Examiner Hearing – March 7, 2002 Docket No. 07-02 Page 4 of 13

efficiency of the waterflood patterns and enhance production of the EMSU secondary recovery project. The wells are located in the following locations: No. 210 - Section 4, Unit K, Township 21 South, Range 36 East; No. 252 - Section 5, Unit I, Township 21 South, Range 36 East; No. 222 - Section 6, Unit O, Township 21 South, Range 36 East; No. 252 - Section 6, Unit W, Township 21 South, Range 36 East; No. 258 - Section 4, Unit U, Township 21 South, Range 36 East. Water will be injected into the unitized interval of the Eunice Monument Grayburg-San Andres Pool which has an upper limit of 100 feet below mean sea level or the top of the Grayburg formation, whichever is higher, to a lower limit of the base of the San Andres formation. Injection will occur at an expected maximum pressure rate of 1500 barrels of water per day and an expected maximum pressure of 750 pounds per square inch. This area is approximately one mile west-southwest of Oil Center, New Mexico.

CASE 12764: Continued from January 10, 2002, Examiner Hearing.

Application of Discovery Exploration for approval of a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Lowe Exploratory Unit for an area comprising 80 acres of fee lands in Sections 28 and 29, Township 12 South, Range 38 East, which is located approximately 11 miles east of Tatum, New Mexico.

CASE 12765: Continued from January 10, 2002, Examiner Hearing.

Application of Discovery Exploration for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval of an unorthodox gas well location in the Devonian formation, Trinity-Devonian Pool, for its Lowe Well No. 1 to be drilled at an unorthodox gas well location 2300 feet from the South line and 100 feet from the East line of Section 29, Township 12 South, Range 38 East. Said well is located approximately 11 miles east of Tatum, New Mexico.

CASE 12806: Continued from February 21, 2002, 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 in the following described spacing and proration units in Section 32, Township 18 South, Range 31 East, as follows: the N/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated Shugart-Morrow Gas Pool; the NE/4 for all formations and/or pools developed on 160-acre spacing; and the SE/4 NE/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Shugart (Yates-Seven Rivers-Queen-Grayburg) Pool. Said units are to be dedicated to its Red Cloud "32" State Com Well No. 2 to be drilled at a standard location 1980 feet from the North line and 660 feet from the East line of said Section 32 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, provisions governing subsequent operations on the pooled units, designation of Nearburg Producing Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 10 miles southeast of Loco Hills, New Mexico.

CASE 12807: Continued from February 21, 2002, 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 in the following described spacing and proration units in Section 32, Township 18 South, Range 31 East, as follows: the S/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated Shugart-Morrow Gas Pool; the SE/4 for all formations and/or pools