake Operating, Inc. in the NW/4 of Section 20, Township 16 South, Range 36 East, until production information on these wells has been filed as required by Oil Conservation Division rules and all overproduction, if any, has been made up. Said wells are located approximately 2 miles south of Lovington, New Mexico.

CASE 11612: (Reopened)

In the matter of Case No. 11612 being reopened pursuant to the provisions of Division Order No. R-10679-A, which order promulgated temporary special rules and regulations for the East Stallion-Devonian Pool in Lea County, New Mexico, including a provision for 80-acre spacing. Operators in the subject pool may appear and show cause why said temporary special pool rules and regulations should not be rescinded. Said pool is located approximately 13 miles east of Tatum, New Mexico.

CASE 11900: (Continued from February 19, 1998, Examiner Hearing.)

Application of Yates Petroleum Corporation to rescind Administrative Order No. SWD-657, Lea County, New Mexico. Applicant seeks rescission of Administrative Order No. SWD-657 which approved the application of Manzano Oil Corporation for authorization to convert the State "22" Well No. 1, located 2310 feet from the South line and 990 feet from the East line (Unit I) of Section 22, Township 10 South, Range 37 East, to a salt water disposal well for the injection of Devonian water into the San Andres formation. Said well is located approximately 12 miles northeast of Tatum, New Mexico.

CASE 11887: (Continued from February 19, 1998, Examiner Hearing.)

Application of Santa Fe Energy Resources, Inc. for compulsory pooling and a non-standard gas spacing and proration unit, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 3-6 and 11-14 of Section 1, Township 21 South, Range 34 East, to form a non-standard 315.22-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Wilson-Morrow Gas Pool. Said unit is to be dedicated to its Outland "1" State Well No. 1, to be drilled at an orthodox gas well location 3300 feet from the North line and 1650 feet from the West line of said Section 1. 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 the operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 10 miles west-northwest of Oil Center, New Mexico.

CASE 11921: (Continued from March 5, 1998, Examiner Hearing.)

Application of Whiting Petroleum Corporation and Maralex Resources, Inc. for an order shutting in certain wells, San Juan County, New Mexico. Applicants seek an order requiring that the following wells be shut-in because they are producing from a formation or pool owned by applicants: Thompson Engineering & Production Corp. Stacey Well No. 1; and the Pendragon Energy Partners, Inc. Chaco Well Nos. 1, 2R, 4 and 5, and Chaco Ltd. Well Nos. 1J and 2J. Said wells are located in Sections 6, 7, and 18, Township 26 North, Range 12 West and Sections 1 and 12, Township 26 North, Range 13 West. Said area is located approximately 15 miles south-southeast of Farmington, New Mexico.

CASE 11811: (Continued from December 4, 1997, Examiner Hearing.)

Application of the Oil Conservation Division for an order requiring Hanson Energy to plug seventeen (17) wells in Eddy County, New Mexico. In the matter of the hearing called by the Oil Conservation Division ("Division") to permit the operator, Hanson Energy, Gulf Insurance Company, and all other interested parties to appear and show cause why seventeen (17) wells located in Township 18 South, Range 28 East and Township 17 South, Ranges 27 and 28 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug said wells, the Division seeks an order (i) authorizing the Division to plug said wells, (ii) declaring forfeiture of the plugging bond, if any, covering said wells, and (iii) authorizing the Division to recover from the operator the costs of plugging the wells in excess of the amount of the bond. Said wells are located approximately 10 miles south-southeast of Artesia, New Mexico.

CASE 11942: (Continued from March 5, 1998, Examiner Hearing.)

Application of Oil Conservation Division for an order requiring Rocky Mountain Resources, Inc. to properly plug a well, Lincoln County, New Mexico. Applicant seeks an order requiring Rocky Mountain Resources, Inc. to properly plug its Border Hills State Well No. 1 located in Unit O of Section 17, Township 11 South, Range 20 East, authorizing the Division to plug said well, and ordering a forfeiture of the plugging bond, if any. Said well is located approximately 6 miles east of Sunset, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - MARCH 5, 1998

8:15 AM - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos 7-98 and 8-98 are tentatively set for March 19, 1998 and April 2, 1998. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11932: Application of Pioneer Natural Resources USA, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the NE/4 SW/4 of Section 18, Township 20 South, Range 39 East to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said unit is to be dedicated to a well to be drilled to a depth sufficient to test the Abo formations (approximately 8,000 feet) at a standard location in said Section 18. 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 charge for the risk involved in drilling said well. Said unit is located approximately 4 miles southeast of Nadine, New Mexico.

CASE 11933: Application of Bass Enterprises Production Co. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the following described acreage in Section 13, Township 16 South, Range 36 East, in the following manner: from the surface to the top of the Pennsylvanian formation, at an approximate depth of 10,890 feet, the NW/4 SE/4 to form a 40-acre spacing and proration unit for all formations and/or pools developed on 40-acre spacing within said vertical extent; and within the Pennsylvanian formation from the approximate depth of 10,890 feet to the total depth drilled of 11,450 feet; the W/2 NE/4 to form an 80-acre spacing and proration unit for all formations and/or pools developed on 80-acre spacing within said vertical extent. Said units are to be dedicated to the proposed Montieth "C" Well no. 1 which will be drilled at a standard location 660 feet from the North line and 1830 feet from the East line (Unit B) of said Section 13. 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 charge for the risk involved in drilling said well. Said units are located approximately 2 miles east of Lovington, New Mexico.

CASE 11934: Application of Yates Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the following described acreage in Section 2, Township 16 South, Range 35 East, in the following manner: the W/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent; the NW/4 to form a standard 160-acre spacing and proration units for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; the S/2 NW/4 to form a standard 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent; and the SW/4 NW/4 to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said units are to be dedicated to the proposed Fields "APK" State Com Well No. 3 which will be drilled at a standard location 1980 feet from the North line and 760 feet from the West line (Unit E) of said Section 2. 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 charge for the risk involved in drilling said well. Said units are located approximately 4 miles west of Lovington, New Mexico.

CASE 11935: Application of Chevron U.S.A. Production Company for reinstatement of underproduction for its Federal Com. "33" Well Nos. 1 and 2 gas proration unit, Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico. Applicant, in accordance with Rule 14(b) of the General Rules for prorated gas pools of New Mexico, seeks an order reinstating canceled underproduction from the proration periods ending in March, 1996 and March, 1997 for a gas proration unit ("GPU") in the Indian Basin-Upper Pennsylvanian Gas Pool consisting of all of Section 33, Township 21 South, Range 23 East, and dedicated to its Federal Com. "33" Well Nos. 1 and 2. Said unit is located approximately 22 miles west of Carlsbad, New Mexico.

CASE 11936: Application of Chevron U.S.A. Production Company for reinstatement of underproduction for its Bogel Flats Unit Well Nos. 5 and 18 gas proration unit, Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico. Applicant, in accordance with Rule 14(b) of the General Rules for prorated gas pools of New Mexico, seeks an order reinstating canceled underproduction from the proration periods ending in March, 1996, and March, 1997 for a gas proration unit ("GPU") in the Indian Basin-Upper Pennsylvanian Gas Pool consisting of all of Section 16, Township 22 South, Range 23 East, and dedicated to its Bogel Flats Unit Well Nos. 5 and 18. Said unit is located approximately 22 miles west of Carlsbad, New Mexico.

CASE 11937: Application of Chevron U.S.A. Production Company for reinstatement of underproduction for its Bogel Flats Unit Nos. 3 and 17 gas proration unit, Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico. Applicant, in accordance with Rule 14(b) of the General Rules for prorated gas pools of New Mexico, seeks an order reinstating canceled underproduction from the proration periods ending in March, 1996 and March, 1997 for a gas proration unit ("GPU") in the Indian Basin-Upper Pennsylvanian Gas Pool consisting of all of Section 9, Township 22 South, Range 23 East, and dedicated to its Bogel Flats Unit Well Nos. 3 and 17. Said unit is located approximately 22 miles west of Carlsbad, New Mexico.

CASE 11938: Application of Chevron U.S.A. Production Company for reinstatement of underproduction for its Bogel Flats Unit Com. Well Nos. 1 and 10 gas proration unit, Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico. Applicant, in accordance with Rule 14(b) of the General Rules for prorated gas pools of New Mexico, seeks an order reinstating canceled underproduction from the proration periods ending in March, 1996 and March, 1997 for a gas proration unit ("GPU") in the Indian Basin-Upper Pennsylvanian Gas Pool consisting of all of Section 3, Township 22 South, Range 23 East, and dedicated to its Bogel Flats Unit Com. Well Nos. 1 and 10. Said unit is located approximately 22 miles west of Carlsbad, New Mexico.

CASE 11939: Application of Manzano Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the SE/4 SW/4 of Section 25, Township 17 South, Range 37 East for all formations developed on 40-acre spacing. Applicant proposes to dedicate this pooled unit to its "SV" Grand Slam Well No. 1 to be drilled at a standard location 400 feet from the South line and 2310 feet from the West line (Unit N) of said Section 25. 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 charge for the risk involved in drilling said well. Said area is located approximately 4 miles northwest of Hobbs, New Mexico.

CASE 11940: Application of Manzano Oil 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 underlying the following described area in Section 4, Township 22 South, Range 27 East in the following manner: the S/2 for all formations developed on 320-acre spacing which presently includes but is not necessarily limited to the South Carlsbad-Morrow Gas Pool and the Undesignated South Carlsbad-Strawn Pool; the SE/4 for all formations developed on 160-acre spacing; the E/2 SE/4 for all formations developed on 80-acre spacing; and the SE/4 SE/4 for all formations developed on 40-acre spacing which presently includes but is not limited to the Esperanza-Delaware Pool. Applicant proposes to dedicate these pooled units to its Esperanza Well No. 1 to be drilled at an unorthodox location 660 feet from the South line and 990 feet from the East line (Unit P) of said Section 4. 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 charge for the risk involved in drilling said well. Said area is located approximately 2 miles southeast of Carlsbad, New Mexico.

CASE 11877: (Readvertised)

Application of Fasken Land and Minerals, Ltd. for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described area in Section 12, Township 23 South, Range 24 East, and in the following manner: all of said Section 12 to form a standard 640-acre gas spacing and proration unit for any and all formations and/or pools developed on 640-acre gas spacing within said vertical extent, which presently may include but is not necessarily limited to the Rock Tank-Upper Morrow Gas Pool and the Rock Tank-Lower Morrow Gas Pool; and the N/2 of said Section 12 to form a standard 320-acre gas spacing and proration unit for any and all formations/pools developed on 320-acre gas spacing within said vertical extent. Said units are to be dedicated to its Camero "12" Federal Com Well No. 1 to be drilled and completed at an unorthodox gas well location 500 feet from the North line and 2265 feet from the West line (Unit C) of said Section 12. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Fasken Oil and Ranch, Ltd. as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 15 miles southwest of Carlsbad, New Mexico.

CASE 11927: (Continued from February 19, 1998, Examiner Hearing.)

Application of Redstone Oil & Gas Company for compulsory pooling and unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 12, Township 23 South, Range 24 East, and in the following manner: All of Section 12 to form a standard 640-acre gas spacing and proration unit for any formations and/or pools developed on 640-acre spacing within said vertical extent, including but not limited to the Rock Tank-Upper Morrow Gas Pool and the Rock Tank-Lower Morrow Gas Pool; and the N/2 of Section 12 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent. Said units are to be dedicated to a well to be located at an unorthodox gas well location 500 feet from the North line and 2515 feet from the East line (Unit B) of said Section 12. 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 charge for the risk involved in drilling said well. Said unit is located approximately 11 miles northwest of Whites City, New Mexico.

