

13. **CASE 14352:** (Continued from the July 23, 2009 Examiner Hearing.)
Application of Cimarex Energy Co. for a non-standard oil spacing and proration unit and compulsory pooling, Chaves County, New Mexico. Cimarex Energy Co. seeks an order approving a non-standard oil spacing and proration unit (project area) in the Abo/Wolfcamp formation comprised of Lot 4, SE/4 SW/4, and S/2 SE/4 (the S/2 S/2) of Section 18, Township 15 South, Range 31 East, NMPM, to form a non-standard 159.29-acre oil spacing and proration unit (project area), and pooling all mineral interests in the Abo/Wolfcamp formation underlying the non-standard unit. The unit is to be dedicated to the Franklin 18 Fed. Com Well No. 4, a horizontal well to be drilled at a surface location 375 feet from the South line and 375 feet from the East line, with a terminus 375 feet from the South line and 375 feet from the West line, of Section 18. 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 Cimarex Energy Co. of Colorado as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 13-1/2 miles North-Northeast of Loco Hills, New Mexico.
14. **CASE 14362: Application of Chesapeake Operating, Inc. for statutory unitization of the Carter-Shipp Strawn Unit Area, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all mineral interest in the Strawn formation underlying 360 acres, more or less, of fee lands in the following acreage:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

| | |
|-------------|-----------|
| Section 21: | SE/4 SE/4 |
| Section 27: | NW/4 |
| Section 28: | NE/4 |

Said unit to be designated the Carter-Shipp Strawn Unit. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the designation of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a non-consent penalty for risk to be charged against carried working interests within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said unit area is located approximately 7 miles Southeast of Lovington, New Mexico.

15. **CASE 14363: Application of Chesapeake Operating, Inc. for approval of a waterflood project and qualification of the Project Area of the Carter-Shipp Strawn Unit for the Recovered Oil Tax Rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval of its Carter-Shipp Strawn Waterflood Project by injection of water into the Strawn formation through one injection well located in the following described area:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

| | |
|-------------|-----------|
| Section 21: | SE/4 SE/4 |
| Section 27: | NW/4 |
| Section 28: | NE/4 |

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the unit area without the necessity of further hearings and the adoption of any provisions necessary for such other matters as may be appropriate for said waterflood operations. Applicant further seeks to qualify the project area for the Recovered Oil Tax Rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said area is located approximately 7 miles Southeast of Lovington, New Mexico.

16. **CASE 14364: Application of Judah Oil, L.L.C. for approval of a commercial salt water disposal well, Eddy County, New Mexico.** Applicant seeks approval to convert its existing MWJ State #1Y (API 30-015-23888) oil well to a commercial salt water disposal well. Said well is located 860 feet from the South line and 2020 feet from the West line, Unit N, Section 30, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico. Applicant seeks to inject up to 4000 barrels of produced water per day at a maximum pressure of 726 psi into the Delaware formations through perforations from 3630 to 4975 feet. Applicant may be contacted through Blaise Campanella, PO Box 568, Artesia, NM 88211 or at 575-748-5488. Said well is located approximately six miles southeast of Malaga, New Mexico.