

CASE NO. 13735: Re-advertise and Continued from June 22, 2006 Examiner Hearing

Application of LCX Energy, LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the S/2 of Section 14, Township 16 South, Range 25 East, NMPM, Eddy County, New Mexico, to form a standard 320-acre gas spacing and proration unit for any and all formations and or pools developed on 320-acres, including but not necessarily limited to the Wolfcamp formation. Said units are to be dedicated to Applicant's proposed 1625 Sallee No. 141 Well to be drilled from a surface location 760' from the South line and 660' from the West line to a bottom hole location 760' from the South line and 660' from the East line of said Section 14. 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 LCX Energy, LLC or its designee as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 5 miles north of the Artesia, New Mexico, airport.

CASE NO. 13752: Application of LCX Energy, LLC for Approval of a Unit Agreement, Eddy County, New Mexico. Applicant seeks approval of the Collins Ranch State Exploratory Unit comprised of 1,120 acres of State of New Mexico lands described as follows:

Township 17 South, Range 24 East, N.M.P.M
Section 30: SE/4
Section 31: E/2
Section 32: All

The proposed unit area is located approximately 13 miles southwest of Artesia, New Mexico.

CASE NO. 13493: (Reopened) Continued from June 22, 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.

CASE NO. 13563: Continued from June 22, 2006, Examiner Hearing

Application of the New Mexico Oil Conservation Division for an Order Requiring CKG Energy, Inc. and/or Cedar Gas Company to Properly Plug 8 Well(s) and to Close Pits, Quay County, New Mexico. The applicant seeks an order requiring CKG Energy, Inc., the operator of eight inactive well(s) in Quay County, New Mexico, to properly plug and abandon the same, and to properly close abandoned pits located at the sites of said wells, and providing for such other relief as the Director deems appropriate.

CASE NO. 13753: In the matter of the hearing called by the Oil Conservation Division for an order creating, contracting vertical and horizontal limits, and extending certain pools in Chaves and Lea Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico for the production of oil from the Grayburg formation and designated as the Southwest Arrowhead-Grayburg Pool (Pool Code 97518). The discovery well is the Marathon Oil Company McDonald State AC 1-16 Well No. 1 (API No. 30-025-31268) located in Unit J of Section 16, Township 22 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM
Section 16: SE/4

(b) CREATE a new pool in Lea County, New Mexico for the production of gas from the Strawn formation and designated as the Button Mesa-Strawn Gas Pool (Pool Code 97522). The discovery well is the Yates Petroleum Corporation Faron State Unit Well No. 1 (API No. 30-025-37075) located in Unit B of Section 5, Township 9 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 32 EAST, NMPM
Section 5: E/2

(c) CREATE a new pool in Chaves County, New Mexico for the production of oil from the Wolfcamp formation and designated as the Northwest Caprock-Wolfcamp Pool (Pool Code 97509). The discovery well is the Read & Stevens Inc. Caprock 12 State Well No. 1 (API No. 30-005-27936) located in Unit L of Section 12, Township 12 South, Range 31 East, NMPM. Said pool

would comprise:

TOWNSHIP 12 SOUTH, RANGE 31 EAST, NMPM
Section 12: SW/4

(d) CREATE a new pool in Lea County, New Mexico for the production of gas from the Strawn formation and designated as the High Plains-Strawn Gas Pool (Pool Code 97515). The discovery well is the Yates Petroleum Corporation Mamalotes BAM Well No. 1 (API No. 30-025-35899) located in Unit P of Section 36, Township 14 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
Section 36: S/2

(e) CREATE a new pool in Lea County, New Mexico for the production of oil from the Glorieta formation and designated as the Southeast Justis-Glorieta Pool (Pool Code 97523). The discovery well is the COG Operating L.L.C. M D Self Well No. 5 (API No. 30-025-12449) located in Unit D of Section 6, Township 26 South, Range 38 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 38 EAST, NMPM
Section 6: NW/4

(f) CREATE a new pool in Lea County, New Mexico for the production of oil from the Upper Pennsylvanian formation and designated as the East Ranger Lake-Upper Pennsylvanian Pool (Pool Code 97527). The discovery well is the Yates Petroleum Corporation Ike State Unit Well No. 1 (API No. 30-025-37402) located in Unit E of Section 30, Township 12 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 12 SOUTH, RANGE 35 EAST, NMPM
Section 30: NW/4

(g) CREATE a new pool in Lea County, New Mexico for the production of gas from the Mississippian formation and designated as the X-4 Ranch-Mississippian Gas Pool (Pool Code 97514). The discovery well is the Yates Petroleum Corporation Merle State Unit Well No. 3 (API No. 30-025-37545) located in Unit P of Section 14, Township 10 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 34 EAST, NMPM
Section 14: E/2

(h) CREATE a new pool in Lea County, New Mexico for the production of gas from the Strawn formation and designated as the Northwest X-4 Ranch-Strawn Gas Pool (Pool Code 97520). The discovery well is the Yates Petroleum Corporation Twitty BHF State Well No. 1 (API No. 30-025-37466) located in Unit J of Section 36, Township 9 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM
Section 36: S/2

(i) CONTRACT the vertical limits of the South Button Mesa-Upper Pennsylvanian Pool (Pool Code 8380) in Lea County, New Mexico to include only the Cisco and Canyon formations and redesignate the pool as the South Button Mesa-Cisco-Canyon Pool (Pool Code 8380).