CASE 11922: (Readvertised)

Application of Branex Resources, Inc. for compulsory pooling and unorthodox gas well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from 10,667 feet (the approximate top of the Canyon formation) to 12,658 feet (a point within the Devonian formation) underlying Section 26, Township 16 South, Range 35 East, in the following manner: the S/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent; the SW/4 forming a standard 160-acre gas spacing and proration unit for any and all formations/pools developed on 160-acre gas spacing; and the SE/4 SW/4 forming a standard 40-acre oil spacing and proration unit for any and all formations/pools developed on 40-acre oil spacing. Said units are to be dedicated to its Tilley Well No. 1 to be a re-entry of the former Kennedy & Mitchell Inc.'s Tilley Well 758-3 (API 30-025-27891-0001) and completed at an unorthodox well location 330 feet from the South line and 1815 feet from the West line (Unit N) of said Section 26. Also to be considered will be the costs of re-entry and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Primero Operating, Inc. as operator of the well and a charge for the risk involved in said well. Said unit is located approximately 6 miles southwest of Lovington, New Mexico.

CASE 11941: **Application of Mewbourne Oil Company 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 W/2 of Section 11, Township 24 South, Range 24 East, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Mosley Canyon-Strawn Gas Pool and the Baldrige Canyon-Morrow Gas Pool. Said unit is to be dedicated to its Baldrige Canyon "11" State Com. Well No.1, located 1650 feet from the South line and 660 feet from the West line (Unit L) of said Section 11. 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 charge for the risk involved in drilling said well. Said unit is located approximately 7 miles northwest of Whites City, New Mexico.

CASE 11921: (Readvertised)

Application of Whiting Petroleum Corporation and Maralex Resources, Inc. for an order shutting in, limiting production from, or approving downhole commingling in certain wells, San Juan County, New Mexico. Applicants seek an order requiring that the following wells be shut-in or have their production limited because they are producing from a formation or pool owned by applicants: Thompson Engineering & Production Corp. Stacey Well No.1; and the Pendragon Energy Partners, Inc. Chaco Well Nos. 1, 2R, 4 and 5, and Chaco Ltd. Well Nos. 1J and 2J. Said wells are located in Sections 6, 7, and 18, Township 26 North, Range 12 West and Sections 1 and 12, Township 26 North, Range 13 West. In the alternative, applicants request that the Division approve downhole commingling of production from the Basin-Fruitland Coal Gas Pool and the WAW Fruitland Sand-Pictured Cliffs Pool from said wells, and allocate production between the pools. Said area is located approximately 15 miles south-southeast of Farmington, New Mexico.

CASE 11905: (Continued from January 8, 1998, Examiner Hearing.)

Application of Devon Energy Corporation (Nevada) for simultaneous dedication, Eddy County, New Mexico. Applicant seeks an exception to Division Rule 104.D.(3) to permit it to drill its Pure Fed. Well No. 3 at a location 1650 feet from the North and East lines (Unit G) of Section 11, Township 21 South, Range 25 East, to test the Catclaw Draw-Morrow Gas Pool, and to simultaneously dedicate Section 11, in the Morrow formation, to the Pure Fed. Well No. 3 and its existing Pure Fed. Well Nos. 1 and 2. Said unit is located approximately 9.5 miles northwest of Carlsbad, New Mexico.

CASE 11942: **Application of Oil Conservation Division for an order requiring Rocky Mountain Resources, Inc. to properly plug a well, Lincoln County, New Mexico.** Applicant seeks an order requiring Rocky Mountain Resources, Inc. to properly plug its Border Hills State Well No. 1 located in Unit O of Section 17, Township 11 South, Range 20 East, authorizing the Division to plug said well, and ordering a forfeiture of the plugging bond, if any. Said well is located approximately 6 miles east of Sunset, New Mexico.

CASE 11943: **Application of Oil Conservation Division for an order requiring Frank O. Cox to properly plug a well, De Baca County, New Mexico.** Applicant seeks an order requiring Frank O. Cox to properly plug its McClain Ranch Well No. 1 located in Unit M of Section 15, Township 2 South, Range 28 East, authorizing the Division to plug said well, and ordering a forfeiture of the plugging bond, if any. Said well is located approximately 4 miles northwest of the intersection of the Roosevelt, Chaves and De Baca County lines.

CASE 11944: **Application of Oil Conservation Division for an order requiring RPM Energy, Inc. to properly plug six (6) wells, Eddy County, New Mexico.** Applicant seeks an order requiring RPM Energy, Inc. to properly plug six (6) wells (three wells located in Units I, J and D in Section 16 and three wells located in Units L, J and F in Section 21), in Township 16 South, Range 26 East, authorizing the Division to plug said wells, and ordering a forfeiture of the plugging bond, if any. Said wells are located approximately 5 miles north of Artesia, New Mexico.

CASE 11945: Application of Oil Conservation Division for an order requiring Delta U.S. Corporation to properly plug a well, Eddy County, New Mexico. Applicant seeks an order requiring Delta U.S. Corporation to properly plug its Missouri New Mexico Land Co. Com. Well No. 1 located in Unit O of Section 6, Township 23 South, Range 27 East, authorizing the Division to plug said well, and ordering a forfeiture of the plugging bond, if any. Said well is located approximately 6 miles south of Carlsbad, New Mexico.

CASE 11946: Application of Oil Conservation Division for an order requiring McKay Oil Corporation to properly plug eleven (11) wells, Chaves County, New Mexico. Applicant seeks an order requiring McKay Oil Corporation to properly plug the below-listed eleven (11) wells in Chaves County, New Mexico, authorizing the Division to plug said wells, and ordering a forfeiture of the plugging bond, if any. Said wells are located in an area approximately 30 miles north of Roswell, New Mexico.

West Fork Unit # 1, Section 32, Township 4 South, Range 22 East, Unit C
Bonnie# 1, Section 30, Township 5 South, Range 22 East, Unit O
Wolf State # 1, Section 16, Township 6 South, Range 23 East, Unit J
Pipeline Com. # 2, Section 26, Township 6 South, Range 22 East, Unit K
Macho State # 1, Section 32, Township 6 South, Range 23 East, Unit G
Desert Rose # 1, Section 12, Township 6 South, Range 22 East, Unit M
Inexico # 2, Section 32, Township 5 South, Range 22 East, Unit J
Inexico # 5, Section 33, Township 5 South, Range 22 East, Unit K
Inexico # 7, Section 33, Township 5 South, Range 22 East, Unit J
Camp State # 1, Section 25, Township 5 South, Range 22 East, Unit J
Aikman # 1, Section 36, Township 5 South, Range 26 East, Unit P

MILLER, STRATVERT & TORGERSON, P.A.

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RALPH WM. RICHARDS, COUNSEL

February 13, 1998

PLEASE REPLY TO SANTA FE

FILED
FEB 17 1998
Oil Conservation

C
3/5 3/19

James Bruce, Esq.
P.O. Box 1056
Santa Fe, New Mexico 87504

Re: Application of Whiting Petroleum Corporation and Maralex Resources, Inc. For
Shut-In Order; San Juan County, New Mexico; NMOCD Case No. 11921

Dear Jim:

I acknowledge receipt of the Amended Application and the Subpoena Duces Tecum in the above matter. Enclosed is the executed acceptance for the subpoena.

I anticipate filing a partial motion to quash directed to certain aspects of the subpoena, just as you have done for Whiting and Maralex and we should accordingly plan to confer at some point to see if the discovery objections can be reconciled. However, as I mentioned, I am in the midst of preparing for an out-of-town trial beginning on February 23rd and I will be unable to work on this matter until the first week of March. In this regard, I understand everyone is amendable to continuing this matter beyond the March 5, 1998 examiner docket in any event.

Thank you, Jim, for your cooperation.

Sincerely,

MILLER, STRATVERT & TORGERSON, P.A.

J. Scott Hall

J. Scott Hall

JSH:CMB

James Bruce, Esq.
February 13, 1998
Page 2

cc: Lori Wrotenberry, Directory, NMOCD
Michael Stogner, NMOCD
Al Nicol, Pendragon Energy Partners



MEMORANDUM

TO: All Producers, Purchasers and Transporters of Gas For All Prorated Gas Pools in New Mexico

**FROM: Kathleen Garland, Acting Director *KAG*
Oil Conservation Division**

SUBJECT: Commission Hearing on February 26, 1998, Concerning Prorated Gas Allowables for the April, 1998 Through September, 1998 Period

DATE: February 6, 1998

Since 1991, allowables for the prorated gas pools in New Mexico have been established for six month allocation periods beginning in April and October of each year. Allowables have been determined using prior year allocation period production volumes with adjustments where appropriate based on evidence and recommendations from operators, purchasers, and transporters.

For the past several allocation periods, non-marginal allocation factors and well allowables have remained almost constant in most pools. Declining pool production and increased demand for New Mexico gas have resulted in a large reduction in the number of non-marginal wells and the assignment of marginal allowables to most wells in prorated pools.

At its August 14, 1997 proration hearing, the Commission adopted the allowable factors used in the previous allocation period as the Division recommendation for the next proration period. There were no recommendations to modify these recommended allowables except to correct a transposing error so they were adopted as modified by order of the Commission.

The Commission will follow this procedure for the current and future allocation periods and until such time as it is determined that changes are needed. The enclosed allocation factors, being the previous 6 month allowable factors, will be used for allowable purposes for the period April, 1998 through September, 1998 unless there is evidence received at the February 26, 1998 Commission hearing indicating that these factors should be modified.

**Oil Conservation Division
Proposed Allowable Allocation Factors
New Mexico Prorated Pools
April, 1998 through September, 1998**

Southeast New Mexico

Pool	Monthly Allocation Factor (F1)
Atoka Penn	24,000
Blinebry Oil and Gas	70,200
Buffalo Valley Penn	33,000
Eumont Yates 7 Rivers Queen	38,000
Indian Basin Morrow	20,652
Indian Basin Upper Penn	200,000
Jalmat Tansill Yates 7 Rivers	18,300
Justis Glorieta	18,300
Tubb Oil and Gas	18,425

Northwest New Mexico

Pool	Monthly Allocation Factor (F1)	Monthly Acreage x Deliverability Factor (F2)
Basin Dakota	11,163	14.04
Blanco Mesaverde	5,771	26.14
Blanco P. C. South	440	28.18
Tapacito Pictured Cliffs	467	19.79

DOCKET: EXAMINER HEARING - THURSDAY - FEBRUARY 19, 1998
8:15 AM - 2040 South Pacheco
Santa Fe, New Mexico

Dockets Nos 6-98 and 7-98 are tentatively set for March 5, 1998 and March 19, 1998. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11923: **Application of Shahara Oil, L.L.C. for a unit agreement, Lea County, New Mexico.** Applicant seeks approval of its Shahara State Unit Agreement for an area encompassing 320 acres, more or less, of State lands consisting of the W/2 of Section 16, Township 17 South, Range 33 East. Said unit area is located approximately 5.5 miles east-southeast of Maljamar, New Mexico.

CASE 11924: **Application of Shahara Oil, L.L.C. for a waterflood/tertiary recovery project, qualification for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" for said project, and for two unorthodox oil well locations, Lea County, New Mexico.** Applicant seeks approval to institute a waterflood and tertiary recovery project utilizing micro-organisms for enhanced recovery in the Maljamar-Grayburg-San Andres Pool within its proposed Shahara State Unit Area (being the subject of Case No. 11923) to comprise the W/2 of Section 16, Township 17 South, Range 33 East, by the injection of water through 8 certain existing wells. Applicant further seeks to qualify this project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). Applicant further seeks approval to drill two new producing wells along the western edge of the proposed Unitized Area at locations considered to be unorthodox. The proposed project area is located approximately 5.5 miles east-southeast of Maljamar, New Mexico.

CASE 11925: **Application of KCS Medallion Resources, Inc. for an unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks approval of an unorthodox gas well location within the Turkey Track-Morrow Gas Pool for its PDM Well No. 1 to be drilled 860 feet from the South line and 660 feet from the West line (Unit M) of Section 16, Township 19 South, Range 29 East, being approximately 12.5 miles south-southwest of Loco Hills, New Mexico. The S/2 of said Section 16 is to be dedicated to said well to form a standard 320-acre gas spacing and proration unit for said pool.

