

**BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS
AND NATURAL RESOURCES**

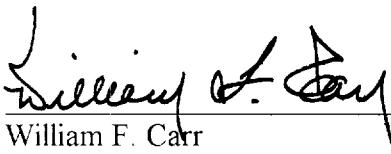
**AMENDED APPLICATION OF KUKUI OPERATING
COMPANY FOR COMPULSORY POOLING AND A
NON- STANDARD GAS SPACING AND PRORATION
UNIT, LEA COUNTY, NEW MEXICO.**

CASE NO. 12773
(Reopened and Readvertised)

AFFIDAVIT

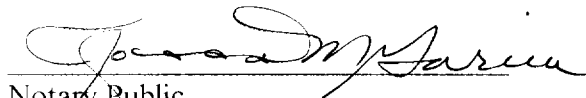
STATE OF NEW MEXICO)
) ss
COUNTY OF SANTA FE)

William F. Carr, attorney in fact and authorized representative of KUKUI Operating Company, applicant herein, being first duly sworn, upon oath, states that notice has been given to all interested persons entitled to receive notice of this application under Oil Conservation Division rules, and that notice has been given at the addresses shown on Exhibit "A" attached hereto.



William F. Carr
Attorney for KUKUI Operating Company

SUBSCRIBED AND SWORN to before me this 28th day of January 2001.



Notary Public

My Commission Expires: Aug 23, 2005

EXHIBIT A

EXHIBIT A

**AMENDED APPLICATION OF KUKUI OPERATING COMPANY
FOR COMPULSORY POOLING AND A NON-STANDARD GAS
SPACING AND PRORATION UNIT,
LEA COUNTY, NEW MEXICO.**

NOTIFICATION LIST

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2177

Yates Drilling Company
105 South Fourth Street
Artesia, New Mexico 88210-2177

ABO Petroleum Corp.
105 South Fourth Street
Artesia, New Mexico 88210-2177

MYCO Industries, Inc.
105 South Fourth Street
Artesia, New Mexico 88210-2177

Wells Fargo Bank Texas, NA
Account #99-149600 -- Armstrong Trust
Post Office Box 1959
Midland, Texas 79701

C. B. Christie, Jr.
4720 Taft Blvd.
Wichita Falls, Texas 76308

Brian Scarborough
Post Office Box 2474
Midland, Texas 79702

David A. Lynch
Post Office Box 1904
Lovington, New Mexico 88260

W. A. Yeager Group
214 West Texas Avenue, Suite 200
Midland, Texas 79701-4621

Ensign Oil Company
1225 17th Street, Suite 1900
Denver, Colorado 80202

Roy G. Barton, Jr., Trustee
Roy & Opal Barton Trust
Post Office Box 978
Hobbs, New Mexico 88240

Nadel and Gussman Permian, L.L.C.
601 N. Marienfeld, Suite 508
Midland, Texas 79701

Sherry L. Barton
3114 West Kansas
Hobbs, New Mexico 88242

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**

(Domestic Mail Only; No Insurance Coverage Provided)

45794.0003 WFC

Postage \$.57

Certified Fee 2.10

Return Receipt Fee
(Endorsement Required) 1.50

Restricted Delivery Fee
(Endorsement Required)

Total Postage & Fees \$ 4.17

Recipient's Name: ABO Petroleum Corp.
Street, Apt. No.: 105 South Fourth Street
City, State, ZIP: Artesia, New Mexico 88210-2177

PS Form 3800, July 1999

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

ABO Petroleum Corp.
105 South Fourth Street
Artesia, New Mexico 88210-2177

2. Article Number (Copy from service label)

7000 0600 0024 3128 7060

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

X

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**

(Domestic Mail Only; No Insurance Coverage Provided)

45794.0003 WFC

Postage \$.57

Certified Fee 2.10

Return Receipt Fee
(Endorsement Required) 1.50

Restricted Delivery Fee
(Endorsement Required)

Total Postage & Fees \$ 4.17

Recipient's Name: Roy G. Barton, Jr., Trustee
Street, Apt. No.: Roy & Opal Barton Trust
City, State, ZIP: Post Office Box 978
Hobbs, New Mexico 88240

