

DOCKET: EXAMINER HEARING - THURSDAY – MAY 16, 2002

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

Docket Nos. 16-02 and 17-02 are tentatively set for May 30, 2002 and June 13, 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 12863: Application of Matador E & P Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all uncommitted royalty and overriding royalty interest owners with respect to any production underlying the N/2 NE/4 of Section 4, Township 20 South, Range 37 East, 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, which presently may include but is not necessarily limited to the Monument-Tubb Pool. Applicant further requested that the pooling of this unit be made as of the date of first production from its proposed Cooper 4 Well No. 2 drilled and completed at a standard well location in Unit A of said Section 4 and the designation of Matador Operating Company as the operator. Said unit is located approximately 10 miles southwest of Hobbs, New Mexico.

CASE 12864: Application of Manzano Oil Corporation for an unorthodox well location, Lea County, New Mexico. Applicant seeks authorization to recomplete its Rum Point State Well No. 1 (API No. 30-025-35499) in the Wolfcamp formation, Undesignated King-Wolfcamp Pool, at an unorthodox well location 163 feet from the North Line and 1155 feet from the East line of Section 2, Township 14 South, Range 37 East. A standard 41.43-acre standard oil spacing unit comprised of the NE/4 NE/4 equivalent of Section 2 is to be dedicated to said well. Said well is located approximately 9 miles east of McDonald, New Mexico.

CASE 12865: 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 in the W/2 of Section 34, Township 14 South, Range 35 East, for all formations developed on 320-acre spacing. Applicant proposes to dedicate this pooled unit to its proposed Chocolate Foam Wing Well No. 1, to be drilled at a standard gas well location in the NW/4 SW/4 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 risk involved in drilling said well. Said area is located approximately 6 miles northwest of Lovington, New Mexico.

CASE 12866: Application of C. W. Trainer for approval of a salt water disposal well, Lea County, New Mexico. Applicant seeks approval to utilize its State GA Well No. 6 (API No. 30-025-03687) located 660 feet from the North line and 990 feet from the West line (Unit D) of Section 16, Township 15 South, Range 36 East, to dispose of produced water into the San Andres and Glorieta formations from a depth of 4749 feet to 6230 feet. This well is located approximately 3 miles northeast of Lea County, New Mexico.

CASE 12847: Continued from April 18, 2002, Examiner Hearing.

Application of V-F P troleum Inc. 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 22, Township 20 South, Range 30 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 Golden Lane-Strawn Gas Pool; the NW/4 for all formations and/or pools developed on 160-acre spacing; and the NW/4 NW/4 or the SW/4 NW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated Dos Hermanos Yates-Seven Rivers Pool and the Undesignated P.C.A. (Yates) Pool. Said units are to be dedicated to its Hale Federal Com Well No. 3 to be directionally drilled from an unorthodox surface location 1450 feet from the South line and 660 feet from the West line to a previously approved unorthodox bottom hole location in the Morrow formation 950 feet from the North line and 760 feet from the West line of

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said Section 22 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 applicant as operator of the well and a charge for risk involved in drilling the well. Said area is located approximately 17 miles South of Loco Hills, New Mexico.

CASE 12790: Continued from May 2, 2002, Examiner Hearing.

Amended Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the following described spacing and proration units in Section 17, Township 20 South, Range 34 East as follows: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated Quail Ridge-Morrow Gas Pool, Undesignated South Quail Ridge-Atoka Gas Pool, and the Undesignated Lea Pennsylvanian Gas Pool; the NW/4 for all formations and/or pools developed on 160-acre spacing; the W/2 NW/4 for all formations and/or pools developed on 80-acre spacing which includes but is not necessarily limited to the Undesignated Featherstone-Bone Springs Pool, and the NW/4 NW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated Southeast Teas-Delaware Pool, Undesignated Teas-Bone Springs Pool and the Undesignated Teas Yates-Seven Rivers Pool. Said well is to be dedicated to its Mesquite "17" Federal Well No. 1 to be drilled at a standard location 660 feet from the North and West lines of said Section 17 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 9 miles East of Halfway, New Mexico.

CASE 12820: Continued from May 2, 2002, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the following described spacing and proration units in Section 5, Township 19 South, Range 33 East as follows: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated South Corbin-Morrow Gas Pool and the Buffalo-Pennsylvanian Gas Pool; the NW/4 for all formations and/or pools developed on 160-acre spacing; and the SW/4 NW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated West Tonto-Wolfcamp Pool, Undesignated Tonto-Bone Spring Pool, Undesignated Buffalo-Queen Pool and the Buffalo-Yates Pool. Said well is to be dedicated to its Gem North "5" Federal Com Well No. 1 to be drilled at a standard location 2310 feet from the North line and 660 feet from the West line of said Section 5 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, imposition of a charge for risk involved in drilling said well and whether excessive royalty burdens upon certain leases should be subject to the charge for risk imposed by this order. Said area is located approximately 24 miles southeast of Loco Hills, New Mexico.

CASE 12859: Continued from May 2, 2002, Examiner Hearing.

Application of David H. Arrington Oil and Gas, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the E/2 of Section 25, Township 16 South, Range 35 East in the following manner: a) E/2 to form a standard 320-acre stand-up gas spacing and proration unit