CASE 11926: **Application of KCS Medallion Resources, Inc. 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 following described acreage in Section 33, Township 19 South, Range 28 East, and in the following manner: the W/2 of Section 33 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including but not limited to the Undesignated Winchester-Morrow Gas Pool, the Winchester-Atoka Gas Pool, the North Burton Flat-Strawn Gas Pool, and the Winchester-Wolfcamp Gas Pool; the SW/4 of Section 33 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; the N/2 SW/4 of Section 33 to form a standard 80-acre spacing unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent, including but not limited to the Undesignated Old Millman Ranch-Bone Spring Associated Pool; and the NW/4 SW/4 of Section 33 for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, including but not limited to the Undesignated Old Millman Ranch-Bone Spring Associated Pool, the Undesignated Fadeaway Ridge-Delaware Pool, and the Undesignated East Millman Yates-Seven Rivers-Queen-Grayburg-San Andres Pool. Said units will be dedicated to its Many Sands "33" Well No. 1, to be drilled at an orthodox location 1650 feet from the South line and 660 feet from the West line (Unit L) of said Section 33. 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 charge for the risk involved in drilling said well. Said unit is located approximately 11 miles east-southeast of Lakewood, New Mexico.

CASE 11877: (Continued from February 5, 1998, Examiner Hearing.)

Application of Fasken Land and Minerals, Ltd. for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying all of Section 12, Township 23 South, Range 24 East, forming a standard 640-acre gas spacing and proration unit for any and all formations and/or pools developed on 640-acre gas spacing within said vertical extent, which presently may include but is not necessarily limited to the Rock Tank-Upper Morrow Gas Pool and the Rock Tank-Lower Morrow Gas Pool. Said unit is to be dedicated to its Camero "12" Federal Com Well No. 1 to be drilled and completed at an unorthodox gas well location 500 feet from the North line and 2265 feet from the West line (Unit E) of said Section 12. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Fasken Oil and Ranch, Ltd. as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 15 miles southwest of Carlsbad, New Mexico.

CASE 11906: (Continued from January 22, 1998, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco/Canyon formation underlying the following described acreage in Section 5, Township 20 South, Range 25 East and in the following manner: Lots 1, 2 and the S/2 NE/4 (the NE/4) to form a standard 160.45-acre oil spacing and proration unit for any formations and/or pools developed on 160-acre spacing within said vertical extent, including the Undesignated North Dagger Draw-Upper Pennsylvanian Pool; and the SW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools spaced on 40 acres within said vertical extent, including the Undesignated Seven Rivers-Yeso Pool. Said units are to be dedicated to applicant's S.P. Johnson Com Well No. 2, located 1650 feet from the North line and 1980 feet from the East line (Unit G) of said Section 5. 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 charge for the risk involved in drilling said well. Said unit is located approximately 4.5 miles west-northwest of Seven Rivers, New Mexico.

CASE 11013: (Continued from January 22, 1998, Examiner Hearing. Readvertised and Reopened by the Division for a Show Cause Hearing)

Application of Baber Well Servicing Company and/or Pronghorn Management Corporation for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks approval for its New Mexico "BZ" State NCT-5 Well No. 5 (API No. 30-025-32362), drilled at an unorthodox oil well location 40 feet from the North line and 750 feet from the West line (Unit D) of Section 29, Township 21 South, Range 35 East, as an infill well on an existing 40-acre standard oil spacing and proration unit in the North San Simon-Yates Associated Pool comprising the NW/4 NW//4 of said Section 29, which is dedicated to the Pronghorn Management Corporation New Mexico "BZ" State NCT-5 Well No. 1 (API No. 30-025-03521), located at a standard oil well location 660 feet from the North and East lines (Unit D) of said Section 29. Said 40-acre unit is located approximately 8.5 miles west-southwest of Oil Center, New Mexico. **FURTHER, the operator of said 40-acre unit shall appear and show cause why:** (i) the New Mexico "BZ" State NCT-5 Well No. 5 should not be plugged and abandoned; (ii) it commenced producing said well without proper authorization; (iii) the offset interests' correlative rights were not violated by the past production; and (iv) a civil penalty should not be assessed or other restrictions imposed for any violations committed by the operator.

CASE 11927: **Application of Redstone Oil & Gas Company for compulsory pooling and unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 12, Township 23 South, Range 24 East, and in the following manner: All of Section 12 to form a standard 640-acre gas spacing and proration unit for any formations and/or pools developed on 640-acre spacing within said vertical extent, including but not limited to the Rock Tank-Upper Morrow Gas Pool and the Rock Tank-Lower Morrow Gas Pool; and the N/2 of Section 12 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent. Said units are to be dedicated to a well to be located at an unorthodox gas well location 500 feet from the North line and 2515 feet from the East line (Unit B) of said Section 12. 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 charge for the risk involved in drilling said well. Said unit is located approximately 11 miles northwest of Whites City, New Mexico.**CASE 11919:** (Continued from February 5, 1998, Examiner Hearing.)

Application of Enron Oil & Gas Company for compulsory pooling and unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow-Chester formation, Undesignated Grayburg-Morrow Gas Pool, underlying the N/2 of Section 34, Township 17 South, Range 29 East, for all formations developed on 320-acre spacing. Applicant proposes to dedicated this pooled unit to its STW "34" Federal Com. Well No. 1 to be drilled at an unorthodox gas well location 660 feet from the North line and 1250 feet from the East line (Unit A) of said Section 34. 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 charge for the risk involved in drilling said well. Said area is located approximately 5 miles west-southwest of Loco Hills, New Mexico.

CASE 11928: **Application of Oryx Energy Company for the expansion of the Indian Basin-Upper Pennsylvanian Associated Pool and the contraction of the Indian Basin-Upper Pennsylvanian Gas Pool and for approval of a non-standard gas proration and spacing unit, Eddy County, New Mexico.** Applicant seeks an order expanding the Indian Basin-Upper Pennsylvanian Associated Pool to include the E/2 of Section 36, Township 21 South, Range 23 East, and the corresponding contraction of the Indian Basin-Upper Pennsylvanian Gas Pool to delete said acreage from that pool. In addition, applicant seeks the approval of a non-standard gas proration and spacing unit consisting of the W/2 of said Section 36 to be dedicated to production from the Indian Basin-Upper Pennsylvanian Gas Pool. This acreage is located approximately 14 miles southwest of Seven Rivers, New Mexico.

CASE 11896: (Continued from January 22, 1998, Examiner Hearing.)

Application of OXY USA, Inc. 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 following described area in Section 17, Township 17 South, Range 27 East and 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 spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Jennings Spring-Wolfcamp Pool, Undesignated Logan Draw-Cisco Canyon Gas Pool, Undesignated Hart Draw-Atoka Gas Pool and the Undesignated Logan Draw-Morrow Gas Pool; the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; the N/2 NE/4 to form a standard 80-acre gas spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent; and the NW/4 NE/4 to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said unit is to be dedicated to its Livan Fed. Com Well No. 1 to be drilled at a standard location 660 feet from the North line and 1650 feet from the East line (Unit B) of said Section 17. 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 charge for the risk involved in drilling said well. Said area is located approximately 6 miles east of Artesia, New Mexico.

CASE 11089: (Reopened)

Application of Burlington Resources Oil and Gas Company to amend Order No. R-46-C to provide for an infill well in the Barker Dome-Desert Creek Pool, San Juan County, New Mexico. Applicant seek to amend Order No. R-46-C to increase the density of wells in the Barker Dome-Desert Creek Pool from one well to two wells per 320-acre gas spacing unit, provided the infill well is located in a quarter section not containing the original well, within a horizontal area containing all or parts of Sections 7 through 11, 14 through 23, 27 through 32, Township 32 North, Range 14 West, and Sections 12, 13, 24, 25, 36, Township 32 North, Range 15 West. Said area is located approximately 9 miles west-northwest of La Plata, New Mexico.

CASE 11929: **Application of Mobil Exploration & Producing TX & NM Inc. for approval of horizontal injection wells, for an administrative procedure whereby additional horizontal injection wells may be approved within the North Vacuum Abo Unit Pressure Maintenance Project, and to qualify a portion of said project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act", Lea County, New Mexico.** Applicant seeks approval to inject fresh water into the Abo formation through three horizontal injection wells as an expansion of the North Vacuum Abo Unit Pressure Maintenance Project. The three wells, which have previously been approved as convention vertical injection wells, are as follows: NVAU Well No. 136 located 660 feet from the North line and 860 feet from the West line (Unit D) of Section 26; NVAU Well No. 156 located 1893 feet from the South line and 1800 feet from the East line (Unit J) of Section 23; and NVAU Well No. 213 located 460 feet from the South line and 1980 feet from the West line (Unit N) of Section 23, all in Township 17 South, Range 34 East. Applicant further seeks to establish an administrative process whereby additional horizontal injection wells may be approved within the North Vacuum Abo Unit Pressure Maintenance Project. Further, applicant seeks to qualify a portion of its North Vacuum Abo Unit Pressure Maintenance Project as an enhanced oil recovery project pursuant to the New Mexico Enhanced Oil Recovery Act, NMSA 1978. Said wells are located approximately 1 mile north of Buckeye, New Mexico.

CASE 11900: (Continued from January 22, 1998, Examiner Hearing.)

Application of Yates Petroleum Corporation to rescind Administrative Order No. SWD-657, Lea County, New Mexico. Applicant seeks rescission of Administrative Order No. SWD-657 which approved the application of Manzano Oil Corporation for authorization to convert the State "22" Well No. 1, located 2310 feet from the South line and 990 feet from the East line (Unit I) of Section 22, Township 10 South, Range 37 East, to a salt water disposal well for the injection of Devonian water into the San Andres formation. Said well is located approximately 12 miles northeast of Tatum, New Mexico.

CASE 11910: (Continued from January 22, 1998, Examiner Hearing.)

Application of Nearburg Exploration Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 160-acre spacing in the NE/4, in all formations developed on 80-acre spacing in the S/2 NE/4, and in all formations developed on 40-acre spacing in the SW/4 NE/4 of Section 13, Township 19 South, Range 25 East. Said units are to be dedicated to its Lakewood Farms "13" Well No. 1 to be drilled in the Undesignated North Dagger Draw-Upper Pennsylvania Pool at a standard location 1650 feet from the North and East lines (Unit G) of said Section 13. 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 charge for the risk involved in drilling said well. Said area is located approximately 3 miles northwest of Lakewood, New Mexico.

CASE 11887: (Continued from January 22, 1998, Examiner Hearing.)

Application of Santa Fe Energy Resources, Inc. for compulsory pooling and a non-standard gas spacing and proration unit, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 3-6 and 11-14 of Section 1, Township 21 South, Range 34 East, to form a non-standard 315.22-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Wilson-Morrow Gas Pool. Said unit is to be dedicated to its Outland "1" State Well No. 1, to be drilled at an orthodox gas well location 3300 feet from the North line and 1650 feet from the West line of said Section 1. 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 the operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 10 miles west-northwest of Oil Center, New Mexico.

CASE 11921: (Continued from February 5, 1998, Examiner Hearing.)

Application of Whiting Petroleum Corporation and Maralex Resources, Inc. for an order shutting in certain wells, San Juan County, New Mexico. Applicants seek an order requiring that the following wells be shut-in because they are producing from a formation or pool owned by applicants: Thompson Engineering & Production Corp. Stacey Well No. 1; and the Pendragon Energy Partners, Inc. Chaco Well Nos. 1, 2R, 4 and 5, and Chaco Ltd. Well Nos. 1J and 2J. Said wells are located in Sections 6, 7, and 18, Township 26 North, Range 12 West and Sections 1 and 12, Township 26 North, Range 13 West. Said area is located approximately 15 miles south-southeast of Farmington, New Mexico.