PS Form 3800, July 1999

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Sherry L. Barton
3114 West Kansas
Hobbs, New Mexico 88242

2. Article Number (Copy from service label)

7000 0600 0024 3128 7164

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-17

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**

(Domestic Mail Only; No Insurance Coverage Provided)

45794.0003 WFC

Postage \$.57

Certified Fee 2.10

Return Receipt Fee
(Endorsement Required) 1.50

Restricted Delivery Fee
(Endorsement Required)

Total Postage & Fees \$ 4.17

Recipient's Name: Sherry L. Barton
Street, Apt. No.: 3114 West Kansas
City, State, ZIP: Hobbs, New Mexico 88240

PS Form 3800, July 1999

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

45794.0003 WFC

Postage \$ 1.57

Certified Fee 2.10

Return Receipt Fee (Endorsement Required) 1.50

Restricted Delivery Fee (Endorsement Required)

Total Postage & Fees \$ 4.17

Recipient's Name C. B. Christie, Jr.
Street, Apt. No. 4720 Taft Blvd.
City, State, ZIP+ Wichita Falls, Texas 76301

PS Form 3800, F

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

C. B. Christie, Jr.
4720 Taft Blvd.
Wichita Falls, Texas 76308

2. Article Number (Copy from service label)

7000 0600 0024 3128 7091

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-178

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Ensign Oil Company
1225 17th Street, Suite 1900
Denver, Colorado 80202

2. Article Number (Copy from service label)

7000 0600 0024 3128 7138

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-178

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

45794.0003-WFC

Postage \$ 1.57

Certified Fee 2.10

Return Receipt Fee (Endorsement Required) 1.50

Restricted Delivery Fee (Endorsement Required)

Total Postage & Fees \$ 4.17

Recipient's Name Ensign Oil Company
Street, Apt. No. 1225 17th Street, Suite 1900
City, State, ZIP Denver, Colorado 80202

PS Form 3800, F

A. Received by (Please Print Clearly) B. Date of Delivery

Deana Watson 01-30-00

C. Signature

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

45794.0003 WFC

Postage \$ 1.57

Certified Fee 2.10

Return Receipt Fee (Endorsement Required) 1.50

Restricted Delivery Fee (Endorsement Required)

Total Postage & Fees \$ 4.17

Recipient's Name David A. Lynch
Street, Apt. No. Post Office Box 1904
City, State, ZIP Lovington, New Mexico 88260

PS Form 3800, F

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

David A. Lynch
Post Office Box 1904
Lovington, New Mexico 88260

2. Article Number (Copy from service label)

7000 0600 0024 3128 7114

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-178

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**

(Domestic Mail Only; No Insurance Coverage Provided)

45794.0003 WFC

Postage	\$.57
Certified Fee	2.10
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.17

Recipient's Name
MYCO Industries, Inc.
Street, Apt. No., or P.O. Box
105 South Fourth Street
City, State, ZIP+4
Artesia, New Mexico 88210-2177

PS Form 3800, February 1999

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

MYCO Industries, Inc.
105 South Fourth Street
Artesia, New Mexico 88210-2177

2. Article Number (Copy from service label)

7000 0600 0024 3128 7077

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Nadel and Gussman Permian,
L.L.C.
601 N. Mariefeld, Suite 508
Midland, Texas 79701

2. Article Number (Copy from service label)

7000 0600 0024 3128 7152

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**

(Domestic Mail Only; No Insurance Coverage Provided)

45794.0003 WFC

Postage	\$.57
Certified Fee	2.10
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.17

Recipient's Name (Print)
Brian Scarborough
Street, Apt. No., or P.O. Box
Post Office Box 2474
City, State, ZIP+4
Midland, Texas 79702

PS Form 3800, February 1999

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Brian Scarborough
Post Office Box 2474
Midland, Texas 79702

2. Article Number (Copy from service label)

7000 0600 0024 3128 7107

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1771

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

PATTI CARLILE
JAN 30 2002
C. Signature
Patti Carlile
X Agent
Addressed

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
- ☐ Registered ☒ Return Receipt for Merchandise
- ☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

