

charge for the risk involved in drilling and completing the well. The unit is located approximately 1 mile East of Aztec, New Mexico. IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.

**CASE NO. 13756: Continued from August 17, 2006 Examiner Hearing.**

**Application of XTO Energy 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 in the following described spacing and proration unit located in the E/2 of Section 25, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico: the E/2 for all formations and/or pools developed on 320-acre spacing, including the Undesignated Laguna Grande-Wolfcamp Gas Pool, the Undesignated Nash Draw-Atoka Gas Pool, the Undesignated Nash Draw-Strawn Gas Pool, the Undesignated Remuda-Wolfcamp Gas Pool, and the Morrow formation. Said unit is to be dedicated to its Remuda Basin 25 State Well No. 1 to be drilled at a standard location 1980 feet from the South line and 660 feet from the East line (Unit I) of Said Section 25. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of XTO Energy Inc. as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 9 miles East of Loving, New Mexico.

**CASE NO. 13777: 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. 13778: Application of Hayes Land & Production, LP to approve a non-standard 80-acre oil spacing and proration unit or an 80-acre project area, or in the alternative to rescind Division Order No. R-12459, Eddy County, New Mexico.** Applicant requests an order establishing an 80-acre non-standard oil spacing and proration unit as an exception to Division Rule 104(B), or an 80-acre project area under Division Rule 111, in the Delaware and Bone Spring formations, comprised of the SW/4 NW/4 and NW/4 SW/4 of Section 11, Township 22 South, Range 26 East, N.M.P.M., to be dedicated to the Mesa Grande "11" Well No. 2, located at an unorthodox location 2661 feet from the South line and 660 feet from the West line (Unit L) of Section 11. In the alternative, applicant requests that Division Order No. R-12459, granting said unorthodox location, be rescinded and the well shut-in. The proposed unit is located approximately 2-1/2 miles west of Carlsbad, New Mexico.

**CASE NO. 13779: Application of Unit Petroleum Company to amend the special rules and regulations for the North Osudo-Morrow Gas Pool, Lea County, New Mexico.** Applicant seeks an order amending the special rules and regulations for the North Osudo-Morrow Gas Pool to provide for 640-acre well units with a provision for non-standard units, four wells per well unit with no more than one well per quarter section, wells to 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, and limiting the special rules and regulations to acreage currently within the designated horizontal extent of the pool. The subject pool covers all or parts of Sections 30-32, Township 19 South, Range 36 East, NMPM and Sections 6, 7, 16-21, 29, and 30, Township 20 South, Range 36 East, NMPM. The pool is centered approximately 8 miles southwest of Monument, New Mexico.

**CASE NO. 13755 (amended and readvertised): Application of Unit Petroleum Company for compulsory pooling and to address the appropriate overriding royalty burdens for purposes of the charge for risk involved in drilling wells on the well unit, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from approximately 11,920 feet subsurface to the base of the Morrow formation underlying the E/2 of Section 23, Township 20 South, Range 35 East, NMPM, 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 West Osudo-Morrow Gas Pool. The unit is to be dedicated to the Byers Well No. 2, to be drilled at an orthodox gas well location in the SE/4 NE/4 of Section 23. 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. Applicant also requests that an overriding royalty owned by Magnolia,

L.L.C. be disallowed for purposes of recovering the risk charge under the pooling orders for the existing Byers Well No. 1 (Order No. R-12050) and for the proposed Byers Well No. 2. The well unit is located approximately 10-1/2 miles southwest of Monument, New Mexico.

**CASE NO. 13780:** *Application of Unit Petroleum Company for compulsory pooling and approval of a non-standard gas spacing and proration unit, Lea 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 17, Township 20 South, Range 36 East, NMPM, and in the following manner: The N/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; the N/2 to form a non-standard 320-acre gas spacing and proration unit in the North Osudo-Morrow Gas Pool; the NE/4 to form a standard 160-acre gas spacing and proration unit for all formations and/or pools developed on 160 acre spacing within that vertical extent; and the NE/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 Monument 17 Well No. 1, to be drilled in the NE/4 NE/4 of Section 17. 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, as well as approval of the non-standard gas well unit. The well units are located approximately 7 miles southwest of Monument, New Mexico.

**CASE NO. 13781:** *Application of Unit Petroleum Company for compulsory pooling and approval of a non-standard gas spacing and proration unit, Lea County, New Mexico.* Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S/2 of Section 9, Township 20 South, Range 36 East, NMPM, 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, and a non-standard 320-acre gas spacing and proration unit in the Undesignated North Osudo-Morrow Gas Pool. The unit is to be dedicated to the Monument 9 Fed. Well No. 1, to be drilled in the SW/4 SW/4 of Section 9. 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, as well as approval of the non-standard gas well unit. The well unit is located approximately 6 miles southwest of Monument, New Mexico.

**CASE NO. 13782:** *Application of Purvis Operating Co. for approval of a unit agreement, Lea County, New Mexico.* Applicant seeks approval of the Oil Rock State Fee Unit Area, comprising 1926.21 acres of state and fee lands in Sections 6, 7, 8, and 17, Township 15 South, Range 35 East, NMPM. The proposed unit area is centered approximately 8 miles northwest of Lovington, New Mexico.

**CASE NO. 13735:** *Re-advertise and Continued from August 31, 2006 Examiner Hearing*

*Application of LCX Energy, LLC for compulsory pooling, Eddy County, New Mexico.* Applicant seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the S/2 of Section 14, Township 16 South, Range 25 East, NMPM, Eddy County, New Mexico, to form a standard 320-acre gas spacing and proration unit for any and all formations and or pools developed on 320-acres, including but not necessarily limited to the Wolfcamp formation. Said units are to be dedicated to Applicant's proposed 1625 Sallee No. 141 Well to be drilled from a surface location 760' from the South line and 660' from the West line to a bottom hole location 760' from the South line and 660' from the East line of said Section 14. 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 5 miles north of the Artesia, New Mexico, airport.

**CASE NO. 13373:** *Continued from August 17, 2006, Examiner Hearing*

*Application of the New Mexico Oil Conservation Division for an order requiring Orbit Energy Inc. to return 5 wells to compliance with 19.15.4.201 NMAC, Roosevelt County, New Mexico.* The Applicant moves the Oil Conservation Division Director to reopen Case No. 13373 to issue an order assessing civil penalties and finding Orbit Petroleum, Inc. (formerly Orbit Energy Inc.) to be in violation of Order R-12250, issued in Case No. 13373, requiring corrective action as to the following wells: Farrell Federal #010, API 30-041-10446, F-28-7S-33E; James McFarland #004, API 30-041-10567, L-20-7S-33E; Humble Federal #005, API 30-041-20116, B-26-7S-32E; State BA #001, API 30-041-10003, A-34-7S-35E; State BA #002, API 30-041-20048, H-34-7S-35E. The wells are located approximately 30 miles southwest of Portales in Roosevelt County, New Mexico.