Examiner Hearing - March 30, 2006 Docket No. 11-06 Page 3 of 4

Township 1 North, Range 20 West, N.M.P.M.

Sections 4-9:

All

Sections 16-21:

All

Section 26:

S/2

Section 27:

S/2

Sections 28-35:

All

Township 1 North, Range 21 West, N.M.P.M.

All

All

Sections 1-4:

All

Sections 9-16:

All

Sections 21-28:

Sections 33-36:

Township 1 South, Range 20 West, N.M.P.M.

Sections 2-10:

All

Sections 16-21:

All

All Sections 28-33:

Township 1 South, Range 21 West, N.M.P.M.

All

Sections 1-4:

All

Sections 9-16:

All

Sections 21-28:

All

Sections 33-36:

Township 2 South, Range 20 West, N.M.P.M.

Sections 5-8:

All

Sections 18-19: All

Township 2 South, Range 21 West, N.M.P.M.

Sections 1-4:

All

Sections 9-16:

All

Sections 21-28:

All Sections 33-36: All

Township 3 South, Range 21 West, N.M.P.M.

Sections 3-4:

The proposed unit area is centered approximately 33 miles west-southwest of Quemado, New Mexico.

Case No. 13685: Application of Magnum Hunter Production, Inc. 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 underlying the following described acreage in Section 2, Township 24 South, Range 34 East, NMPM, and in the following manner: the N/2 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 Antelope Ridge-Atoka Gas Pool and Antelope Ridge-Morrow Gas Pool; the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical extent; and the NW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Antelope Ridge-Wolfcamp Pool. The units are to be dedicated to the Antelope State 2 Well No. 3, to be drilled at an orthodox location in the NW/4 NE/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 Gruy Petroleum Management Company as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The units are located approximately 17-1/2 miles northwest of Jal, New Mexico.

CASE 13686: Application of DKD, LLC for an Order Directing Gandy Corporation to Show Cause, Lea County, New Mexico. Applicant seeks an order directing Gandy Corporation to show cause why its authority to utilize its State "T" Well No. 2 for the injection of produced water for disposal purposes should not be immediately and permanently revoked. The State "T" Well No. 2 (API No. 30-025-03735) is located 4,290 feet from the South line and 500 feet from the West line, Lot 12, Section 6, T16S, R36E, NMPM in Lea County, New Mexico. Gandy utilizes the State "T" Well No. 2 to dispose of produced water into the San Andres and Glorieta formations pursuant to SWD-836 and Order No. R-12171. Applicant is the owner and operator of the Watson "6" No. 1 Well (API No. 30-025-34197) located 2857 feet from the South line and 1417 feet from the West line in Unit N, of said Section 6 utilized for the disposal of produced water by injection into the Cisco and Canyon formations (SWD-834). Applicant also owns and operates the Snyder "A" No. 1 Well (API No. 30-025-03727) located 2319' FSL and 330' FWL in Unit L of said Section 6. The Snyder "A" No. 1 Well was originally drilled to and produced from the Strawn formation. The subject lands and wells are located approximately three miles west of Lovington, New Mexico.