A. Received by (Please Print Clearly) B. Date of Delivery

LINDSAY BENFLEY
4/31/02
C. Signature
Lindsay Benfley
X Agent
Addressed

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
- ☐ Registered ☒ Return Receipt for Merchandise
- ☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

A. Received by (Please Print Clearly) B. Date of Delivery

1/31/02
C. Signature
Brian Scarborough
X Agent
Addressed

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
- ☐ Registered ☒ Return Receipt for Merchandise
- ☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

45794.0003 -WFC

Postage	\$ 1.57
Certified Fee	2.10
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.17

Recipient's Name
Street, Apt. No.
City, State, ZIP

W. A. Yeager Group
214 West Texas Avenue, Suite 200
Midland, Texas 79701-4621

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

W. A. Yeager Group
214 West Texas Avenue, Suite 200
Midland, Texas 79701-4621

2. Article Number (Copy from service label)

7000 0600 0024 3128 7121

PS Form 3811, July 1999

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

1-31-02

C. Signature

[Signature]

☐ Agent
☐ Addressee

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

102595-99-M-1789

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

45794.0003 WFC

Postage	\$ 1.57
Certified Fee	2.10
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.17

Recipient's Name
Street, Apt. No.
City, State, ZIP

Wells Fargo Bank Texas, NA
Account #99-149600 -- Armstrong
Trust
Post Office Box 1959
Midland, Texas 79701

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Wells Fargo Bank Texas, NA
Account #99-149600 -- Armstrong
Trust
Post Office Box 1959
Midland, Texas 79701

2. Article Number (Copy from service label)

7000 0600 0024 3128 7084

PS Form 3811, July 1999

A. Received by (Please Print Clearly) B. Date of Delivery

2-5-02

C. Signature

[Signature]

☐ Agent
☐ Addressee

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

102595-99-M-178

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

45794.0003WFC

Postage \$.57

Certified Fee 2.10

Return Receipt Fee
(Endorsement Required) 1.50

Restricted Delivery Fee
(Endorsement Required)

Total Postage & Fees \$ 4.17

Recipient's Name

Yates Drilling Company
105 South Fourth Street
Artesia, New Mexico 882

PS Form 3800, February 1999

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Yates Drilling Company
105 South Fourth Street
Artesia, New Mexico 88210-2177

2. Article Number (Copy from service label)

7000 0600 0024 3128 7053

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1785

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) **PATTI CARLILE** Date of Delivery **JAN 30 2002**

C. Signature

X

Agent

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☒ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

45794.0003 WFC

Postage \$.57

Certified Fee 2.10

Return Receipt Fee
(Endorsement Required) 1.50

Restricted Delivery Fee
(Endorsement Required)

Total Postage & Fees \$ 4.17

Recipient's Name

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

PS Form 3800, February 1999

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2177

2. Article Number (Copy from service label)

7000 0600 0024 3128 7046

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1785

A. Received by (Please Print Clearly) **PATTI CARLILE** Date of Delivery **JAN 30 2002**

C. Signature

X

Agent

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☒ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

HOLLAND & HART^{LLP}
ATTORNEYS AT LAW

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE
CHEYENNE • JACKSON HOLE
SALT LAKE CITY • SANTA FE
WASHINGTON, D.C.

P.O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208
110 NORTH GUADALUPE, SUITE 1
SANTA FE, NEW MEXICO 87501-6525

TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043

William F. Carr

wcarr@hollandhart.com

January 28, 2002

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

ALL AFFECTED INTEREST OWNERS

Re: Amended Application of KUKUI Operating Company for compulsory pooling and a non-standard gas spacing and proration unit, Lea County, New Mexico.

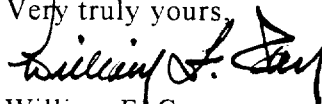
Ladies and Gentlemen:

This letter is to advise you that KUKUI Operating Company has filed the enclosed amended application with the New Mexico Oil Conservation Division seeking the force pooling of all mineral interests from the surface through the Morrow formation in a non-standard gas spacing and proration unit comprised of the E/2 N1/3 and E/2 C1/3 of irregular Section 6 Township 16 South, Range 35 East, N.M.P.M., Lea County, New Mexico. KUKUI proposes to dedicate the referenced pooled unit to its DeGas "6" State Com Well No. 1 to be drilled at a standard location 1980 feet from the North line and 800 feet from the East line of said Section 6.