CASE 11930: In the matter of the hearing called by the Oil Conservation Division for an order creating and extending certain pools in Eddy County, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the East Hackberry-Bone Spring Pool. The discovery well is the Lynx Petroleum Consultants, Inc. Federal HJ-27 Well No. 1 located in Unit F of Section 27, Township 19 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 27: NW/4

- (b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Chester production and designated as the North Illinois Camp-Chester Gas Pool. The discovery well is the Marathon Oil Company W. B. Travis 15 State Com Well No. 1 located in Unit G of Section 15, Township 18 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 15: E/2

- (c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Cisco production and designated as the McMillan-Cisco Gas Pool. The discovery well is the Maralo, Inc. D. S. "26" Federal Well No. 1 located in Unit H of Section 26, Township 20 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 26 EAST, NMPM

Section 26: E/2

- (d) EXTEND the Avalon-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 9: SE/4

Section 16: S/2 and NE/4

- (e) EXTEND the Black River-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM

Section 10: E/2

Section 11: SW/4

- (f) EXTEND the Cemetery-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Section 7: All

- (g) EXTEND the West Corral Canyon-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM

Section 13: W/2

Section 14: SE/4

- (h) EXTEND the South Indian Basin-Yeso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 23 EAST, NMPM

Section 34: SW/4

- (i) EXTEND the East Loving-Brushy Canyon Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM

Section 21: NE/4

- (j) EXTEND the Southwest Poker Lake-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 30 EAST, NMPM

Section 36: S/2

- (k) EXTEND the Red Lake-Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 17: E/2

- (l) EXTEND the East Ross Draw-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM

Section 27: E/2 NW/4

- (m) EXTEND the Sand Point-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM

Section 2: SE/4

- (n) EXTEND the Shugart-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 22: S/2

IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

DOCKET: COMMISSION HEARING - THURSDAY - FEBRUARY 26, 1998**9:00 A.M. - 2040 SOUTH PACHECO - SANTA FE, NEW MEXICO****The Land Commissioner's designee for this hearing will be Jami Bailey or Gary Carlson****NOTICE**

The Oil Conservation Commission will adopt its annual resolution setting forth reasonable notice standards for Commission public meetings, pursuant to the New Mexico Open Meetings Act, 10-15-1.D. NMSA 1978.

The Oil Conservation Commission may vote to close the open meeting to deliberate the Read & Stevens, Inc. et. al. v. Oil Conservation Commission, et al. case that was remanded to the Commission by the Honorable William P. Lynch. Any final action taken as a result of such deliberations on the case will be taken in open meeting.

The Oil Conservation Commission may vote to close the open meeting to deliberate any De Novo case heard at this hearing.

The appointment of a hearing officer to hear preliminary matters before the Commission will be made.

CASE 11931: The Oil Conservation Division is calling a hearing to consider proposed April, 1998 - September, 1998 gas allowables for the prorated gas pools in New Mexico. Allowable assignment factors are being distributed with an OCD Memorandum dated February 6, 1998. If requests for changes are not received at the February 26, 1998 hearing, these factors will be used to assign allowables for the April - September period.

CASE 11705: (Continued from September 25, 1997, Commission Hearing)

Proposed amendments may be viewed on the net.

Application of the Oil Conservation Division to amend Order R-8170, as amended, "General Rules for the Prorated Pools of New Mexico." Applicant seeks to amend Order No. R-8170, as amended, to simplify the testing and proration rules as applied to the prorated pools of Northwest New Mexico.

CASE 11579: (De Novo - Continued from December 11, 1997, Commission Hearing.)

Application of Pogo Producing Company for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to institute a pressure maintenance project in the West Red Tank-Delaware Pool within its federal oil and gas lease (No. NM-86149) comprising the W/2 of Section 26, Township 22 South, Range 32 East, by the injection of natural gas through the perforated interval from approximately 8,399 feet to 8,471 feet into its existing Red Tank "26" Federal Well No. 1 located 1880 feet from the South and West lines (Unit K) of said Section 26. Said project area is located approximately 29 miles west by south of Eunice, New Mexico. Upon application of Pogo Producing Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 11844: (De Novo - Continued from December 11, 1997, Commission Hearing.)

Application of Chesapeake Operating, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks approval to drill its proposed Gandy "19" Well No. 1 at an unorthodox oil well location 2523 feet from the North line and 2370 feet from the East line (Unit G) of Section 19, Township 16 South, Range 36 East, to the base of the Strawn formation, said location being unorthodox for any and all oil producing formations, and if productive, to be dedicated to a standard 40-acre oil spacing and proration unit consisting of the SW/4 NE/4 of said Section 19. Said location is located approximately 3 ½ miles southwest of Lovington, New Mexico. Upon application of Marathon Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 11807: (De Novo)

Application of Stevens & Tull, Inc. for salt water disposal, Lea County, New Mexico. Applicant seeks authority to dispose of water produced from the Yates-Seven Rivers formation back into the Yates-Seven Rivers formation of the West Teas Yates-Seven Rivers Pool in the interval from 2989 feet to 3212 feet in its State "BF" Well No. 4 located 330 feet from the North and East lines (Unit A) Section 16, Township 20 South Range 33 East. In addition, applicant seeks approval of a surface injection pressure of 1,000 psi and an administrative procedure for obtaining further increases in said limitation. Said well is located approximately 3 ½ miles northeast of the intersection of US Highway 180 and New Mexico Highway 176 in New Mexico. Upon application of Stevens & Tull, Inc. this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 11894: (De Novo)

Application of Chesapeake Operating Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks approval to drill its Salbar "16" Well No. 1 at an unorthodox oil well location within a standard 40-acre oil spacing and proration unit comprising the SW/4 NW/4 (Unit E) of Section 1, Township 16 South, Range 36 East (located approximately 1.5 miles southwest of the intersection of U.S. Highway 82 and New Mexico State Highway No. 18) 2456 feet from the North line and 1028 feet from the West line (Unit E) of said Section 16 for all formations and/or pools developed on statewide 40-acre spacing which presently includes, but is not necessarily limited to the Undesignated Diamond-Strawn Pool and Undesignated West Lovington-Pennsylvanian Pool. Upon application of Yates Petroleum Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 11838: (De Novo - Continued from December 11, 1997, Commission Hearing.)

Application of Premier Oil & Gas, Inc. to have a wellbore of its included in the Avalon (Delaware) Unit operated by Exxon Company USA, Eddy County, New Mexico. Applicant seeks to include its FV-1 Well located 1980 feet from the North line and 990 feet from the East line (Unit H) of Section 25, Township 20 South, Range 27 East, as a unit wellbore in the Avalon (Delaware) Unit, including but not limited to amending Exhibit H of the Unit Operating Agreement to include said wellbore and to qualify said wellbore a useable wellbore committed to its Avalon (Delaware) Unit prior to October 1, 1997. Said unit is located approximately 7 miles southeast of Lakewood, New Mexico. Upon application of Premier Oil & Gas, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

THIS HEARING WILL BE LIMITED TO ARGUMENTS REGARDING DISMISSAL OF THIS CASE AT THE DIVISION LEVEL.

CASE 11808: (De Novo - Continued from December 11, 1997, Commission Hearing.)

Application of Burlington Resources Oil & Gas Company for compulsory pooling and a non-standard gas proration and spacing unit, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests, including working interests, royalty interests and overriding royalty interests, below the base of the Dakota formation (base of the Cretaceous aged formation) to the top of the Pre-Cambrian aged formation underlying all of Irregular Section 9, Township 31 North, Range 10 West, forming a non-standard 636.01-acre gas spacing and proration unit for any formations and/or pools developed on 640-acre gas spacing within said vertical extent. Said unit is to be dedicated to its Scott Well No. 24 to be drilled at a standard gas well location 1535 feet from the North line and 2500 feet from the West line (Unit F) of said Section 9. 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 charge for risk involved in drilling said well. Said well is located approximately 2 ½ miles southeast of Cedar Hills, New Mexico. Upon the application of Total Minatome Corporation, Timothy B. Johnson, Trustee for Ralph A. Bard, Jr. Trust U/A/D February 12, 1983 et al., and Lee Wayne Moore and Joann Montgomery Moore, Trustees, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 11809: (De Novo - Continued from December 11, 1997, Commission Hearing.)

Application of Burlington Resources Oil & Gas Company for compulsory pooling, an unorthodox gas well location and a non-standard proration unit, San Juan County, New Mexico. Applicant seeks an order pooling all mineral owners, including working interests, royalty interests and overriding royalty interests below the base of the Dakota formation (base of the Cretaceous aged formation) to the top of the Pre-Cambrian aged formation underlying all of Irregular Section 8, Township 31 North, Range 10 West, forming a non-standard 639.78-acre gas spacing and proration unit for any formations and/or pools developed on 640-acre gas spacing within said vertical extent. Said unit is to be dedicated to its Marcotte Well No. 2 to be drilled at an unorthodox gas well location 1540 feet from the South line and 935 feet from the East line (Unit I) of said Section 8. 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 charge for risk involved in drilling said well. Said well is located approximately 2 ½ miles southeast of Cedar Hills, New Mexico. Upon the applications of Total Minatome Corporation, Timothy B. Johnson, Trustee for Ralph A. Bard, Jr. Trust U/A/D February 12, 1983 et al., Lee Wayne Moore and Joann Montgomery Moore, Trustees, and Bert Harris, this case will be heard De Novo pursuant to the provisions of Rule 1220.

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

February 10, 1998

Hand Delivered

Florene Davidson
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Case No. 11921: Application of Whiting Petroleum
Corporation and Maralex Resources, Inc.

Dear Florene:

Enclosed are three copies of a subpoena *duces tecum* in the above matter. Please submit them to the Division Director for signature. Once they have been signed, call me so I may pick them up. One copy is for the Division's file. Thanks.

Very truly yours,



James Bruce

Attorney for Whiting Petroleum
Corporation and Maralex
Resources, Inc.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF WHITING PETROLEUM
CORPORATION AND MARALEX RESOURCES,
INC. FOR AN ORDER SHUTTING-IN,
LIMITING PRODUCTION FROM, OR APPROVING
DOWNHOLE COMMINGLING IN, CERTAIN
WELLS, SAN JUAN COUNTY, NEW MEXICO.

Case No. 11,921

SUBPOENA DUCES TECUM

TO: Pendragon Energy Partners, Inc.
c/o J. Scott Hall
Miller, Stratvert & Torgerson, P.A.
Suite 300
150 Washington Avenue
Santa Fe, New Mexico 87501

Pursuant to NMSA 1978 §70-2-8 (1995 Repl. Pamp.) and Division Rule 1211, you are hereby ordered to appear at 8:15 a.m. on Thursday, February 19, 1998, at the offices of the New Mexico Oil Conservation Division, 2040 South Pacheco Street, Santa Fe, New Mexico 87505, produce the documents and records described below, and make them available for inspection and copying by employees or representatives of Whiting Petroleum Corporation and Maralex Resources, Inc.:

DOCUMENTS TO BE PRODUCED: All documents, records, and data regarding the matters itemized below, in your possession or under your control, pertaining to wells owned or operated by you, or on which you possess any of the requested data (collectively, "the wells"), located in: Sections 31 and 32, Township 27 North, Range 12 West; Sections 5-8 and 17-20, Township 26 North, Range 12 West; Sections 35 and 36, Township 27 North, Range 13 West; and Sections 1, 2, 11-14, and 24, Township 26 North, Range 13 West, San Juan County, New Mexico (collectively, "the subject area"):

1. All gas, oil, and water production data from the wells from the completion of each well through January 31, 1998;
2. All analyses of water and gas produced from the wells;
3. All orders and authorizations granting you the permission to dispose of water produced from any of the wells;
4. All electrical, mechanical, or other logs on the wells;
5. All core data and core analyses on the wells, whether they pertain to the Pictured Cliffs, Fruitland Sand, or Fruitland Coal formations;
6. All pressure data for the wells since their commencement, including bottom hole pressures, surface pressures, shut-in bottom hole pressures, pressure build-up tests, pressure gradients, and production pressures;
7. All frac records on the wells (on both computer disc and paper format, if available), including but not limited to (i) proposed frac designs, (ii) Nolte plots for frac jobs, (iii) frac job reports, and (iv) all related materials, including rates, pressures, volumes, and rheologies for all fluids for all frac jobs, and any subsequent pressure analyses;
8. All drilling, completion, and workover reports on the wells;
9. All geological data on the wells; and
10. All documents provided to you by J.K. Edwards & Associates, Inc. prior to your purchase of an interest in any of the wells, including correspondence pertaining but not limited to any of the information itemized in paragraphs 1-9

above.

INSTRUCTIONS: This subpoena requires the production of all information described above available to you or in your possession, custody, or control, wherever located.

"You" or your" means Pendragon Energy Partners, Inc. and its employees, former employees, officers, directors, agents, contractors, representatives, affiliated companies, and predecessors.

If the requested data is not in your possession or control, identify the person performing the test or analyses, and the present custodian of the data, including name, address, and telephone number.

