

above-referenced spacing or proration units to its Peso State Well No. 1 to be drilled at a standard gas well location 1980 feet from the North line and 1530 feet from the West line (Unit F) of said Section 24. 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 OXY USA WTP Limited Partnership as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 8 miles southeast of Artesia, New Mexico.

CASE NO. 13724: *Application of Chaparral Oil & Gas Company for approval of a non-standard gas spacing and proration unit, San Juan County, New Mexico.* Applicant seeks approval of a non-standard gas spacing and proration unit in the Fruitland Coal formation (Basin-Fruitland Coal Gas Pool) comprised of the NW/4 of Section 24, Township 28 North, Range 11 West, N.M.P.M. The unit is located approximately 1 mile northeast of Bloomfield, New Mexico.

CASE NO. 13704: *Continued from May 11, 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 9, Township 16 South, Range 32 East, NMPM, Lea County, New Mexico, 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 Anderson Ranch-Morrow Gas Pool; and 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. The units are to be designated to the Anderson Ranch State "9" Well No. 1, to be drilled at an orthodox gas well location in the NE/4 NE/4 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 6 miles north-northwest of Maljamar, New Mexico.

CASE NO. 13725: *Application of WJP Exploration, LLC 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 E/2 of Section 16, Township 23 South, Range 24 East, NMPM, to form a standard 320-acre gas spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent, including the Undesignated South Bandana Point-Strawn Gas Pool, Undesignated Robina Draw-Atoka Gas Pool, and Undesignated Bandana Point-Strawn Morrow Pool. The unit is to be dedicated to the proposed Renata "16" State Well No. 1, to be drilled at an orthodox location in the NE/4 NE/4 of Section 16. 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 Preston Exploration, LLC as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 11-1/2 miles northwest of Whites City, New Mexico.

CASE NO. 13726: *Application of WJP Exploration, LLC 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 25, Township 18 South, Range 26 East, NMPM, 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 Undesignated Red Lake-Pennsylvanian Gas Pool and Undesignated Four Mile Draw-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 Dayton-Grayburg Pool, Undesignated Dayton-San Andres Pool, Atoka Glorieta-Yeso Pool, and Undesignated Dayton-Abo Pool. The units are to be dedicated to the Orleans "25" Well No. 1, to be drilled at an orthodox location in the NW/4 NE/4 of Section 25. 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 Preston Exploration, LLC 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 miles southeast of Atoka, New Mexico.

CASE NO. 13705: *Continued from May 11, 2006 Examiner Hearing*
Application of Range Operating New Mexico, Inc. for approval of its East Loving-Delaware Leasehold waterflood project including six injection wells to be located at unorthodox well locations and qualification of the Project Area for the Recovered Oil Tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval of its East Loving-Delaware Leasehold Waterflood Project including the injection of produced water into the following interval:

From an upper limit being the top of the Lower Brushy Canyon formation to a lower limit being the base of the Delaware Mountain Group as found in the South Culebra Buff #4B well, located 560 feet FEL and 660 feet FSL (Unit A) Section 23, T23S, R28E being points at a depth of 5737 feet for the top marker and 6249 feet for the bottom marker through 6 injection wells at unorthodox well locations within Section 23 as follows:

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| SCB 23-15 Well | 1430 feet FNL and 1150 feet FEL (Unit H) |
| SCB 23-17 Well | 2440 feet FSL and 1500 feet FWL (Unit K) |
| SCB 23-18 Well | Surface: 1815 feet FNL and 1200 feet FWL (Unit D) |

SCB 23-19 Well Bottomhole: 1300 feet FWL and 1000 feet FNL (Unit E)
 Surface: 1950 feet FNL and 2470 feet FWL (Unit F)
 Bottomhole: 2620 feet FEL and 1300 feet FNL (Unit F)
SCB 23-20 Well 2520 feet FSL and 2460 feet FEL (Unit J)
SCB 23-21 Well 2531 FSL and 1252 FEL (Unit I)

within the following described area:

Township 23 South, Range 28 East, NMPM

Section 23:

- Tract 1: W/2 NW/4; SE/4 NW/4 and SW/4 NE/4 (160-acres)
- Tract 2: NE/4 NW/4 and NW/4 NE/4 (80-acres)
- Tract 3: E/2 NE/4 (80) acres)
- Tract 4: N/2 SW/4 (80-acres)
- Tract 5: N/2 SE/4 (80-acres)
- Tract 6: S/2 SE/4 (80-acres)

Applicant also requests that the Division, in accordance with Division Rule 701 and pursuant to the New Mexico "Enhanced Oil Recovery Act," approve this project for the recovered oil tax rate for enhanced oil recovery. 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 the waterflood operations. This Unit is located approximately 2 miles East of Loving, New Mexico.

