

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)  
(505) 660-6612 (Cell)  
(505) 982-2151 (Fax)

[jamsbruc@aol.com](mailto:jamsbruc@aol.com)

DEC

August 14, 2006

Via fax

Mark E. Fesmire, P.E.  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Dear Mr. Fesmire:

Please dismiss the following case:

Case No. 13749 (Magnum Hunter Production, Inc.)

Please continue the following cases to the August 31<sup>st</sup> Examiner hearing:

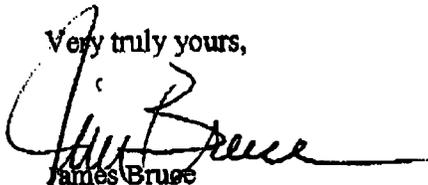
Case No. 13747 (Cimarex Energy Co.)

Case No. 13748 (Murchison Oil & Gas, Inc.)

Case No. 13650 (Ridgeway Arizona Oil Corporation)

Thank you.

Very truly yours,

  
James Bruce

Attorney for applicants

the South line and 660' from the West line of said Section 21. 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 LCX Energy, LLC or its designee as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 6 miles Northwest of Artesia, New Mexico.

**CASE NO. 13758:** *Application of BEPCo., L.P. 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 in the following described spacing and proration units located in the N/2 of Section 12, Township 19 South, Range 28 East, N.M.P.M., Eddy County, New Mexico: the N/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Turkey Track-Morrow Gas Pool, Undesignated Millman-Atoka Gas Pool, Undesignated Millman-Cisco Gas Pool and the Undesignated Millman-Wolfcamp Gas Pool; the NW/4 for all formations and/or pools developed on 160-acre spacing within this vertical extent; 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 Palmillo-Wolfcamp Pool, Undesignated Turkey Track-Cisco Pool, East Millman Yates-Seven Rivers-Queen-Grayburg-San Andres Pool, and the Undesignated Palmillo-Bone Spring Pool. Said unit is to be dedicated to its Palmillo "12" State Com Well No. 1 to be drilled at a standard location 1650 feet from the North line and 660 feet from the West line (Unit E) of said Section 12 to an approximate depth of 11,500 feet. 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 BEPCo., L.P. as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 2 miles Southwest of Lindley, New Mexico.

**CASE NO. 13759:** *Application of Parallel Petroleum Corporation for compulsory pooling and an unorthodox well location, Chaves County, New Mexico.* Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration unit located in the W/2 of Section 22, Township 14 South, Range 26 East, N.M.P.M., Chaves County, New Mexico: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Wolfcamp Gas Pool. Said unit is to be dedicated to its Bernardini 1426-22 M Well No. 1 to be drilled at an unorthodox surface location 399 feet from the North line and 744 feet from the West line of Section 27 (set Kickoff point at 4177' and drill and advance hole to a Wolfcamp penetration point at approximately 662' FSL and 744' FWL of the Section 22 and continue drilling to BHL [9799' MD and 5235' TVD]) and a bottomhole location of 660 feet from the North line and 744 feet from the West line of Section 22, Township 14 South, Range 26 East to an approximate depth of 9,799 feet to test any and all formations from the surface to the base of the Wolfcamp. 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 Parallel Petroleum Corporation as operator of the well and a charge for risk involved in drilling said well. Said area is located 2 miles South of Hagerman, New Mexico.

**CASE NO. 13760:** *Application of Parallel Petroleum Corporation for compulsory pooling and an unorthodox well location, Chaves County, New Mexico.* Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration unit located in the E/2 of Section 22, Township 14 South, Range 26 East, N.M.P.M., Chaves County, New Mexico: the E/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Wolfcamp Gas Pool. Said unit is to be dedicated to its Barbaro 1426-22 O Well No. 1 to be drilled at an unorthodox surface location 399 feet from the North line and 1910 feet from the East line of Section 27 (Set Kickoff point at 4192' and drill and advance hole to a Wolfcamp penetration point at approximately 662' FSL and 1910 FEL of the Section 22 and continue drilling to BHL [9814' MD and 5250' TVD]) and a bottomhole location of 660 feet from the North line and 1910 feet from the East line of Section 22, Township 14 South, Range 26 East to an approximate depth of 9,814 feet to test any and all formations from the surface to the base of the Wolfcamp. 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 Parallel Petroleum Corporation as operator of the well and a charge for risk involved in drilling said well. Said area is located 2 miles South of Hagerman, New Mexico.

