

CASE 13370: *Application of McQuadrangle, LC for Statutory Unitization of the South RedLake II Unit Area, Eddy County, New Mexico.* Applicant seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all mineral interests in the Grayburg formation, Red Lake Queen-Grayburg-San Andres Pool, underlying 961.61 acres, more or less, of Federal and State lands in the following acreage:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 35: E/2, E/2 SW/4, SE/4 NW/4

Section 36: W/2, SW/4 NE/4

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 1: Lot 4

Section 2: Lots 1, 2, 3

Said unit to be designated the South RedLake II 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 16 miles southeast of Artesia, New Mexico.

CASE 13357: *Continued from October 21, 2004, Examiner Hearing*

Application of Matrix New Mexico Holdings, LLC, for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the bottom of the Wolfcamp formation under the following acreage in Section 10, Township 13 South, Range 38 East, in the following manner: The E/2 of said Section 10 to form a standard 320-acre gas spacing and proration unit for all pools and formations spaced on 320-acre spacing within that vertical extent; The NE/4 of said Section 10 to form a standard 160-acre spacing and proration unit for all pools and formations spaced on 160 acres within that vertical extent; The E/2 NE/4 of said Section 10 to form a standard 80-acre spacing and proration unit for all pools and formations spaced on 80 acres within that vertical extent, including, but not necessarily limited to, the East Stallion-Devonian Oil Pool; and, The NE/4 NE/4 of said Section 10 to form a standard 40-acre spacing and proration unit for all pools and formations spaced on 40-acres within that vertical extent, including, but not necessarily limited to, the Bronco-Mississippian Oil Pool; the Bronco-Siluro Devonian Oil Pool; and the Bronco-Wolfcamp Oil Pool. Applicant proposes to dedicate these pooled units to its proposed Townsend #1-A Well, to be drilled at a standard gas well location in the NE/4 NE/4 of said Section 10. 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 Matrix New Mexico Operating Company, LLC as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 3 miles Southwest of Bronco, Texas.

CASE 13359: *Continued from October 21, 2004, Examiner Hearing*

Application of Mewbourne Oil Company 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 9, Township 21 South, Range 35 East, and in the following manner: The N/2 to form a standard 320-acre gas spacing and proration unit for any and all formations developed on 320-acre spacing within that vertical extent, including the Undesignated South Osudo-Morrow Gas Pool; the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations developed on 160-acre spacing within that vertical extent, including the Undesignated South Osudo-Wolfcamp Gas Pool; and the SE/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations developed on 40-acre spacing within that vertical extent, including the Undesignated Osudo-Wolfcamp Pool and Undesignated Osudo-Strawn Pool. The units are to be dedicated to the proposed Osudo "9" State Com. Well No. 1, to be drilled at an orthodox location in the SE/4 NE/4 (Unit H) 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. The units are located approximately 7½ miles west of Oil Center, New Mexico.