(j) CONTRACT the Hare-San Andres Gas Pool (Pool Code 78080) in Lea County, New Mexico by the deletion of the following described area:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 27: SE/4 SW/4

(k) EXTEND the Eunice-San Andres Pool (Pool Code 24150) in Lea County, New Mexico to include:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 27: SE/4 SW/4

(l) CONTRACT the East Lusk-Bone Spring Pool (Pool Code 41442) in Lea County, New Mexico by the deletion of the following described area:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 27: SW/4

Section 34: NW/4

- (m) EXTEND the South Lusk-Bone Spring Pool (Pool Code 41460) in Lea County, New Mexico to include:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 32: NE/4

Section 33: N/2

Section 34: N/2

- (n) EXTEND the East Anderson Ranch-Pennsylvanian Pool (Pool Code 1720) in Lea County, New Mexico to include:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM

Section 3: Lots 1 and 2

- (o) EXTEND the Anderson Ranch-Queen Pool (Pool Code 97027) in Lea County, New Mexico to include:

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM

Section 14: SE/4

- (p) EXTEND the South Baum-Wolfcamp Pool (Pool Code 4967) in Lea County, New Mexico to include:

TOWNSHIP 13 SOUTH, RANGE 33 EAST, NMPM

Section 28: SW/4

Section 33: W/2

- (q) EXTEND the Bell Lake-Atoka Gas Pool (Pool Code 71720) in Lea County, New Mexico to include:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM

Section 30: SE/4

- (r) EXTEND the Northwest Bootleg Ridge-Delaware Pool (Pool Code 6925) in Lea County, New Mexico to include:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM

Section 12: SW/4

- (s) EXTEND the Cormac-San Andres Pool (Pool Code 13350) in Lea County, New Mexico to include:

TOWNSHIP 10 SOUTH, RANGE 33 EAST, NMPM

Section 17: SE/4

- (t) EXTEND the Eight Mile Draw-Mississippian Gas Pool (Pool Code 97015) in Lea County, New Mexico to include:

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM

Section 21: E/2

Section 22: S/2

- (u) EXTEND the Northwest Eight Mile Draw-Morrow Gas Pool (Pool Code 97190) in Lea County, New Mexico to include:

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM

Section 21: E/2

- (v) EXTEND the EK-Bone Spring Pool (Pool Code 21650) in Lea County, New Mexico to include:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 36: SE/4

- (w) EXTEND the South Eunice-San Andres Pool (Pool Code 24170) in Lea County, New Mexico to include:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

Section 35: SW/4

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 1: W/2

- (x) EXTEND the Southwest Eunice-San Andres Pool (Pool Code 24180) in Lea County, New Mexico to include:
TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 5: SW/4
Section 6: SE/4
Section 7: NE/4
Section 17: SW/4
- (y) EXTEND the East Featherstone-Bone Spring Pool (Pool Code 24270) in Lea County, New Mexico to include:
TOWNSHIP 20 SOUTH, RANGE 36 EAST, NMPM
Section 19: N/2
- (z) EXTEND the Four Lakes-Mississippian Gas Pool (Pool Code 97053) in Lea County, New Mexico to include:
TOWNSHIP 12 SOUTH, RANGE 35 EAST, NMPM
Section 6: N/2
- (aa) EXTEND the Garrett-Drinkard Pool (Pool Code 27130) in Lea County, New Mexico to include:
TOWNSHIP 16 SOUTH, RANGE 38 EAST, NMPM
Section 30: SW/4
Section 31: W/2
- (bb) EXTEND the Southeast Greenwood-Morrow Gas Pool (Pool Code 97224) in Lea County, New Mexico to include:
TOWNSHIP 20 SOUTH, RANGE 32 EAST, NMPM
Section 5: N/2
Section 6: NE/4
- (cc) EXTEND the East Hightower-Lower Pennsylvanian Pool (Pool Code 31390) in Lea County, New Mexico to include:
TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM
Section 25: SE/4
Section 36: NE/4
- (dd) EXTEND the House-Drinkard Pool (Pool Code 33250) in Lea County, New Mexico to include:
TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM
Section 35: NE/4
- (ee) EXTEND the West Hume-Grayburg Pool (Pool Code 97444) in Lea County, New Mexico to include:
TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM
Section 15: NE/4
- (ff) EXTEND the West Hume-Queen Pool (Pool Code 33560) in Lea County, New Mexico to include:
TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM
Section 24: NW/4
- (gg) EXTEND the Southwest Jabalina-Strawn Gas Pool (Pool Code 97332) in Lea County, New Mexico to include:
TOWNSHIP 26 SOUTH, RANGE 34 EAST, NMPM
Section 25: N/2 and SW/4
Section 26: E/2
- (hh) EXTEND the Southeast Lane-Abo Pool (Pool Code 36676) in Lea County, New Mexico to include:
TOWNSHIP 10 SOUTH, RANGE 34 EAST, NMPM
Section 14: W/2 and SE/4

