

Said unit is to be dedicated to applicant's proposed Naomi Well No. 2 to be drilled at a standard location in the NW/4 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 risk involved in drilling said well. Said area is located approximately 5 miles southwest of Lindrith, New Mexico.

CASE 12753: Continued from December 6, 2001, Examiner Hearing.

Application of David H. Arrington Oil & Gas, 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 W/2 of Section 36, 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 spacing within that vertical extent, including but not limited to the Undesignated South Shoe Bar-Morrow Gas Pool and Undesignated Shoe Bar-Mississippian Gas Pool. The unit is to be dedicated to applicant's Double Hackle Drake "36" State Well No. 1, to be drilled at an orthodox location in the NW/4 NW/4 of Section 36. Also to be considered will be the cost of drilling and completing the 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 and completing the well. The unit is located approximately 6 miles southwest of Lovington, New Mexico.

CASE 12783: In the matter of the hearing called by the Oil Conservation Division for an order creating and extending certain pools in Chaves and Eddy Counties, New Mexico.

(a) CREATE a new pool in Chaves County, New Mexico classified as a gas pool for Permo Pennsylvanian production and designated as the Coyote Draw-Permo Pennsylvanian Gas Pool. The discovery well is the Yates Petroleum Corporation Binnion "TT" Federal Well No. 7 located in Unit A of Section 24, Township 7 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 7 SOUTH, RANGE 25 EAST, NMPM
Section 24: N/2

(b) CREATE a new pool in Eddy County, New Mexico classified as a gas pool for Morrow production and designated as the Southwest Henshaw-Morrow Gas Pool. The discovery well is the Chi Operating Company Aspen Federal Com. Well No. 1 located in Unit C of Section 31, Township 16 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM
Section 31: W/2

(c) CREATE a new pool in Eddy County, New Mexico classified as an oil pool for Delaware production and designated as the Southwest Nash Draw-Delaware Pool. The discovery well is the Kukui Operating Company Goodnight "35" Federal Well No. 1 located in Unit N of Section 35, Township 23 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM
Section 35: SW/4

(d) EXTEND the Antelope Sink-Morrow Gas Pool in Eddy County, New Mexico to include:

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM

DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 20, 2001

**8:15 A.M. - 1220 South St. Francis
Santa Fe, New Mexico**

Docket Nos. 42-01 and 43-01 are tentatively set for January 10, 2002 and January 24, 2002. 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 12782: Application of Kerr-McGee Oil & Gas Onshore LLC to expand the Indian Basin-Upper Pennsylvanian Associated Pool and concomitantly to contract the Indian Basin-Upper Pennsylvanian Gas Pool, and for approval of four non-standard gas proration units, Eddy County, New Mexico. Applicant seeks an order expanding the Indian Basin-Upper Pennsylvanian Associated Pool by adding thereto the following described acreage:

Township 21 South, Range 23 East, NMPM

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|-------------|-----|
| Section 25: | All |
| Section 35: | E/2 |
| Section 36: | W/2 |

Township 21 South, Range 24 East, NMPM

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|-------------|-----|
| Section 19: | All |
|-------------|-----|

Township 22 South, Range 23 East, NMPM

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|-------------|-----|
| Section 1: | W/2 |
| Section 2: | E/2 |
| Section 11: | E/2 |
| Section 12: | W/2 |
| Section 13: | W/2 |
| Section 14: | E/2 |

Concomitantly, applicant seeks to contract the Indian Basin-Upper Pennsylvanian Gas Pool by deleting therefrom the same acreage. Applicant also seeks approval of the following-described non-standard gas proration units in the Indian Basin-Upper Pennsylvanian Gas Pool: The W/2 of Section 35, Township 21 South, Range 23 East; and the W/2 of Section 2, W/2 of Section 11, and W/2 of Section 14, all in Township 22 South, Range 23 East. The subject pools cover portions of Townships 21 and 22 South, Ranges 23 and 24 East. Said area is centered approximately 19½ miles west of Carlsbad, New Mexico.

CASE 12538: Reopened

In the matter of Case 12538 being reopened pursuant to the provisions of Division Order No. R-11506, which order promulgated temporary special pool rules for the North Trinity-Devonian Pool in Lea County, New Mexico, including provisions for 80-acre spacing and designated well locations. Operators in the North Trinity-Devonian Pool should be prepared to appear and show cause why the temporary special rules for the pool should not be rescinded.

CASE 12747: Continued from December 6, 2001, Examiner Hearing.

Application of McElvain Oil & Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations from the base of the Pictured Cliffs formation to the base of the Mesaverde formation in the N/2 of Section 25, Township 25 North, Range 3 West, for all formations and/or pools developed on 320-acre spacing, which includes but is not necessarily limited to the Mesaverde formation, Blanco-Mesaverde Gas Pool.