Examiner Hearing - September 28, 2006 Docket No. 32-06 Page 2 of 19

Sections 9-16:

All

Sections 21-28: All Sections 33-36: All

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:

All

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

CASE NO. 13786: Application of Cimarex Energy Co. for compulsory pooling, Lea County, New Mexico. Cimarex Energy Co. seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the following described acreage in Section 21, Township 15 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 any and all formations or pools developed on 320-acre spacing within that vertical extent, including the Undesignated Caudill-Atoka Gas Pool and Undesignated Caudill-Mississippian 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 NE/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 Undesignated Caudill-Permo Upper Penn Pool. The units are to be dedicated to the Caudill West 17 Fee Well No. 1, to be drilled at an orthodox location in the NE/4 NE/4 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. The units are located approximately 5-1/2 miles north-northeast of Lovington, New Mexico.

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 reentered 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. 13788: Application of Chi Operating Inc. for approval of off-lease storage and measurement, Eddy County, New Mexico. Applicant seeks an order pursuant to the provisions of Oil Conservation Division Rule 303.B authorizing the Off-Lease Storage and Measurement of Delaware production, South Carlsbad-Delaware Pool, from its Hagerman Well No. 1 located at a point 1650 feet from the South line and 2200 feet from the West line of Section 30, Township 22 South, Range 27 East, NMPM, at the well site of its Allen Well No. 3, which is located at a point 660 feet from the North line and 1980 feet from the East line of Section 31, Township 22 South, Range 27 East, NMPM. The Hagerman well is located 1650 feet inside the Carlsbad, New Mexico, city limits on the southeastern border of the city.