- (ii) EXTEND the North Lusk-Bone Spring Pool (Pool Code 41450) in Lea County, New Mexico to include:
TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 30: S/2
- (jj) EXTEND the East Lusk-Delaware Pool (Pool Code 41520) in Lea County, New Mexico to include:
TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 34: N/2
Section 35: NW/4
- (kk) EXTEND the Lusk-Wolfcamp Pool (Pool Code 41600) in Lea County, New Mexico to include:
TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 8: NE/4
Section 9: W/2
- (ll) EXTEND the East Maljamar-Paddock Pool (Pool Code 97417) in Lea County, New Mexico to include:
TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM
Section 24: NE/4
- (mm) EXTEND the Nadine-Drinkard-Abo Pool (Pool Code 47510) in Lea County, New Mexico to include:
TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 3: N/2
- (nn) EXTEND the Osudo-Morrow Gas Pool (Pool Code 82120) in Lea County, New Mexico to include:
TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM
Section 18: SW/4
- (oo) EXTEND the South Osudo-Morrow Gas Pool (Pool Code 82200) in Lea County, New Mexico to include:
TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM
Section 28: N/2
- (pp) EXTEND the Paddock Pool (Pool Code 49210) in Lea County, New Mexico to include:
TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 22: NE/4
TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 24: SW/4
- (qq) EXTEND the Paduca-Delaware Pool (Pool Code 49460) in Lea County, New Mexico to include:
TOWNSHIP 25 SOUTH, RANGE 32 EAST, NMPM
Section 16: NW/4
- (rr) EXTEND the Penrose Skelly-Grayburg Pool (Pool Code 50350) in Lea County, New Mexico to include:
TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 17: NE/4 NW/4, S/2 NW/4, N/2 SW/4 and
SW/4 SW/4
- (ss) EXTEND the North Ranger Lake-Atoka Gas Pool (Pool Code 97349) in Lea County, New Mexico to include:
TOWNSHIP 12 SOUTH, RANGE 35 EAST, NMPM
Section 18: N/2
- (tt) EXTEND the North Ranger Lake-Morrow Gas Pool (Pool Code 97362) in Lea County, New Mexico to include:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM

Section 13: W/2
Section 24: NW/4

TOWNSHIP 12 SOUTH, RANGE 35 EAST, NMPM

Section 19: SW/4
Section 30: W/2

- (uu) EXTEND the Red Tank-Bone Spring Pool (Pool Code 51683) in Lea County, New Mexico to include:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM

Section 12: NW/4

- (vv) EXTEND the Sand Springs-Mississippian Gas Pool (Pool Code 97125) in Lea County, New Mexico to include:

TOWNSHIP 10 SOUTH, RANGE 34 EAST, NMPM

Section 35: W/2

- (ww) EXTEND the Saunders-Morrow Gas Pool (Pool Code 84875) in Lea County, New Mexico to include:

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM

Section 34: E/2

- (xx) EXTEND the Shoe Bar-Atoka Gas Pool (Pool Code 85210) in Lea County, New Mexico to include:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM

Section 25: SE/4

- (yy) EXTEND the Southeast Shoe Bar-Devonian Pool (Pool Code 97438) in Lea County, New Mexico to include:

TOWNSHIP 17 SOUTH, RANGE 36 EAST, NMPM

Section 3: SW/4

- (zz) EXTEND the Teas-Pennsylvanian Gas Pool (Pool Code 86040) in Lea County, New Mexico to include:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM

Section 15: S/2

- (aaa) EXTEND the South Vacuum-McKee Gas Pool (Pool Code 97368) in Lea County, New Mexico to include:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM

Section 22: SE/4 and W/2
Section 35: S/2

- (bbb) EXTEND the Vacuum-Morrow Gas Pool (Pool Code 86840) in Lea County, New Mexico to include:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM

Section 33: S/2

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

Section 3: W/2
Section 4: NE/4
Section 5: SE/4

- (ccc) EXTEND the Weir-Drinkard Pool (Pool Code 63840) in Lea County, New Mexico to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 15: SW/4
Section 16: SE/4

- (ddd) EXTEND the X-4 Ranch-Atoka Gas Pool (Pool Code 97090) in Lea County, New Mexico to include:

TOWNSHIP 9 SOUTH, RANGE 34 EAST, NMPM

Section 32: W/2

TOWNSHIP 10 SOUTH, RANGE 33 EAST, NMPM

Section 1: S/2

Section 2: E/2

TOWNSHIP 10 SOUTH, RANGE 34 EAST, NMPM

Section 5: NW/4

Section 6: SW/4

IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.