This subpoena was issued at the request of Whiting Petroleum Corporation and Maralex Resources, Inc. through their attorney, James Bruce, P.O. Box 1056, Santa Fe, New Mexico 87504, (505) 982-2043.

ISSUED this 10th day of February, 1998, at Santa Fe, New Mexico.

NEW MEXICO OIL CONSERVATION
DIVISION


DIRECTOR

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

February 10, 1998

Hand Delivered

Florene Davidson
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an original and two copies of an Amended Application, together with a proposed advertisement, regarding Case No. 11921.

Please re-advertise this matter for the March 5, 1998 Examiner hearing. **However, because of the length of time this case may take to present, the applicants request a special hearing date. The applicant's suggest March 9th or 10th, but of course that is subject to the Division's discretion.**

Very truly yours,



James Bruce

Attorney for Whiting Petroleum
Corporation and Maralex
Resources, Inc.

Mike - let's discuss
a date.

cc: J. Scott Hall w/encl.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF WHITING PETROLEUM CORPORATION AND MARALEX RESOURCES, INC. FOR AN ORDER SHUTTING-IN, LIMITING PRODUCTION FROM, OR APPROVING DOWNHOLE COMMINGLING IN, CERTAIN WELLS, SAN JUAN COUNTY, NEW MEXICO.

Case No. 11,921

AMENDED APPLICATION

Whiting Petroleum Corporation ("Whiting") and Maralex Resources, Inc. ("Maralex") hereby apply for an order requiring that certain wells located in San Juan County, New Mexico be shut-in or have their producing rates limited, or in the alternative approving downhole commingling of production and fixing allocation percentages. In support of their application, Whiting and Maralex state:

1. Whiting operates the following wells:

<u>Well Name</u>	<u>Well Unit</u>
Gallegos Fed. 26-12-6 No. 2	W $\frac{1}{2}$ §6-26N-12W
Gallegos Fed. 26-12-7 No. 1	W $\frac{1}{2}$ §7-26N-12W
Gallegos Fed. 26-13-1 No. 1	E $\frac{1}{2}$ §1-26N-13W
Gallegos Fed. 26-13-1 No. 2	W $\frac{1}{2}$ §1-26N-13W
Gallegos Fed. 26-13-12 No. 1	N $\frac{1}{2}$ §12-26N-13W

The above wells were drilled before the end of 1992, and are completed in and producing from the Basin-Fruitland Coal Gas Pool, as defined in Division Order No. R-8768, as amended. Spacing for each well is 320 acres. Maralex is an interest owner in the Whiting-operated wells.

2. Thompson Engineering & Production Corp. ("Thompson") operates the following wells:

<u>Well Name</u>	<u>Well Unit</u>
Stacey No. 1	SE $\frac{1}{4}$ §6-26N-12W

Leslie No. 1

NE¼ §7-26N-12W¹

Pendragon Energy Partners, Inc. ("Pendragon") operates the following wells:

<u>Well Name</u>	<u>Well Unit</u>
Chaco No. 1	NW¼ §18-26N-12W
Chaco No. 2R	SW¼ §7-26N-12W
Chaco No. 4	NW¼ §7-26N-12W
Chaco No. 5	SE¼ §1-26N-13W
Chaco Ltd. No. 1J	SW¼ §1-26N-13W
Chaco Ltd. No. 2J	NE¼ §1-26N-13W

The Thompson and Pendragon wells are designated as being completed in the WAW Fruitland Sand-Pictured Cliffs Pool, as defined in Division Order No. R-8769, as amended. Spacing for wells completed in the WAW Fruitland Sand-Pictured Cliffs Pool is 160 acres.

3. Ownership in the Basin-Fruitland Coal Gas Pool, in the sections in which the Whiting wells are located, differs from ownership in the WAW Fruitland Sand-Pictured Cliffs Pool. Moreover, because of the difference in well spacing, 4 wells may be drilled per section in the WAW Fruitland-Pictured Cliffs Pool, as opposed to 2 wells per section in the Basin-Fruitland Coal Gas Pool.

4. As of 1995-96, each of the above-described Thompson and Pendragon wells was shut-in, was a marginal producer, or had not been drilled. In 1995 and 1996, Thompson and Pendragon drilled or "restimulated" their wells, resulting in the following:

¹This well is at an orthodox location for a Fruitland Coal well, and thus Whiting and Maralex do not seek to have it shut-in, etc. However, applicants believe that the well is producing from the Basin-Fruitland Coal Gas Pool, should be recognized as such, and its spacing and proration unit adjusted accordingly.

- (a) Production from the Thompson and Pendragon wells increased, in some cases substantially;
- (b) Production from the Whiting-operated wells offsetting the Thompson and Pendragon wells has declined or decreased;
- (c) The BTU content of the gas produced from the Thompson and Pendragon wells has decreased so that it is similar or identical to the BTU content of the Whiting wells;
- (d) Water production from the Thompson and Pendragon wells has increased substantially; and
- (e) The available pressure data shows that pressures in the Thompson and Pendragon wells has increased to levels similar to those found in wells completed in the Basin-Fruitland Coal Gas Pool in this area.

5. Based on the foregoing, the Thompson and Pendragon wells are communicated with and are producing from the Basin-Fruitland Coal Gas Pool. As a result, the Thompson and Pendragon wells are draining reserves owned by Whiting and the other interest owners in its wells, and are impairing their correlative rights.

6. In addition, (a) the Stacey Well No. 1, Chaco Well No. 1, Chaco Well No. 4, and Chaco Well No. 5 are at unapproved unorthodox gas well locations in the Basin-Fruitland Coal Gas Pool, (b) all of the Thompson and Pendragon wells, except the Leslie Well No. 1, do not have Division approval for simultaneous dedication in the Basin-Fruitland Coal Gas Pool as required by Division Rule 104.D.(3) or Division Memoranda dated July 27, 1988 and August 3, 1990, and (c) none of the Thompson and Pendragon wells have 320

acres dedicated to them.

7. The Division has the authority and the duty to:

(a) Prevent natural gas from escaping from strata in which it is found into other strata;

(b) require wells to be drilled, operated, and produced in such manner as to prevent injury to neighboring leases or properties; and

(c) to fix the spacing of wells.

NMSA 1978 §70-2-12.B.(2), (7), (10) (1995 Repl. Pamp.). Moreover, the Division has the authority to require an operator to submit data to demonstrate that a well is producing from the appropriate common source of supply, and to order the downhole commingling of Fruitland Coal and Pictured Cliffs production. **Order No. R-8768, Special Rules 2, 3, 12**. Therefore, the relief requested herein is proper.

WHEREFORE, Whiting and Maralex request that, after notice and hearing, the Division enter its order:

A. Determining that the Thompson and Pendragon wells, described above, are producing from the Basin-Fruitland Coal Gas Pool;

B. Determining that the Stacey Well No. 1, Chaco Well No. 1, Chaco Well No. 4, and Chaco Well No. 5 are at unapproved unorthodox gas well locations in the Basin-Fruitland Coal Gas Pool, and that all wells except the Leslie Well No. 1 do not have approval for simultaneous dedication in the Basin-Fruitland Coal Gas Pool;

C. Ordering the Thompson Stacey Well No. 1, and all of the Pendragon wells, to be permanently shut-in or have their production restricted, or in the alternative approve downhole commingling of Fruitland Coal and Pictured Cliffs/Fruitland Sand production from the Thompson and Pendragon wells and allocating production from each pool; and

D. Granting such further relief as the Division deems proper.

Respectfully submitted,

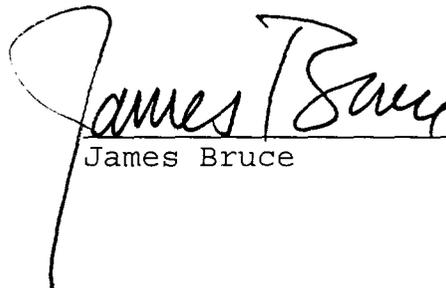


James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Whiting Petroleum Corporation and Maralex Resources, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Amended Application was mailed this 10th day of February, 1998 to J. Scott Hall, Miller, Stratvert & Torgerson, P.A., P.O. Box 1986, Santa Fe, New Mexico 87504.



James Bruce

PROPOSED ADVERTISEMENT

(Readvertised)

Case 11921: Application of Whiting Petroleum Corporation and Maralex Resources, Inc. for an order shutting in, limiting production from, or approving downhole commingling in, certain wells, San Juan County, New Mexico. Applicants seek an order requiring that the following wells be shut-in or have their production limited because they are producing from a formation or pool owned by applicants: The Thompson Engineering & Production Corp. Stacey Well No. 1; and the Pendragon Energy Partners, Inc. Chaco Well Nos. 1, 2R, 4 and 5, and Chaco Ltd. Well Nos. 1J and 2J. Said wells are located in Sections 6, 7, and 18, Township 26 North, Range 12 West, and Sections 1 and 12, Township 26 North, Range 13 West. In the alternative, applicants request that the Division approve downhole commingling of production from the Basin-Fruitland Coal Gas Pool and the WAW Fruitland Sand-Pictured Cliffs Pool from said wells, and allocate production between the pools. Said area is located approximately 15 miles south-southeast of Farmington, New Mexico.

JAMES BRUCE
ATTORNEY AT LAW

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SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

February 11, 1998

Hand Delivered

Florene Davidson
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Case No. 11921: Application of Whiting Petroleum
Corporation and Maralex Resources, Inc.

Dear Florene:

Enclosed for the Division's file is a Motion to Partially Quash
Subpoenas *Duces Tecum*.

Very truly yours,



James Bruce

Attorney for Whiting Petroleum
Corporation and Maralex
Resources, Inc.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF WHITING PETROLEUM CORPORATION AND MARALEX RESOURCES, INC. FOR AN ORDER SHUTTING-IN, LIMITING PRODUCTION FROM, OR APPROVING DOWNHOLE COMMINGLING IN, CERTAIN WELLS, SAN JUAN COUNTY, NEW MEXICO.

Case No. 11,921

MOTION TO PARTIALLY QUASH SUBPOENAS DUCES TECUM

Pendragon Energy Partners, Inc. ("Pendragon") served subpoenas *duces tecum* on Whiting Petroleum Corporation ("Whiting") and Maralex Resources, Inc. ("Maralex"). The information requested in each subpoena is identical, and is listed on Exhibit A attached hereto.¹ Whiting and Maralex move the Division for an order partially quashing each subpoena, and in support thereof, state:

1. Whiting and Maralex will provide Pendragon the raw data requested in paragraphs 1, 2, 5, and 6 of Exhibit A, including water analyses and gas analyses. That data is being compiled and will be provided to Pendragon at a mutually agreeable time and location.

2. Regarding paragraph 4 of Exhibit A, Whiting and Maralex met with Division personnel in the Aztec District Office on or about October 9, 1996, and made a verbal presentation. Copies of the materials discussed at that meeting were provided to Pendragon by mail on October 22, 1996. Whiting and Maralex also met with Division personnel in the Aztec District Office on or about January 30, 1998, at which time a verbal presentation was made. The meeting was attended by representatives of Pendragon, who heard the

¹Exhibit A is the listing of requested data attached to each of Pendragon's subpoenas.

same presentation made to the Division. Thus, Whiting and Maralex have already complied with paragraph 4, and request that the subpoena be quashed as to that paragraph.

3. Regarding paragraphs 3 and 7 of Exhibit A, Whiting and Maralex will provide Pendragon the raw data included within said requests, but object to providing Pendragon any interpretations, analyses, or other materials comprising the work product of Whiting and Maralex. This objection is based upon Division policy, which requires the turnover of raw data, but not interpretations thereof made or prepared by the party being subpoenaed. **See Commission Ruling dated February 15, 1991 in Case No. 10211 (Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling).**

WHEREFORE, Whiting and Maralex request that the Pendragon subpoenas be partially quashed as to the materials specified in paragraphs 3, 4, and 7 of Exhibit A, as described above.