This application has been set for hearing before a Division Examiner on February 21, 2002. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Prehearing Statement three days in advance of a scheduled hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,



William F. Carr
ATTORNEY FOR KUKUI OPERATING
COMPANY

WFC:keh
Enclosure

cc: Steve Sandlin, Vice President-Land
KUKUI Operating Company
1415 Louisiana, Suite 3650
Houston, Texas 77002

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

**IN THE MATTER OF THE APPLICATION
OF KUKUI OPERATING COMPANY
FOR COMPULSORY POOLING AND
A NON-STANDARD GAS SPACING
AND PRORATION UNIT,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

02 JAN 25 PM 4:41
OIL CONSERVATION DIV.

AMENDED APPLICATION

KUKUI Operating Company. ("KUKUI"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests in all formations from the surface through the base of the Morrow in a non-standard gas spacing and proration unit located in irregular Section 6, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico comprised of Lots 1, 2, 7, 8, 9, 10, 15 and 16 (E/2 N1/3 and E/2 C1/3) containing 329.83 acres for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated North Eidson-Morrow Gas Pool. This unit is to be dedicated to KUKUI's DeGas "6" State Com Well No. 1 to be drilled at a standard location in Section 6. In support of its application KUKUI states:

1. KUKUI is a working interest owner in said Section 6, on which it proposes to drill its DeGas "6" State Com Well No. 1 at a standard location 1980 feet from the North line and 800 feet from the East line of said Section 6. Said well is to be

drilled to a depth sufficient to test any and all formations from the surface through the Morrow formation.

2. KUKUI has sought and been unable to obtain either a voluntary agreement for pooling or a farmout from certain interest owners in the spacing and proration units to be pooled identified on Exhibit A to this application.

3. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

4. In order to permit KUKUI to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and KUKUI should be designated the operator of the well.

WHEREFORE, KUKUI Operating Company requests that this amended application be set for hearing before an Examiner of the Oil Conservation Division on February 21, 2002, and, after notice and hearing as required by law, the Division enter its order:

A. pooling all mineral interests in the subject spacing and proration unit,

B. approving a non-standard spacing unit for the DeGas "6" State Com Well No. 1 in all formations developed on 320-acre spacing;

C. designating KUKUI Operating Company operator of the unit and the well to be drilled thereon,

D. authorizing KUKUI to recover its costs of drilling, equipping and completing the well,

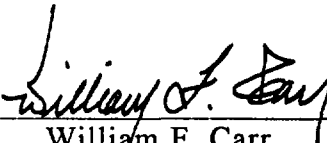
E. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to COPAS accounting procedures,

F. providing for subsequent operations on the pooled acreage in accordance with the operating agreement between the parties, and

G. imposing a 200% penalty for the risk assumed by KUKUI in drilling and completing the well against any working interest owner who does not voluntarily participate in the well.

Respectfully submitted,

HOLLAND & HART LLP

By: 
William F. Carr

Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR KUKUI OPERATING
COMPANY

CASE _____:

Amended Application of KUKUI Operating Company for compulsory pooling and a non-standard gas spacing and proration unit, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in all formations from the surface through the base of the Morrow in the following described non-standard spacing and proration unit located in irregular Section 6, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico comprised of Lots 1, 2, 7, 8, 9, 10, 15 and 16 (E/2 N1/3 and E/2 C1/3) containing 329.83 acres for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated North Eidson-Morrow Gas Pool. This pooled unit is to be dedicated to KUKUI's DeGas "6" State Com Well No. 1 to be drilled at a standard location 1980 feet from the North line and 800 feet from the East line of said Section 6 to a depth sufficient to test any and all formations from the surface through the Morrow formation. Also to be considered will be the cost of drilling and completing said well, 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 applicant as operator of the well, and a charge for risk involved in drilling said well. Said area is located approximately 8 miles West of Lovington, New Mexico.

CERTIFIED MAIL



7000 0600 0024 3128 7145

HOLLAND & HART LLP
AND
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FEB 05 2002

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NOTICE

by G. Barton, Jr., Trustee
Roy & Opal Barton Trust
Post Office Box 978

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