

Carlsbad, New Mexico.

**CASE NO. 13778: Continued from the September 14, 2006 Examiner Hearing.**

**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 In the alternative, applicant requests that Division Order No. R-12459, granting said unorthodox location, be rescinded and the well shut-in.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. 13802: Application of Yates Petroleum Corporation for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation in the following described spacing and proration units located in the W/2 of Section 33, Township 9 South, Range 34 East, N.M.P.M., Lea 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 West X-4 Ranch-Mississippian Gas Pool, Undesignated X-4 Ranch Morrow Gas Pool; and the Undesignated X-4 Ranch-Atoka Gas Pool; and the SW/4 for all formations and/or pools developed on 160-acre spacing which includes but is not limited to the Vada-Upper Pennsylvanian Pool. Said units are to be dedicated to its Womack "BGW" Well No. 1 (API No. 30-025-37206) to be drilled at a standard gas well location 810 feet from the South line and 660 feet from the West line (Unit M) of said Section 33. 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 Yates Petroleum Corporation as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 10 miles West of Crossroads, New Mexico.

**CASE NO. 13767: Continued from the September 28, 2006 Examiner Hearing.**

**Application of RSC Resources Limited Partnership for approval of a non-standard oil spacing and proration unit, compulsory pooling, and an unorthodox oil well location, Lea County, New Mexico.** Applicant seeks an order approving a non-standard 80-acre oil spacing and proration unit in the Devonian formation (North Knowles-Devonian Pool) comprised of the SE/4 NE/4 and NE/4 SE/4 of Section 14, Township 16 South, Range 38 East, NMPM, and pooling all mineral interests in said unit. The unit is to be dedicated to the Lawrence Well No. 1Y, to be re-entered at an unorthodox surface location 2531 feet from the North line and 630 feet from the East line of Section 14, with an estimated unorthodox bottom hole location 2531 feet from the North line and 660 feet from the East line of Section 14, and applicant further seeks approval of said locations. Also to be considered will be the cost of re-entering, 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 re-entering, drilling, and completing the well. The unit is located approximately 6-1/2 miles north-northeast of Knowles, New Mexico.

**CASE NO. 13493: (Reopened) Continued from the September 14, 2006 Examiner Hearing**

**Application of Chesapeake Permian, L.P. for Compulsory Pooling, Lea County, New Mexico.** By Order No. R-12343-B issued by the Division on January 10, 2006, all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the S/2 of irregular Section 4, Township 21 South, Range 35 East, were pooled to form a standard 320-acre gas spacing and proration unit for any production from any and all formations/pools developed on 320-acre gas spacing within that vertical extent, including but not limited to the South Osudo Morrow Pool. The 320-acre unit is dedicated to the Chesapeake KF 4 State Well No. 1 (API #30-025-37129) drilled at a standard surface location 660 feet from the South line and 990 feet from the East line to a bottom hole location 711 feet from the South line and 1888 feet from the East line of said Section 4. Chesapeake Operating, Inc. was designated operator of the well and was directed to furnish the Division and each known pooled working interest owner, including non-consenting interest owners, with an itemized schedule of actual well costs within ninety (90) days following completion of the well. Pursuant to the Notice of Objection to Well Costs filed by Kaiser-Francis Oil Company, and Samson Resources Company, the Division will consider the costs of drilling and completing this well and will determine reasonable well costs. The well and unit are located approximately 6 miles west of Oil Center, New Mexico.