Respectfully submitted,



James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Whiting Petroleum
Corporation and Maralex Resources,
Inc.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the forgoing pleading was hand delivered to the following counsel of record this 11th day of February, 1998:

J. Scott Hall
Miller, Stratvert & Torgerson, P.A.
Suite 300
150 Washington Avenue
Santa Fe, New Mexico 87501

Rand L. Carroll
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

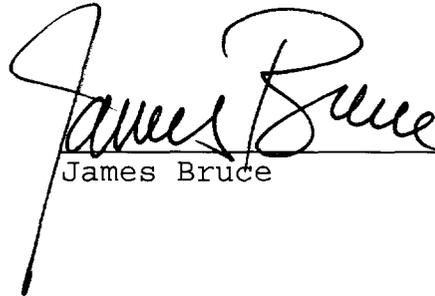

James Bruce

EXHIBIT 'A'

1. All frac job reports and related materials, including rates, pressures and volumes for all components, for all wells within the lands described in your application (the "subject lands") and in all contiguous sections. Alternatively, if these reports are not in your possession, you are requested to identify the firm performing the frac job and the present custodian of such reports.
2. All Nolte plots for frac jobs on all wells located within the subject lands and on contiguous sections.
3. The Fruitland/PC WAW Study - Gallegos Canyon Project and all related data and materials.
4. All materials provided or revealed to New Mexico Oil Conservation Division staff at any time relating to the allegations in your Application.
5. All water analyses and water rates data for all wells within the subject lands and in all contiguous sections.
6. Complete pressure histories for all your wells located within the subject lands, including initial bottom hole pressures, surface pressures, shut-in pressures and production pressures.
7. All materials relating to your analyses of production from the WAW Fruitland Sand-Pictured Cliffs pool within the subject lands.



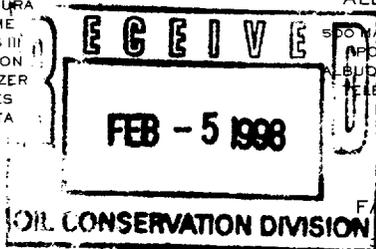
MILLER, STRATVERT & TORGERSON, P.A.

LAW OFFICES

RANNE B. MILLER
ALAN C. TORGERSON
ALICE TOMLINSON LORENZ
GREGORY W. CHASE
ALAN KONRAD
LYMAN G. SANDY
STEPHEN M. WILLIAMS
STEPHAN M. VIDMAR
ROBERT C. GUTIERREZ
SETH V. BINGHAM
JAMES E. COLLINS
TIMOTHY R. BRIGGS
RUDOLPH LUCERO
DEAN G. CONSTANTINE
DEBORAH A. SOLOVE
GARY L. GORDON
LAWRENCE R. WHITE
SHARON P. GROSS
VIRGINIA ANDERMAN
MARTE D. LIGHTSTONE
J. SCOTT HALL
THOMAS R. MACK

TERRI L. SAUER
JOEL T. NEWTON
JUDITH K. NAKAMURA
THOMAS M. DOMME
DAVID H. THOMAS III
C. BRIAN CHARLTON
RUTH O. PREGENZER
JEFFREY E. JONES
MANUEL I. ARRIETA
ROBIN A. GOBLE
JAMES R. WOOD
DANA M. KYLE
KIRK R. ALLEN
RUTH M. FUESS
JAMES B. GREEN
KYLE M. FINCH
H. BROOK LASKEY
KATHERINE W. HALL
FRED SCHILLER
MICHAEL I. GARCIA
LARA L. WHITE

ALBUQUERQUE, N.M.



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LAS CRUCES, N.M.

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FARMINGTON, N.M.

100 WEST ARRINGTON
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FARMINGTON, N.M. 87499-0869
TELEPHONE: (505) 326-4521
FAX: (505) 325-5474

SANTA FE, N.M.

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POST OFFICE BOX 1986
SANTA FE, N.M. 87501-1986
TELEPHONE: (505) 989-9614
FAX: (505) 989-9857

February 4, 1998

PLEASE REPLY TO SANTA FE

WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL
RALPH WM. RICHARDS, COUNSEL

Ms. Florene Davidson
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: Application of Whiting Petroleum Corporation and Maralex Resources, Inc., for an Order Shutting-In Certain Wells, San Juan County, New Mexico; Case No. 11921

Dear Ms. Davidson:

Enclosed for your files are copies of Subpoenas Duces Tecum directed to Whiting Petroleum Corporation and Maralex Resources, Inc. which were issued on behalf of Pendragon Energy Partners, Inc.

Very truly yours,

MILLER, STRATVERT & TORGERSON, P.A.

A handwritten signature in dark ink, appearing to read "J. Scott Hall".

J. Scott Hall

JSH:CMB

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF WHITING PETROLEUM
CORPORATION AND MARALEX RESOURCES,
INC., FOR AN ORDER SHUTTING-IN CERTAIN
WELLS, SAN JUAN COUNTY, NEW MEXICO,

Case No. 11921

SUBPOENA DUCES TECUM

TO: Maralex Resources, Inc.
c/o James Bruce, Esq.
P.O. Box 1056
Santa Fe, New Mexico 87504

Pursuant to Section 70-2-8, NMSA (1978), and Rule 1211 of the New Mexico Oil Conservation Division's Rules of Procedure, you are hereby ORDERED to appear at 9:00 ~~A~~.m., on February 11, 1998, at the offices of the Oil Conservation Division, 2040 South Pacheco, Santa Fe, New Mexico 87505 and to produce the documents and items specified in attached Exhibit A and to make available to Pendragon Energy Partners, Inc. and its attorney, J. Scott Hall, Esq., for copying, all of said documents.

This subpoena is issued on behalf of Pendragon Energy Partners, Inc. through its attorneys Miller, Stratvert & Torgerson, P.A., Post Office Box 1986, Santa Fe, New Mexico 87504.

Dated this 4 day of February, 1998.

NEW MEXICO OIL CONSERVATION DIVISION

By


Kathleen Garland, Acting Director

EXHIBIT 'A'

**TO SUBPOENA DUCES TECUM
TO MARALEX RESOURCES, INC.
IN NEW MEXICO OIL CONSERVATION DIVISION
CASE NO. 11921**

DEFINITIONS AND INSTRUCTIONS

The following definitions and instructions apply to this Subpoena Duces Tecum:

- A. "Pendragon" means Pendragon Energy Partners, Inc.
- B. "You" or "yours" refers to the named defendant, Maralex Resources, Inc. and any of its agents, employees or representatives.
- C. Hereinafter "the person" or "persons" shall mean each and every individual, corporation, partnership, joint venture, trust, estate, or associations.
- D. Corporate affiliate - is any corporation with common officers, directors, employees, shareholders or accounts.
- E. "Document" refers to any original, written, recorded or graphic matter whatsoever and all non-identical copies thereof whether or not privileged, classified or marked or treated as confidential including but not limited to, papers, books, records, letters, photographs, correspondence, communications, telegrams, cables, telex messages, memoranda, notations, workpapers, jottings, agendas, statistical records, desk calendars, appointment books, expenses account vouchers, blueprints, plans, diaries, lists, tabulations, transcripts, minutes, reports, affidavits, statements, summaries, opinions, studies, analyses, evaluations, contract, agreements, bulletins, notices, announcements, advertisements, instructions, charts, manuals, brochures, publications, schedules, price lists, client lists,

journals, books of account, records, invoices, statements of account, credit memoranda, records reflecting business operations, sound recordings, recordings by any means of telephone or other conversations, or of interviews or of conferences, or of other meetings, computer printouts, data processing program library, data processing input and output, microfilm, all records kept by electronic, photographic or mechanical means, pleadings, motions, responses to discovery, any notes or drafts relating to any of the foregoing, all things similar to any of the foregoing, however denominated by the parties and any other documents within the scope of Rule 34 of the Federal Rules of Civil Procedure. In all cases where original or non-identical copies are available, "document" also means identical copies of an original document and non-identical copies thereof. In all cases where documents are in a language other than English, "document" shall also include all translations and materials related to particular translations.

F. Documents produced shall be identified according to each specific request to which they are responsive.

G. If you do not respond to any request or subpart thereof, on the basis of any privilege, or claim of privilege, state the privilege asserted, and the facts upon which you rely to support the claim of privilege.

H. If, in response to any request for production of documents, it is claimed that the documents requested are protected by the attorney/client privilege or attorney work-product doctrine, you are requested to identify such documents according to the criteria set forth in Rule 26(b)(5) of the Federal Rules of Civil Procedure. Specifically, you are requested to list and describe each document showing (a) the nature of the documents, communications, or

things not produced or disclosed, (b) the identity and corporate position of the person or persons interviewed or supplying the information, (c) the place, approximate date, and manner of recording or otherwise preparing the documents, (d) the names of the person or persons (other than stenographical or clerical assistants) participating in the interview and preparation of the document, and (e) the name and corporate position, if any, of each person to whom the contents of the documents have heretofore been communicated by copy, exhibition, reading or substantial summarization. In addition, you should set forth the precise and certain reason for preserving the confidentiality of the documents.

This Subpoena Duces Tecum seek all information available to you or in your possession, custody or control from any source, wherever situated, including but not limited to information from any files, records, documents, employees, former employees, counsel and former counsel.

If any part of the information provided in these documents is within the personal knowledge of the person responding to this subpoena, identify each person to whom such information is a matter of personal knowledge and each person who communicated to the person answering these interrogatories any part of that information.

Reference to the singular shall include the plural and references to the plural shall include singular. References to the masculine gender include the feminine and neuter genders.

The use of a verb in any tense shall be construed as the use of the verb in the past or present tense, whenever necessary to bring within the scope of the subpoena all responses which might otherwise be construed to be outside its scope.

When used herein in reference to an individual person, "identify" shall mean to state

the full name, present or last known address, telephone number, present or last known employment, job title, position or business affiliation of said individual. When used herein in reference to a firm, partnership, corporation, business entity or other organization, "identify" shall mean to state its full name, present or last known address and telephone number.

When used herein in reference to a document "identify" shall mean:

- a. to state the date, author, addressee, file number, type of document (i.e. letter, memorandum, book, telegram, chart, etc.), or some other means of identifying it sufficient to support a request for production; and
- b. to state its present location and custodian.

When used herein in reference to a communication, "identify" shall mean to state the date of communication, the type of communication (telephone conversation, meeting, discussion, etc.), the place where the communication took place, the identity of the person who made the communication, the identity of the person who received the communication, the identity of each person present when it was made, and the subject matter discussed.

When used herein in reference to a meeting, "identify" shall mean to state the date of the meeting, the place where the meeting took place, the identity of each person invited to attend, the identity of each person who attended, and the subject matter discussed.

When used herein "person" means an individual, firm, partnership, corporation, club, company, association, joint venture, syndicate, business entity or other organization.

When used herein, "you" or "your" refers to the person or entity to whom these interrogatories are addressed and includes all of his or its attorneys, officers, agents,

employees, directions, representatives, officials, departments, divisions, subdivision, subsidiaries or predecessors.

When used herein "and" as well as "or" shall be construed either disjunctively or conjunctively, as necessary to bring within the scope of the subpoena all responses which might otherwise be construed to be outside its scope. "Each" shall be construed to include the word "every" and "every" shall be construed to include the word "each". "Any" shall be construed to include the word "all" and "all" shall be construed to include the word "any".

EXHIBIT 'A'

1. All frac job reports and related materials, including rates, pressures and volumes for all components, for all wells within the lands described in your application (the "subject lands") and in all contiguous sections. Alternatively, if these reports are not in your possession, you are requested to identify the firm performing the frac job and the present custodian of such reports.
2. All Nolte plots for frac jobs on all wells located within the subject lands and on contiguous sections.
3. The Fruitland/PC WAW Study - Gallegos Canyon Project and all related data and materials.
4. All materials provided or revealed to New Mexico Oil Conservation Division staff at any time relating to the allegations in your Application.
5. All water analyses and water rates data for all wells within the subject lands and in all contiguous sections.
6. Complete pressure histories for all your wells located within the subject lands, including initial bottom hole pressures, surface pressures, shut-in pressures and production pressures.
7. All materials relating to your analyses of production from the WAW Fruitland Sand-Pictured Cliffs pool within the subject lands.

MILLER, STRATVERT & TORGERSON, P.A.

