Examiner Hearing – January 19, 2006 Docket No. 03-06 Page 4 of 11

CASE 13630: Application of Devon Energy Production Company, L.P. for lease commingling, Eddy County, New Mexico. Devon Energy Production Company, L.P. seeks an exception to Rule 19.15.5.303A NMAC to authorize the surface commingling of production from the Northeast Red Lake Glorieta-Yeso Pool and the Red Lake Queen-Grayburg-San Andres Pool originating from its wells located on Federal Oil and Gas Leases NM 033865, NM 29270, NM 056122, LC 026874(b), NM 025528, NM 0557370, LC 064050(a), and LC 067849, which comprise all or parts of Sections 33, 34, and 35, Township 17 South, Range 27 East. Applicant also seeks an exception to the metering requirements of Rule 19.15.5.303B(4)(a) NMAC to authorize the allocation of production from these diversely-owned wells on the basis of periodic well tests. All production from these wells is to be stored at the Eagle "34" Tank Battery, located in the NE/4 SW/4 of Section 34. The leases and wells are located approximately 8 miles East-Northeast of Atoka, New Mexico. IN THE ABSENCE OF OBJECTION, THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.

CASE 13615: Continued from January 5, 2006, Examiner Hearing

Application of Latigo Petroleum, 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 10, Township 16 South, Range 32 East, and in the following manner: The S/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 Anderson Ranch-Morrow Gas Pool; and the SE/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. The units are to be designated to the existing State "10" Well No. 1, located 660 feet from the south line and 1980 feet from the east line of Section 10, which is to be re-entered. Also to be considered will be the cost of re-entering 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 and completing the well. The units are located approximately 5-1/2 miles north-northeast of Maljamar, New Mexico.

<u>CASE 13631</u>: Application of Read & Stevens, Inc. for approval of a unit agreement, Chaves County, New Mexico. Applicant seeks approval of the Pitchfork Unit Area, comprising 1270.08 acres of federal and fee lands in Sections 7 and 18, Township 6 South, Range 27 East. The proposed unit area is located approximately 13 miles north of Campbell, New Mexico.

CASE 13632: Application of Nadel and Gussman Permian, L.L.C. for compulsory pooling, Eddy 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 30, Township 23 South, Range 28 East, and in the following manner: The E/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 North Loving-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 Undesignated South Loving-Delaware Pool. The units are to be dedicated to the Hermes Fee Well No. 1, to be located at an orthodox location in the NW/4 NE/4 of Section 30. 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 1-1/2 miles southwest of Loving, New Mexico.

<u>CASE 13633</u>: Application of Bass Enterprises Production Co. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N/2 of Section 7, Township 22 South, Range 28 East, for all pools or formations developed on 320 acre spacing within that vertical extent. Also to be considered will be the designation of applicant as operator of the well, allocation of the costs of drilling and completing the well, establishment of overhead and administrative rates together with a provision adjusting said rates pursuant to the COPAS accounting procedure, and a 200% risk charge to be assessed against nonconsenting interest owners. The well unit is located east of Carlsbad, New Mexico.