

DOCKET: EXAMINER HEARING - THURSDAY – July 20, 2006

**8:15 A.M. - 1220 South St. Francis
Santa Fe, New Mexico**

Docket Nos. 25-06 and 26-06 are tentatively set for August 3, 2006 and August 17, 2006. Applications for hearing must be filed at least 30 days in advance of hearing date. OCD Rule 1211.B requires parties who intend to present evidence at an adjudicatory hearing to file a pre-hearing statement no later than the Thursday before the hearing, and serve a copy on opposing counsel of record. If the OCD does not receive a pre-hearing statement from the applicant by the close of business on the Thursday before the hearing, the hearing may be continued or dismissed by order of the examiner. If a protesting party fails to submit a timely pre-hearing statement, the hearing may be continued at the applicant's request. The following Cases will be heard by an Examiner.

CASE NO. 13729: Continued from July 6, 2006 Examiner Hearing

Application of OGX Resources 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 S/2 of Section 8, T24S, R27E, NMPM, Eddy County, New Mexico, forming a standard 320-acre gas spacing and proration unit for production from any and all formation or pools developed on 320-acre spacing including but not limited to the Black River-Morrow Gas Pool. This unit is to be dedicated to its Red Bat Fee Com Well No. 1 (API# 30-015-34701) to be drilled at a standard gas well location in Unit O of this section. Also to be considered will be the costs of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of OGX Resources LLC as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 8 miles West from Malaga, New Mexico.

CASE NO. 13746: Application of OGX Resources 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 W/2 of Section 11, T24S, R28E, NMPM, Eddy County, New Mexico, forming a standard 320-acre gas spacing and proration unit for production from any and all formation or pools developed on 320-acre spacing including but not limited to the Malaga-Morrow Gas Pool. This unit is to be dedicated to its C.N.B. Com Well No. 1 (API# 30-015-21786) an existing gas well located 1780 feet FSL and 660 feet FWL (Unit L) of this section. Also to be considered will be the costs of re-entry and additional drilling and completion this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of OGX Resources LLC as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 1/2 mile Northeast from Malaga, New Mexico.

CASE NO. 13650: Continued from June 22, 2006, Examiner Hearing

Application of Ridgeway Arizona Oil Corporation for Approval of a Unit Agreement, Catron County, New Mexico.

Applicant seeks approval of the Cottonwood Canyon Carbon Dioxide Gas Unit Area, comprising 89,574.12 acres of federal, state, and fee lands described as follows:

Township 2 North, Range 20 West, N.M.P.M.

Sections 30-32: All

Township 2 North, Range 21 West, N.M.P.M.

Section 9: All

Sections 14-16: All

Sections 21-28: All

Sections 33-36: All

Township 1 North, Range 20 West, N.M.P.M.

Sections 4-9: All

Sections 16-21: All

Section 26: S/2

Section 27: S/2

Sections 28-35: All

Township 1 North, Range 21 West, N.M.P.M.

Sections 1-4: All

Sections 9-16: All

Sections 21-28: All

Sections 33-36: All

Township 1 South, Range 20 West, N.M.P.M.

Sections 2-10: All

Sections 16-21: All

Sections 28-33: All

Township 1 South, Range 21 West, N.M.P.M.

Sections 1-4: All
Sections 9-16: All
Sections 21-28: All
Sections 33-36: All

Township 2 South, Range 20 West, N.M.P.M.

Sections 5-8: All
Sections 18-19: All

Township 2 South, Range 21 West, N.M.P.M.

Sections 1-4: All
Sections 9-16: All
Sections 21-28: All
Sections 33-36: All

Township 3 South, Range 21 West, N.M.P.M.

Sections 3-4: All

The proposed unit area is centered approximately 33 miles west-southwest of Quemado, New Mexico.

CASE NO. 13747: *Application of Cimarex Energy Co. for compulsory pooling, Lea County, New Mexico.* Cimarex Energy Co. seeks an order pooling all mineral interests in the Wolfcamp formation underlying the SW/4 NW/4 and NW/4 SW/4 of Section 21, Township 15 South, Range 36 East, NMPM, to form an 80-acre oil spacing unit (project area) for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Caudill-Permo Upper Penn Pool. The unit is to be dedicated to the Caudill South "21" Fee Well No. 2H, a horizontal well to be drilled at a surface location 2000 feet from the south line and 940 feet from the west line with a terminus located 1650 feet from the North line and 940 feet from the West line of Section 21. 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 unit is located approximately 4-1/2 miles North-Northeast of Lovington, New Mexico.

CASE NO. 13704: *Continued from June 22, 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. 13748: *Application of Murchison Oil & Gas, Inc. for compulsory pooling and approval of an unorthodox surface location, Eddy County, New Mexico.* Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W/2 of Section 11, Township 17 South, Range 28 East, NMPM, 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 North Empire-Atoka Gas Pool and South Empire-Morrow Gas Pool. The unit is to be dedicated to the Bobcat Fed. Com. Well No. 1, to be directionally drilled from an unorthodox surface location 107 feet from the South line and 704 feet from the West line of Section 11 to an orthodox bottom hole location in the SW/4 SW/4 of Section 11. 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 unit is located approximately 10 miles West-Northwest of Loco Hills, New Mexico.

CASE NO. 13732: *Continued from July 6, 2006 Examiner Hearing*

Application of Devon Energy Production Company, L.P. 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 22, Township 19 South, Range 31 East, NMPM, and in the following manner: The W/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 West Lusk-Morrow Gas Pool; the SW/4 to form a standard 160-acre oil or gas spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical extent, including the Undesignated Lusk-Strawn Gas Pool; and the SE/4 SW/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 West Lusk-Yates Pool, Undesignated Hackberry-Delaware Pool, and