By J. Scott Hall
J. Scott Hall
Attorneys for Pendragon Energy Partners
Post Office Box 1986
Santa Fe, New Mexico 87504-1986
(505) 989-9614

Certificate of Mailing

HAND DELIVERED

I hereby certify that a true and correct copy of the foregoing was ~~mailed~~ to counsel of record on the 4 day of February, 1998, as follows:

James Bruce, Esq.
P.O. Box 1056
Santa Fe, New Mexico 87504

J. Scott Hall

J. Scott Hall

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF WHITING PETROLEUM
CORPORATION AND MARALEX RESOURCES,
INC., FOR AN ORDER SHUTTING-IN CERTAIN
WELLS, SAN JUAN COUNTY, NEW MEXICO,

Case No. 11921

SUBPOENA DUCES TECUM

TO: Whiting Petroleum Corporation
c/o James Bruce, Esq.
P.O. Box 1056
Santa Fe, New Mexico 87504

Pursuant to Section 70-2-8, NMSA (1978), and Rule 1211 of the New Mexico Oil
Conservation Division's Rules of Procedure, you are hereby ORDERED to appear at 9:00
A.m., on February 11, 1998, at the offices of the Oil Conservation Division, 2040
South Pacheco, Santa Fe, New Mexico 87505 and to produce the documents and items
specified in attached Exhibit A and to make available to Pendragon Energy Partners, Inc. and
its attorney, J. Scott Hall, Esq., for copying, all of said documents.

This subpoena is issued on behalf of Pendragon Energy Partners, Inc. through its
attorneys Miller, Stratvert & Torgerson, P.A., Post Office Box 1986, Santa Fe, New Mexico
87504.

Dated this 4 day of February, 1998.

NEW MEXICO OIL CONSERVATION DIVISION

By 
Kathleen Garland, Acting Director

EXHIBIT 'A'

TO SUBPOENA DUCES TECUM TO WHITING PETROLEUM CORPORATION IN NEW MEXICO OIL CONSERVATION DIVISION CASE NO. 11921

DEFINITIONS AND INSTRUCTIONS

The following definitions and instructions apply to this Subpoena Duces Tecum:

A. "Pendragon" means Pendragon Energy Partners, Inc.

B. "You" or "yours" refers to the named defendant, Whiting Petroleum Corporation and any of its agents, employees or representatives.

C. Hereinafter "the person" or "persons" shall mean each and every individual, corporation, partnership, joint venture, trust, estate, or associations.

D. Corporate affiliate - is any corporation with common officers, directors, employees, shareholders or accounts.

E. "Document" refers to any original, written, recorded or graphic matter whatsoever and all non-identical copies thereof whether or not privileged, classified or marked or treated as confidential including but not limited to, papers, books, records, letters, photographs, correspondence, communications, telegrams, cables, telex messages, memoranda, notations, workpapers, jottings, agendas, statistical records, desk calendars, appointment books, expenses account vouchers, blueprints, plans, diaries, lists, tabulations, transcripts, minutes, reports, affidavits, statements, summaries, opinions, studies, analyses, evaluations, contract, agreements, bulletins, notices, announcements, advertisements, instructions, charts, manuals, brochures, publications, schedules, price lists, client lists,

journals, books of account, records, invoices, statements of account, credit memoranda, records reflecting business operations, sound recordings, recordings by any means of telephone or other conversations, or of interviews or of conferences, or of other meetings, computer printouts, data processing program library, data processing input and output, microfilm, all records kept by electronic, photographic or mechanical means, pleadings, motions, responses to discovery, any notes or drafts relating to any of the foregoing, all things similar to any of the foregoing, however denominated by the parties and any other documents within the scope of Rule 34 of the Federal Rules of Civil Procedure. In all cases where original or non-identical copies are available, "document" also means identical copies of an original document and non-identical copies thereof. In all cases where documents are in a language other than English, "document" shall also include all translations and materials related to particular translations.

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things not produced or disclosed, (b) the identity and corporate position of the person or persons interviewed or supplying the information, (c) the place, approximate date, and manner of recording or otherwise preparing the documents, (d) the names of the person or persons (other than stenographical or clerical assistants) participating in the interview and preparation of the document, and (e) the name and corporate position, if any, of each person to whom the contents of the documents have heretofore been communicated by copy, exhibition, reading or substantial summarization. In addition, you should set forth the precise and certain reason for preserving the confidentiality of the documents.

This Subpoena Duces Tecum seek all information available to you or in your possession, custody or control from any source, wherever situated, including but not limited to information from any files, records, documents, employees, former employees, counsel and former counsel.

If any part of the information provided in these documents is within the personal knowledge of the person responding to this subpoena, identify each person to whom such information is a matter of personal knowledge and each person who communicated to the person answering these interrogatories any part of that information.

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3. The Fruitland/PC WAW Study - Gallegos Canyon Project and all related data and materials.
4. All materials provided or revealed to New Mexico Oil Conservation Division staff at any time relating to the allegations in your Application.
5. All water analyses and water rates data for all wells within the subject lands and in all contiguous sections.
6. Complete pressure histories for all your wells located within the subject lands, including initial bottom hole pressures, surface pressures, shut-in pressures and production pressures.
7. All materials relating to your analyses of production from the WAW Fruitland Sand-Pictured Cliffs pool within the subject lands.

MILLER, STRATVERT & TORGERSON, P.A.

By J. Scott Hall

J. Scott Hall
Attorneys for Pendragon Energy Partners
Post Office Box 1986
Santa Fe, New Mexico 87504-1986
(505) 989-9614

Certificate of Mailing

I hereby certify that a true and correct copy of the foregoing was ^{HAND DELIVERED} mailed to counsel of record on the 4 day of February, 1998, as follows:

James Bruce, Esq.
P.O. Box 1056
Santa Fe, New Mexico 87504

J. Scott Hall

J. Scott Hall

MILLER, STRATVERT & TORGERSON, P.A.

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ALAN C. TORGERSON
ALICE TOMLINSON LORENZ
GREGORY W. CHASE
ALAN KONRAD
LYMAN G. SANDY
STEPHEN M. WILLIAMS
STEPHAN M. VIDMAR
ROBERT C. GUTIERREZ
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JAMES B. COLLINS
TIMOTHY R. BRIGGS
RUDOLPH LUCERO
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VIRGINIA ANDERMAN
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JOHN R. FUNK
J. SCOTT HALL

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TERRI L. SAUER
JOEL T. NEWTON
JUDITH K. NAKAMURA
THOMAS M. DOMME
DAVID H. THOMAS III
C. BRIAN CHARLTON
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MANUEL I. ARRIETA
RALPH WM. RICHARDS
ROBIN A. GOBLE
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KIRK R. ALLEN
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JAMES B. GREEN
KYLE M. FINCH
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SANTA FE, N.M.

150 WASHINGTON AVENUE, SUITE 300
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SANTA FE, N.M. 87501-1986
TELEPHONE: (505) 989-9614
FAX: (505) 989-9857

February 3, 1998

PLEASE REPLY TO SANTA FE

WILLIAM K. STRATVERT, COUNSEL
PAUL W. ROBINSON, COUNSEL

Kathleen Garland, Acting Director
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

HAND DELIVERED

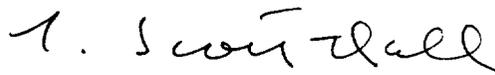
Re: Application of Whiting Petroleum Corporation and Maralex Resources, Inc., for an Order Shutting-In Certain Wells, San Juan County, New Mexico; Case No. 11921

Dear Ms. Garland:

Enclosed for issuance are Pendragon Energy Partner, Inc.'s Subpoenas Duces Tecum directed to Whiting Petroleum Corporation and Maralex Resources, Inc. The subpoenas seek the production of documents, materials and data pertinent to issues raised by the Applicants in this proceeding before the Division. Thank you for your assistance in this regard.

Very truly yours,

MILLER, STRATVERT & TORGERSON, P.A.



J. Scott Hall

JSH:CMB

cc: James Bruce, Esq.
P.O. Box 1056
Santa Fe, New Mexico 87504

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF WHITING PETROLEUM CORPORATION AND MARALEX RESOURCES, INC., FOR AN ORDER SHUTTING-IN CERTAIN WELLS, SAN JUAN COUNTY, NEW MEXICO,

RECEIVED
OIL CONSERVATION DIVISION

Case No. 11921



ENTRY OF APPEARANCE

Comes now PENDRAGON ENERGY PARTNERS, INC., by and through its undersigned attorneys, Miller, Stratvert & Torgerson, P.A., and hereby enters its appearance in the above cause.

MILLER, STRATVERT & TORGERSON, P.A.

By 

J. Scott Hall
Attorneys for Pendragon Energy Partners
Post Office Box 1986
Santa Fe, New Mexico 87504-1986
(505) 989-9614

Certificate of Mailing

I hereby certify that a true and correct copy of the foregoing was mailed to counsel of record on the 2 day of February, 1998, as follows:

James Bruce, Esq.
P.O. Box 1056
Santa Fe, New Mexico 87504



J. Scott Hall

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

January 26, 1998

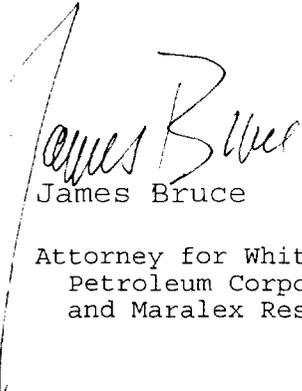
David Catanach
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Case 11921 (Application of Whiting Petroleum Corporation
and Maralex Resources, Inc. for an order shutting in
certain wells, San Juan County, New Mexico)

Dear Mr. Catanach:

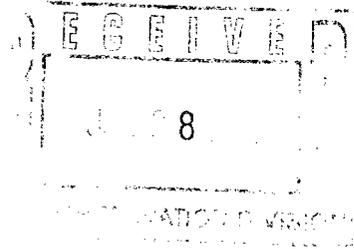
Please continue the above matter to the February 19, 1998 Examiner
hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Whiting
Petroleum Corporation
and Maralex Resources, Inc.



DOCKET: EXAMINER HEARING - THURSDAY - FEBRUARY 5, 1998

**8:15 AM - 2040 South Pacheco
Santa Fe, New Mexico**

Dockets Nos 4-98 and 5-98 are tentatively set for February 19, 1998 and March 5, 1998. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11919: Application of Enron Oil & Gas Company for compulsory pooling and unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow-Chester formation, Undesignated Grayburg-Morrow Gas Pool, underlying the N/2 of Section 34, Township 17 South, Range 29 East, for all formations developed on 320-acre spacing. Applicant proposes to dedicated this pooled unit to its STW "34" Federal Com. Well No. 1 to be drilled at an unorthodox gas well location 660 feet from the North line and 1250 feet from the East line (Unit A) of said Section 34. 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 charge for the risk involved in drilling said well. Said area is located approximately 5 miles west-southwest of Loco Hills, New Mexico.

CASE 11920: Application of Caulkins Oil Company for compulsory pooling and downhole commingling, Rio Arriba County, New Mexico. Applicant seeks an order pooling all formations developed on 320-acre spacing underlying the S/2 of Section 14, Township 26 North, Range 7 West. Applicant proposes to dedicate this acreage to its Breech B 781 Well to be drilled at a standard location 1800 feet from the South line and 1150 feet from the West line (Unit L) of said Section 14. Applicant also seeks approval to downhole commingle production from the Mesaverde formation, Blanco-Mesaverde Pool, and the Dakota formation, Basin Dakota Pool, within the wellbore of said Breech B 781 Well. 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 charge for the risk involved in drilling said well. Said area is located approximately 17.5 miles northeast of Blanco Trading Post, New Mexico.

CASE 11902: (Continued from January 8, 1998, Examiner Hearing.)

Application of Nearburg Exploration Company, L.L.C. for an unorthodox well location, Lea County, New Mexico. Applicant seeks authority to drill a well to the Morrow formation, Undesignated Gem-Morrow Gas Pool, at an unorthodox well location 660 feet from the South line and 1650 feet from the East line (Unit O) of Section 16, Township 19 South, Range 33 East. The E/2 of said Section 16 is to be dedicated to said well forming a standard 320-acre spacing and proration unit. Said unit is located approximately 14.5 miles south-southeast of Maljamar, New Mexico.

