Examiner Hearing – March 16, 2006 Docket No. 09-06 Page 3 of 19

*Case No. 13662: Application of Synergy Operating, LLC for compulsory pooling, San Juan County, New Mexico.* Applicant seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the following described acreage in Section 6, Township 29 North, Range 13 West, NMPM, and in the following manner: The N/2 to form a standard 320-acre gas spacing and proration unit for all pools or formations developed on 320 acre spacing, including the Basin-Fruitland Coal Gas Pool; the NE/4 to form a standard 160-acre gas spacing and proration unit for all pools or formations developed on 160 acre spacing, including the West Kutz-Pictured Cliffs Gas Pool; and the NW/4 to form a standard 160-acre gas spacing and proration unit for all pools or formations developed on 160 acre spacing, including the West Kutz-Pictured Cliffs Gas Pool; and the NW/4 to form a standard 160-acre gas spacing and proration unit for all pools or formations developed on 160 acre spacing, including the West Kutz-Pictured Cliffs Gas Pool; and the NW/4 to form a standard 160-acre gas spacing and proration unit for all pools or formations developed on 160 acre spacing, including the West Kutz-Pictured Cliffs Gas Pool. The units are to be dedicated to the Madrid 29-13-6 Well No. 111, to be located at an orthodox location in the NE/4 of Section 6, and the Madrid 29-13-6 Well No. 112, to be located at an orthodox location in the NW/4 of Section 6. Also to be considered will be the costs of drilling and completing the wells and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The units are located approximately 1 mile west of Farmington, New Mexico.

Case No. 13663: Application of Synergy Operating, LLC for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Fruitland Coal formation underlying the following described acreage in Section 8, Township 29 North, Range 11 West, NMPM, and in the following manner: The W/2 to form a standard 320-acre gas spacing and proration unit for any pools or formations developed on 320-acre spacing within that vertical extent, including the Basin-Fruitland Coal Gas Pool; and the SW/4 to form a standard 160-acre gas spacing and proration unit for any pools or formations developed on 160-acre spacing within that vertical extent. The units are to be dedicated to the proposed Duff 29-11-8 Well No. 105, to be drilled at an orthodox location in the SW/4 of Section 8. 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 200% charge for the risk involved in drilling and completing the well. The units are located approximately 6 miles south-southwest of Aztec, New Mexico.

*Case No. 13664: Application of Magnum Hunter Production, Inc. for compulsory pooling, Eddy County, New Mexico.* Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N/2 of Section 33, Township 17 South, Range 30 East, NMPM, to form a standard 320-acre gas spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent, including the Undesignated Loco Hills-Atoka Gas Pool and Undesignated Cedar Lake-Morrow Gas Pool. The unit is to be dedicated to the proposed Full Tank 33 Fed. Well No. 1, to be drilled at an orthodox location in the NW/4 NE/4 (Unit B) of Section 33. 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 Gruy Petroleum Management Company as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 2 miles south-southeast of Loco Hills, New Mexico.

*Case No. 13665: Application of Magnum Hunter Production, Inc. for compulsory pooling, Eddy County, New Mexico.* Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 6, 7, E/2 SW/4, and SE/4 (the S/2) of Section 6, Township 25 South, Range 27 East, NMPM, to form a standard 316.80-acre gas spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent. The unit is to be dedicated to the proposed Scoter 6 Fed. Com. Well No. 1, to be drilled at an orthodox location in Lot 6 (the NW/4 SW/4) of Section 6. 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 Gruy Petroleum Management Company as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 3-1/2 miles south-southeast of Black River, New Mexico.

*Case No. 13666: Application of Unit Petroleum Company for compulsory pooling, Eddy County, New Mexico.* Applicant seeks an order pooling all mineral interests from the base of the San Andres formation to the base of the Morrow formation underlying the E/2 of Section 1, Township 18 South, Range 26 East, NMPM, and in the following manner: The E/2 to form a standard 320-acre gas spacing and proration unit for all formations and/or pools developed on 320 acre spacing within that vertical extent, including the Atoka-Pennsylvanian Gas Pool; and the SE/4 NE/4 to form a standard 40-acre oil spacing and proration unit for all formations and/or pools developed on 40 acre spacing within that vertical extent. The units are to be dedicated to the Monte Carlo Fed. Com. Well No. 1, to be drilled from a surface location in the SE/4 NE/4 of Section 1 to a bottomhole location approximately 1845 feet from the North line and 1487

feet from the East line of Section 1. 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 200% charge for the risk involved in drilling and completing the well. The units are located approximately 6 miles east-northeast of Atoka, New Mexico.

## CASE No. 13633: Continued from March 2, 2006, Examiner Hearing

Application of Bass Enterprises Production Co. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N/2 of Section 7, Township 22 South, Range 28 East, for all pools or formations developed on 320 acre spacing within that vertical extent. Also to be considered will be the designation of applicant as operator of the well, allocation of the costs of drilling and completing the well, establishment of overhead and administrative rates together with a provision adjusting said rates pursuant to the COPAS accounting procedure, and a 200% risk charge to be assessed against non-consenting interest owners. The well unit is located east of Carlsbad, New Mexico.

Case No. 13667: Application of Burlington Resources Oil & Gas Company LP for an exception to the well density requirements of the Blanco-Mesaverde Gas Pool, Rio Arriba County, New Mexico. Applicant seeks an exception to the well density requirements of Rule I.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool to permit it to produce the following 2 Mesaverde gas wells in the same quarter-quarter section (SE/4 NE/4) on a standard spacing and proration unit comprised of the E/2 of Section 16, T30N, R7W, NMPM:

(a) the State Com Well No. 1 (API #30-039-0784700) located 1090 feet FEL and 2040 feet FNL (Unit H) of this section; and

(b) the State Com Well No. 1R (API #30-039-2526200) located 640 feet FEL and 2515 feet FNL (Unit H) of this section.

These wells are located approximately 2 miles east of the Navajo Dam, New Mexico.

Case No. 13668: Application of Burlington Resources Oil & Gas Company LP for an exception to the well density requirements of the Blanco-Mesaverde Gas Pool, Rio Arriba County, New Mexico. Applicant seeks an exception to the well density requirements of Rule I.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool to permit it to produce the following 2 Mesaverde gas wells in the same quarter-quarter section (SE/4 NW/4) on a standard spacing and proration unit comprised of the W/2 of Section 11, T29N, R7W, NMPM:

(a) the San Juan 29-7 Unit Well No. 57A (API #30-039-2556700) located 1840 feet FWL and 1850 feet FNL (Unit F) of this section; and

(b) the San Juan Unit 29-7 Well No. 57C (API #30-039-2585700) located 2620 feet FWL and 1545 feet FNL (Unit F) of this section.

These wells are located approximately 6 miles southeast of the Navajo Dam, New Mexico.

Case No. 13669: Application of Burlington Resources Oil & Gas Company LP for an exception to the well density requirements of the Blanco-Mesaverde Gas Pool, Rio Arriba County, New Mexico. Applicant seeks an exception to the well density requirements of Rule I.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool to permit it to produce the following 2 Mesaverde gas wells in the same quarter-quarter section (SW/4 NE/4) on a standard spacing and proration unit comprised of the E/2 of Section 19, T27N, R5W, NMPM:

(a) the San Juan 27-5 Unit Well No. 138 (API #30-039-2046300) located 1600 feet FEL and 1800 feet FNL (Unit G) of this section; and

(b) the San Juan Unit Well No. 50 (API #30-039-0699600) located 1840 feet FEL and 1650 feet FNL (Unit G) of this section.

These wells are located approximately 10 miles south of Gobernador, New Mexico.