**CASE NO. 13747:** *Continued from August 3, 2006 Examiner Hearing.*  
*Application of Cimarex Energy Co. for compulsory pooling, Lea County, New Mexico.* Cimarex Energy Co. seeks an order pooling all mineral interests in the Wolfcamp formation underlying the SW/4 NW/4 and NW/4 SW/4 of Section 21, Township 15 South, Range 36 East, NMPM, to form an 80-acre oil spacing unit (project area) for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Caudill-Permo Upper Penn Pool. The unit is to be dedicated to the Caudill South "21" Fee Well No. 2H, a horizontal well to be drilled at a surface location

2000 feet from the south line and 940 feet from the west line with a terminus located 1650 feet from the North line and 940 feet from the West line of Section 21. 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 unit is located approximately 4-1/2 miles North-Northeast of Lovington, New Mexico.

**CASE NO. 13730: Continued from July 20, 2006 Examiner Hearing**

***Application of Samson Resources Company for compulsory pooling, Lea County, New Mexico.*** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the S/2 of Section 12, Township 20 South, Range 33 East, N.M.P.M., Lea County, New Mexico: the S/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Quail Ridge Morrow Gas Pool; the Undesignated East Gem Morrow Gas Pool and the Undesignated Teas Pennsylvanian Gas Pool; the SE/4 for all formation and/or pools developed on 160-acre spacing within this vertical extent; and the SE/4 SE/4 for all formation and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated Teas Bone Spring Pool, the Undesignated Teas Delaware Pool and the Undesignated Teas-Yates-Seven Rivers Pool. Said units are to be dedicated to its Marshall 12 Fed Com Well No. 1 to be drilled as a deviated well from an unorthodox surface location 550 feet from the East line and 660 feet from the South line (Unit P) to a bottomhole location 660 feet from the East line and 660 feet from the South line (Unit P) of said Section 12 to an approximate depth of 13,700 feet. 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 Samson Resources Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 7 miles northeast of Halfway, New Mexico.

**CASE NO. 13748: Continued from August 3, 2006 Examiner Hearing.**

***Application of Murchison Oil & Gas, Inc. for compulsory pooling and approval of an unorthodox surface location, Eddy County, New Mexico.*** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W/2 of Section 11, Township 17 South, Range 28 East, NMPM, to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the Undesignated North Empire-Atoka Gas Pool and South Empire-Morrow Gas Pool. The unit is to be dedicated to the Bobcat Fed. Com. Well No. 1, to be directionally drilled from an unorthodox surface location 107 feet from the South line and 704 feet from the West line of Section 11 to an orthodox bottom hole location in the SW/4 SW/4 of Section 11. 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 unit is located approximately 10 miles West-Northwest of Loco Hills, New Mexico.

**CASE NO. 13738: Continued from August 3, 2006 Examiner Hearing**

***Application of Devon Energy Production Company, L.P. 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 3, 4, S/2 NW/4, and SW/4 (the W/2) Section 2, Township 22 South, Range 26 East, NMPM, to form a standard 320.63-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the Undesignated Happy Valley-Strawn Gas Pool, Undesignated Happy Valley-Atoka Gas Pool, and Undesignated Happy Valley-Morrow Gas Pool. The unit will be dedicated to the Perfecto 2 State Com. Well No. 1, to be drilled in the SW/4 NW/4 of Section 2. 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 unit is located approximately 2-1/2 miles West of Carlsbad, New Mexico.

**CASE NO. 13749: Continued from August 3, 2006 Examiner Hearing.**

***Application of Magnum Hunter Production, Inc. for cancellation of one drilling permit and approval of a second drilling permit, Lea County, New Mexico.*** Applicant seeks an order canceling a drilling permit issued to Samson Resources Company covering the S/2 of Section 10, Township 20 South, Range 33 East, NMPM, and requiring the Division's Hobbs District Office to approve a drilling permit filed by applicant covering the E/2 of said Section 10, to form a standard 320-acre gas spacing and proration unit in the West Teas-Morrow Gas Pool. Applicant's well unit is located approximately 5 miles Northeast of the intersection of State Highway 176 and U.S. Highway 62/180.