

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