CASE NO. 13720: Application of the New Mexico Oil Conservation Division for a Compliance Order Against CBS Operating Corp.

The Applicant seeks an order determining that operator knowingly and willfully violated 19.15.9.703 NMAC, imposing civil penalties, requiring operator to bring the wells into compliance with 19.15.9.703 NMAC or plug the wells by a date certain, and in the event of non-compliance, authorizing the Division to forfeit the applicable financial assurance and plug and abandon the wells. The affected wells are: H G Watson, #007 30-015-03293, J-4-18S-29E; Burnham Grayburg San Andres Unit #001A, 30-015-04044, L-2-17S-30E; Burnham Grayburg San Andres Unit #001C, 30-015-04049, P-2-17S-30E; Burnham Grayburg San Andres Unit #003A, 30-015-04058, H-2-17S-30E; Federal KK #003, 30-015-04066, J-3-17S-30E; Federal Q #001, 30-015-04068, 4-3-17S-30E; Federal Q #004, 30-015-04071, F-3-17S-30E; Federal L #002, 30-015-04406, 2-31-17S-30E; North Square Lake Unit 127, 30-015-04949, H-31-16S-31E; Featherstone #005, 30-015-05034, C-2-17S-31E; Federal KK #001, 30-015-20315, P-3-17S-30E; Loco Hills A Federal #002, 30-015-20536, N-10-17S-30E; Loco Hills B Federal #001, 30-015-20537, P-9-17S-30E; Loco Hills A Federal #005, 30-015-20610, L-10-17S-30E; Loco Hills B Federal #005, 30-015-20672, J-9-17S-30E; North Square Lake Unit #069, 30-015-03925; North Square Lake Unit #145, 30-015-04948, I-31-16S-31E; Artesia State Unit #002D, 30-015-21449, A-23-18S-27E; Artesia State Unit #002, 30-015-21486, L-13-18S-27E; Artesia State Unit #001E, 30-015-21487, B-23-18S-27E. The affected wells are located approximately 10-30 miles east and southeast of Artesia, Eddy County, New Mexico.

CASE NO. 13721: Application of the New Mexico Oil Conservation Division for a Compliance Order Against CBS Operating Corp.

The Applicant seeks an order requiring CBS Operating Corp. to bring inactive wells into compliance with 19.15.4.201 NMAC; authorizing the Division to plug said wells in the event of noncompliance and forfeit the applicable financial assurance; imposing civil penalties, and for such other relief as the Director deems appropriate. The affected wells are the following:

- Artesia State Unit #001, 30-015-00883, D-13-18S-27E
- Constate #001, 30-015-05017, C-36-16S-31E
- Cowtown Unit #201, 30-015-01849, M-13-18S-28E
- Cowtown Unit #401, 30-015-02037, D-24-18S-28E
- Cowtown Unit #402, 30-015-02032, E-24-18S-28E
- Featherstone #002, 30-015-05037, F-2-17S-31E
- Featherstone #004, 30-015-05039, 4-2-17S-31E
- Federal JJ #003, 30-015-20737, N-3-17S-30E
- Federal L #004, 30-015-04411, F-31-17S-30E
- Federal R #007, 30-015-20695, B-10-17S-30E
- HG Watson #006, 30-015-20312, K-4-18S-29E
- HG Watson #008, 30-015-03294, 0-4-18S-29E
- J L Langford #006, 30-015-03362, C-9-18S-29E
- Loco Hills A Federal #006, 30-015-10611, D-15-17S-30E
- Loco Hills A Federal #007, 30-015-20615, F-15-17S-30E
- Loco Hills B Federal #009, 30-015-25110, I-9-17S-30E
- North Square Lake Unit, #20, 30-015-04936, B-30-16S-31E
- North Square Lake Unit #038, 30-015-04937, G-30-16S-31E
- North Square Lake Unit #046, 30-015-04899, G-28-16S-31E
- North Square Lake Unit #070, 30-015-20316, P-25-16S-30E