

ABSENCE OF OBJECTION, THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.

CASE 12879: Application of Chi Energy, Inc. for compulsory pooling, Eddy County, New Mexico.

Applicant seeks an order pooling all uncommitted overriding royalty owners with respect to production from the surface to the base of the Morrow formation underlying the following described acreage in Section 4, Township 17 South, Range 28 East: Lots 3, 4, S/2 NW/4, and SW/4 (the W/2) to form a standard 319.28-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including the Southeast Crow Flats-Morrow Gas Pool; Lots 3, 4, and S/2 NW/4 (the NW/4) to form a standard 159.28-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; and 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 that vertical extent. Applicant requests that the pooling of the units be made effective as of the dates of first production from its Heavy Harry State Com. Well No. 1 drilled and completed at an orthodox location in the SE/4 SW/4 of Section 4, and its Heavy Harry State Com. Well No. 2 drilled and completed at an orthodox location in Lot 3 of Section 4. Also to be considered will be the designation of Chi Operating, Inc. as operator of the wells. The units are located approximately 12½ miles east-northeast of Artesia, New Mexico.

CASE 12880: Application of Chi Energy, Inc. for compulsory pooling, Eddy County, New Mexico.

Applicant seeks an order pooling all uncommitted overriding royalty owners with respect to production from the surface to the base of the Morrow formation underlying the following described acreage in Section 10, Township 17 South, Range 28 East: 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 that vertical extent, including the Southeast Crow Flats-Morrow Gas Pool; and 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 that vertical extent. Applicant requests that the pooling of the units be made effective as of the date of first production from its Hiawatha Fed. Com. Well No. 1 drilled and completed at an orthodox location in the SW/4 NW/4 of Section 10. Also to be considered will be the designation of Chi Operating, Inc. as operator of the well. The units are located approximately 13½ miles east-northeast of Artesia, New Mexico.

CASE 12881: Application of Chi Energy, Inc. for compulsory pooling, Eddy County, New Mexico.

Applicant seeks an order pooling all uncommitted overriding royalty owners with respect to production from the surface to the base of the Morrow formation underlying the following described acreage in Section 10, Township 17 South, Range 28 East: The S/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 that vertical extent, including the Southeast Crow Flats-Morrow Gas Pool; and 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 that vertical extent. Applicant requests that the pooling of the units be made effective as of the date of first production from its Coal Train Fed. Com. Well No. 1 drilled and completed at an orthodox location in the SW/4 SW/4 of Section 10. Also to be considered will be the designation of Chi Operating, Inc. as operator of the well. The units are located approximately 13½ miles east-northeast of Artesia, New Mexico.

CASE 12882: Application of Nadel and Gussman Permian, L.L.C. for compulsory pooling, Eddy County, New Mexico.

Applicant seeks an order pooling all mineral interests from the surface to 200 feet below the top of the Mississippian formation underlying the following described acreage in Section 26, Township 18 South, Range 28 East, and in the following manner: The E/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 that vertical extent, including but not limited to the Undesignated North Turkey Track-Cisco Gas Pool, Undesignated North Turkey Track-Atoka Gas Pool, and North Turkey Track-Morrow Gas Pool; the SE/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 that vertical extent; the W/2 NE/4 to form a standard 80-acre oil spacing and proration unit for any formations and/or pools developed on 80-acre

spacing within that vertical extent, including but not limited to the Undesignated Travis-Upper Pennsylvanian Pool; and the NW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including but not limited to the Artesia Queen-Grayburg-San Andres Pool, Undesignated East Illinois Camp-Bone Spring Pool, and the Undesignated Southwest Palmillo-Bone Spring Pool. The units are to be dedicated to applicant's Mission State Com. Well No. 1, to be drilled at an orthodox location in the NW/4 NE/4 (Unit B) of Section 26. 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 units are located approximately 12 miles southwest of Loco Hills, New Mexico.

CASE 12873: Continued from May 30, 2002, Examiner Hearing.

Application of Gruy Petroleum Management Co. and Wadi Petroleum, Inc. to amend the Special Rules and Regulations for the White City-Pennsylvanian Gas Pool, or, in the alternative, for approval of four unorthodox infill gas well locations, two unorthodox gas well locations, and one infill gas well location, Eddy County, New Mexico. Applicants seek an order amending the Special Rules and Regulations for the White City-Pennsylvanian Gas Pool to provide for the option to drill one well on each quarter section within a standard 640 gas spacing unit and for the setback requirement for wells to be relaxed such that wells can be located no closer than 660 feet to a quarter section line nor closer than 10 feet to a quarter-quarter section line or subdivision inner boundary. The pool covers all of Sections 8, 9, 15-17, 19-22, and 26-35, Township 24 South, Range 26 East, Sections 1-4 and 10-14, Township 25 South, Range 26 East, and Section 7, Township 25 South, Range 27 East. In the alternative, applicants seek approval of four unorthodox infill gas well locations, two unorthodox gas well locations, and one infill gas well location for wells to be located in Sections 9, 15, 16, and 22, Township 24 South, Range 26 East. The pool is centered approximately 5 miles east of White City, New Mexico.

CASE 12387: Reopened – Continued from June 13, 2002, Examiner Hearing.

In the matter of Case 12387 being reopened pursuant to the provisions of Division Order No. R-11374-A, which order extended for one year the temporary special pool rules for the Southeast Arena Blanca-Entrada Pool in Sandoval County, New Mexico. Operators in the Southeast Arena Blanca-Entrada Pool should appear and show cause why the temporary special pool rules should not be rescinded and the pool developed on standard 40-acre oil spacing.

CASE 12883: Application of Yates Petroleum Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant seeks an exception to the well location requirements provided within the "*Special Rules and Regulations for the Pecos Slope-Abo Gas Pool*," set forth in Division Order No. R-9976-C for an unorthodox Abo gas well location for its existing Jasper "ARJ" Federal Well No. 2 (API No. 30-005-63143), located 760 feet from the North line and 2240 feet from the East line (Unit B) of Section 25, Township 8 South, Range 26 East. The NE/4 of Section 25, which is located approximately 7.5 miles east northeast of the Pecos River bridge on U. S. Highway 70, is to be dedicated to this well in order to form a standard 160-acre gas spacing unit for this pool.

CASE 12884: Application of Four Star Oil & Gas Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant seeks an exception to the provisions of Rule 7 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool for its New Mexico State "32" Well No. 2 which has been drilled at an unorthodox off pattern location 905 feet from the North line and 1830 feet from the West line in Unit C of Section 32, Township 30 North, Range 11 West. The well location is approximately 12 miles east of Farmington, New Mexico.