CASE 11899: (Readvertised - Continued from January 8, 1998, Examiner Hearing.)

Application of Dugan Production Corp. for two non-standard gas spacing and proration units, Rio Arriba County, New Mexico. Applicant seeks approval of two non-standard gas proration units in the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool, one to consist of the SE/4 of Section 14, Township 26 North, Range 7 West to be dedicated to its Mona Lisa Well No. 2 to be drilled at a standard location 1620 feet from the South line and 1850 feet from the East line (Unit J) of said Section 14 and the other to be operated by Caulkins Oil Company and to consist of the SW/4 of said Section 14. Said units are located approximately 17 1/2 miles northeast of Blanco Trading Post, New Mexico.

CASE 11921: Application of Whiting Petroleum Corporation and Maralex Resources, Inc. for an order shutting in certain wells, San Juan County, New Mexico. Applicants seek an order requiring that the following wells be shut-in because they are producing from a formation or pool owned by applicants: Thompson Engineering & Production Corp. Stacey Well No. 1; and the Pendragon Energy Partners, Inc. Chaco Well Nos. 1, 2R, 4 and 5, and Chaco Ltd. Well Nos. 1J and 2J. Said wells are located in Sections 6, 7, and 18, Township 26 North, Range 12 West and Sections 1 and 12, Township 26 North, Range 13 West. Said area is located approximately 15 miles south-southeast of Farmington, New Mexico.

CASE 11831: (Continued from January 8, 1998, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations from 500 feet beneath the surface to the base of the Morrow formation underlying the following described acreage in Section 4, Township 18 South, Range 28 East, and in the following manner: Lots 3, 4, S/2 NW/4, and SW/4 (the W/2) equivalent to form a standard 320.36-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Empire-Pennsylvanian Gas Pool and the Undesignated North Illinois Camp-Morrow Gas Pool; the SW/4 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools spaced on 160-acre spacing within said vertical extent; and the N/2 SW/4 to form a standard 80-acre oil spacing and proration unit for any formations and/or pools spaced on 80 acres within said vertical extent, including the Undesignated Travis-Upper Pennsylvanian Pool. Said units are to be dedicated to its Scoggin Draw "4" State Com Well No. 1, located 2310 feet from the South line and 660 feet from the West line (Unit L) of said Section 4. 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 charge for risk involved in drilling said well. Said unit is located approximately 13 miles southeast of Artesia, New Mexico.

CASE 11908: (Continued from January 22, 1998, Examiner Hearing.)

Application of Marathon Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 3,500 feet (the approximate base of the San Andres formation) to 11,152 feet (the approximate base of the Morrow formation) underlying the N/2 of Section 34, Township 18 South, Range 28 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently may include but is not necessarily limited to the North Turkey Track-Morrow Gas Pool, and forming a standard 160-acre gas spacing and proration unit underlying the NW/4 of said Section 34 for any and all formations/pools developed on 160-acre gas spacing, and forming a standard 40-acre oil spacing and proration unit underlying the NE/4 NW/4 of said Section 34. Said units are to be dedicated to its Burns "34" State Well No. 1 to be drilled and completed at a standard gas well location in Unit C of said Section 34. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said units are located approximately 13 miles southwest of Loco Hills, New Mexico.

CASE 11922: **Application of Primero Operating, Inc. for compulsory pooling and unorthodox gas well location, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from 10,667 feet (the approximate top of the Canyon formation) to 12,658 feet (a point within the Devonian formation) underlying the S/2 of Section 26, Township 16 South, Range 35 East, forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, and forming a standard 160-acre gas spacing and proration unit underlying the SW/4 of said Section 26 for any and all formations/pools developed on 160-acre gas spacing, and forming a standard 40-acre oil spacing and proration unit underlying the SE/4 SW/4 of said Section 26 for any and all formations/pools developed on 40-acre oil spacing. Said unit is to be dedicated to its Tilley Well No. 1 to be a re-entry of the former Kennedy & Mitchell Inc.'s Tilley Well 758-3 (API 30-025-27891) and completed at an unorthodox well location 330 feet from the South line and 1815 feet from the West line (Unit N) of said Section 26. Also to be considered will be the wellbore value and the costs of re-entry and completing said well and the allocation of the value and the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said unit is located approximately 6 miles southwest of Lovington, New Mexico.

CASE 11877: (Continued from January 8, 1998, Examiner Hearing.)

Application of Fasken Land and Minerals, Ltd. for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying all of Section 12, Township 23 South, Range 24 East, forming a standard 640-acre gas spacing and proration unit for any and all formations and/or pools developed on 640-acre gas spacing within said vertical extent, which presently may include but is not necessarily limited to the Rock Tank-Upper Morrow Gas Pool and the Rock Tank-Lower Morrow Gas Pool. Said unit is to be dedicated to its Carnero "12" Federal Com Well No. 1 to be drilled and completed at an unorthodox gas well location 500 feet from the North line and 2265 feet from the West line (Unit E) of said Section 12. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Fasken Oil and Ranch, Ltd. as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 15 miles southwest of Carlsbad, New Mexico.

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11921

January 6, 1998

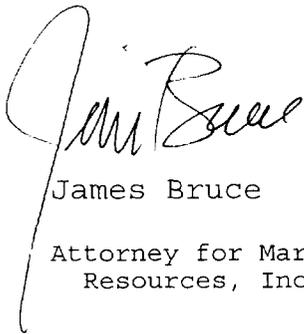
Hand Delivered

Florene Davidson
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an original and two copies of an application, together with a proposed advertisement, filed on behalf of Maralex Resources, Inc. Please set this matter for the February 5, 1998 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Maralex
Resources, Inc.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF WHITING PETROLEUM CORPORATION AND MARALEX RESOURCES, INC. FOR AN ORDER SHUTTING-IN CERTAIN WELLS, SAN JUAN COUNTY, NEW MEXICO.

Case No. 11921

APPLICATION

Whiting Petroleum Corporation ("Whiting") and Maralex Resources, Inc. ("Maralex") hereby apply for an order requiring certain wells located in San Juan County, New Mexico to be shut-in, and in support thereof, state:

1. Whiting operates the following wells:

<u>Well Name</u>	<u>Well Unit</u>
Gallegos Fed. 26-12-6 No. 2	W $\frac{1}{2}$ §6-26N-12W
Gallegos Fed. 26-12-7 No. 1	W $\frac{1}{2}$ §7-26N-12W
Gallegos Fed. 26-13-1 No. 1	E $\frac{1}{2}$ §1-26N-13W
Gallegos Fed. 26-13-1 No. 2	W $\frac{1}{2}$ §1-26N-13W
Gallegos Fed. 26-13-12 No. 1	N $\frac{1}{2}$ §12-26N-13W

The above wells were drilled before the end of 1992, and are completed in and producing from the Basin-Fruitland Coal Gas Pool, as defined in Division Order No. R-8768, as amended. Spacing for each well is 320 acres. Maralex is an interest owner in the wells.

2. Thompson Engineering & Production Corp. ("Thompson") operates the following wells:

<u>Well Name</u>	<u>Well Unit</u>
Stacey No. 1	SE $\frac{1}{4}$ §6-26N-12W
Leslie No. 1	NE $\frac{1}{4}$ §7-26N-12W ¹

¹This well is at an orthodox location for a Fruitland Coal well, and thus Whiting and Maralex do not seek to have it shut-in. However, applicants believe that it is producing from the Basin-Fruitland Coal Gas Pool, should be recognized as such, and its well spacing unit adjusted accordingly.

Pendragon Energy Partners, Inc. ("Pendragon") operates the following wells:

<u>Well Name</u>	<u>Well Unit</u>
Chaco No. 1	NW¼ §18-26N-12W
Chaco No. 2R	SW¼ §7-26N-12W
Chaco No. 4	NW¼ §7-26N-12W
Chaco No. 5	SE¼ §1-26N-13W
Chaco Ltd. No. 1J	SW¼ §1-26N-13W
Chaco Ltd. No. 2J	NE¼ §1-26N-13W

The Edwards and Pendragon wells are designated as being completed in the WAW Fruitland Sand-Pictured Cliffs Pool, as defined in Division Order No. R-8769, as amended. Spacing for wells completed in the WAW Fruitland Sand-Pictured Cliffs Pool is 160 acres.

3. Ownership in the Basin-Fruitland Coal Pool, in the above sections, differs from ownership in the WAW Fruitland Sand-Pictured Cliffs Pool. Moreover, because of the difference in well spacing, 4 wells may be drilled per section in the WAW Fruitland-Pictured Cliffs Pool, as opposed to 2 wells per section in the Basin-Fruitland Coal Gas Pool.

4. As of 1995-96, each of the above-described Thompson and Pendragon wells was shut-in, was a marginal producer, or had not been drilled. In 1995 and 1996, Thompson and Pendragon drilled or "restimulated" their wells, resulting in the following:

- (a) Production from their wells increased, in some cases substantially;
- (b) Production from the offsetting Whiting wells has declined or decreased;
- (c) The BTU content of the gas decreased so that it is

similar or identical to the BTU content of the Whiting wells;

(d) Water production increased substantially; and

(e) The limited available pressure data shows that pressures increased to levels similar to those found in the Basin-Fruitland Coal Gas Pool in this area.

5. Based on the foregoing, the Thompson and Pendragon wells are communicated with and are producing from the Basin-Fruitland Coal Gas Pool. As a result, the Thompson and Pendragon wells are draining reserves owned by Whiting and its interest owners, and are impairing their correlative rights.

6. In addition, (a) the Stacey Well No. 1, Chaco Well No. 1, Chaco Well No. 4, and Chaco Well No. 5 are at unapproved unorthodox gas well locations in the Basin-Fruitland Coal Gas Pool, (b) all of the Thompson and Pendragon wells, except the Leslie Well No. 1, do not have Division approval for simultaneous dedication in the Basin-Fruitland Coal Gas Pool as required by Division Rule 104.D.(3), or Division Memoranda dated July 27, 1988 and August 3, 1990, and (c) none of the Thompson and Pendragon wells have 320 acres dedicated to them.

7. The Division has the authority and the duty to:

(a) Prevent natural gas from escaping from strata in which it is found into other strata;

(b) require wells to be drilled, operated, and produced in such manner as to prevent injury to neighboring leases or properties; and

(c) to fix the spacing of wells.

NMSA §70-2-12.B.(2), (7), (10) (1995 Repl. Pamp.). Moreover, the Division has the authority to require an operator to submit data to

demonstrate that a well is producing from the appropriate common source of supply. **Order No. R-8768, Special Rules 2, 3.** Therefore, the relief requested herein is proper.

WHEREFORE, Whiting and Maralex request that, after notice and hearing, the Division enter its order:

- A. Determining that the Thompson and Pendragon wells, described above, are producing from the Basin-Fruitland Coal Gas Pool;
- B. Determining that the Stacey Well No. 1, Chaco Well No. 1, Chaco Well No. 4, Chaco Well No. 5 are at unapproved unorthodox gas well locations in the Basin-Fruitland Coal Gas Pool, and that all wells except the Leslie Well No. 1 do not have approval for simultaneous dedication in the Basin-Fruitland Coal Gas Pool;
- C. Ordering the Thompson Stacey Well No. 1 and all of the Pendragon wells to be permanently shut-in; and
- D. Granting such further relief as the Division deems proper.

Respectfully submitted,



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Attorney for Whiting Petroleum
Corporation and Maralex Resources,
Inc.

PROPOSED ADVERTISEMENT

Case 11921: Application of Whiting Petroleum Corporation and Maralex Resources, Inc. for an order shutting in certain wells, San Juan County, New Mexico. Applicants seek an order requiring that the following wells be shut-in because they are producing from a formation or pool owned by applicants: The Thompson Engineering & Production Corp. Stacey Well No. 1; and the Pendragon Energy Partners, Inc. Chaco Well Nos. 1, 2R, 4 and 5, and Chaco Ltd. Well Nos. 1J and 2J. Said wells are located in Sections 6, 7, and 18, Township 26 North, Range 12 West, and Sections 1 and 12, Township 26 North, Range 13 West. Said area is located approximately 15 miles S-SE of Farmington, New Mexico.