

CASE NO. 13872: Continued from the March 1, 2007 Examiner Hearing.

Application of Charles D. Ray 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 W/2 of Section 29, Township 23 South, Range 34 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. The unit is to be designated to the TDS Well No. 1, to be drilled at an orthodox location in the NW/4 of Section 29. 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 BC Operating, Inc. as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 20-1/2 miles southwest of Oil Center, New Mexico.

CASE NO. 13771: Reopened – Amended application of Kaiser-Francis Oil Company for Promulgation of Special Pool Rules for the East Happy Valley Bone Spring Pool, for an Exception to the Gas-oil Ratio Limitation, and Assignment of a Special Depth Bracket Allowable, Eddy County, New Mexico. Applicant seeks an order establishing special pool rules for the East Happy Valley Bone Spring Pool comprised of the W/2 of Section 11, Township 22 South, Range 26 East, NMPM providing for 160-acre spacing and proration units with the option for a second well and designated well locations, including 330' setback requirements. Applicant also seeks an exception from the gas oil ratio limitation under Division Rule 506 A that would permit wells drilled within each proration unit within the pool to produce up to a GOR limitation of four thousand cubic feet of gas for each barrel of oil produced, along with an increase in the depth bracket allowable to 382 under Division Rule 505. Applicant proposes that the applicability of the special pool rules be limited to the W/2 of said Section 11. Applicant is the operator of the Mesa-Grande 11 Well No. 2 (API No. 30-015-3720) completed in the Second Bone Spring formation at a location 2661' FSL and 660' FWL (Unit L) of Section 11, T22S, R26E. The well and lands are located approximately 1/2 mile southwest of Carlsbad, New Mexico. This Application is set for hearing before a duly appointed examiner of the Oil Conservation Division on March 15, 2007 at 8:15 a.m.

CASE NO. 13890: In the Matter of the Application of Energen Resources Corporation for Compulsory Pooling and for an Exception to Rule 2 of the Special Pool Rules for the West Lindrith Gallup-Dakota Oil Pool for Designation of a Non-Standard Spacing Unit, Rio Arriba County, New Mexico. Applicant seeks an order pooling all interests in the Gallup/Dakota formation (West Lindrith Gallup-Dakota Oil Pool) underlying the Lots 3, 4 and the NW/4 of irregular Section 1, Township 24 North, Range 4 West, NMPM, Rio Arriba County, New Mexico. Applicant also seeks to designate said lands as a 216.76± acre non-standard spacing and proration unit. Applicant proposes to drill its Jicarilla 126 S No. 1-E Well to be drilled at a standard location 2535' from the North line and 1735' from the West line of Section 1. The subject lands are located approximately 9.6 miles west of Lindrith, New Mexico.

CASE NO. 13629: Reopened - Continued from the March 1, 2007 Examiner Hearing.

In the matter of Case 13629 being reopened pursuant to the provisions of Division Order No. R-12514, which order promulgated temporary special pool rules for the Sand Springs Permo Upper-Pennsylvanian Pool in Lea County, New Mexico, including provisions for 160-acre spacing units and designated well locations. Operators in the Sand Springs Permo Upper-Pennsylvanian Pool may appear and show cause why the temporary special pool rules established by this order should not be rescinded and the pool not be developed on statewide 40-acre spacing.

CASE NO. 13891: Readvertised - Application of Petrohawk Energy Corporation for authorization to reactivate a waterflood project, Lea County, New Mexico. Applicant seeks approval for a waterflood project, including the reactivation of a previously approved waterflood (OCD Orders WFX-518 and WFX-530) in Section 8 and 9, Township 22 South, Range 36 East, NMPM, to inject up to a total of 2000 barrels per day, at a maximum pressure of 750 psi, into the Queen Formation, at an approximate depth of 3790 feet to 3890 feet. This proposed waterflood involves the activation of five existing, temporarily plugged injection wells (State A A/C 2 # 61, #64, #65, #68, and # 71). Petrohawk may be contacted through its representative, Mr. Alberto Gutierrez, 500 Marquette Ave NW, Suite 1350, Albuquerque, New Mexico 87102 or (505) 842-8000. These wells are located 5 miles southwest of Eunice, New Mexico.

CASE NO. 13814: Reopen and Re-advertise - Continued from the March 1, 2007 Examiner Hearing.

Amended Application of Chi Operating, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the E/2 of Section 4, Township 22 South, Range 26 East, N.M.P.M., Eddy County, New Mexico: the E/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Happy Valley-Morrow Gas Pool and the Happy Valley-Atoka Gas Pool; the NE/4 for all formation and/or pools developed on 160-acre spacing within this vertical extent; and the NE/4 NE/4 for all

formation and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated West Carlsbad-Delaware Pool. Said units are to be dedicated to its WC "4" Well No. 4 to be horizontally drilled from a non-standard surface location 1100 feet from the North line and 990 feet from the East line (Unit A) and a bottomhole location 1600 feet from the North line and 660 feet from the East line of said Section 4 to an approximate depth 11,500 feet. 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 Chi Operating, Inc. as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 1 mile west of Carlsbad, New Mexico.

CASE NO. 13663: Reopened - Application of Synergy Operating, LLC for Compulsory Pooling, San Juan County, New Mexico. By Order No. R-12629 issued on September 12, 2006, the Division pooled all unjoined interests in the Pictured Cliffs formation in the SW/4 of Section 8, Township 29 North, Range 11 West, NMPM and in the Fruitland Coal formation, Basin-Fruitland Coal Gas Pool, in the W/2 of said Section 8 to be dedicated to the proposed Duff 29-11-8 Well No. 105 infill well and designated Applicant as the operator thereof. By its terms, Order No. R-12629 required that the subject well be drilled and completed within 120 days after commencement. Applicant failed to complete the subject well and Order No. R-12629 has expired. Applicant has sought administrative approval to reinstate Order No. R-12629 and for an extension of time to complete the subject well. Pursuant to the request of Edwin Smith, LLC, the matter is set for hearing to allow Applicant the opportunity to demonstrate good cause therefore. The well and the unit are located approximately three miles northwest of Bloomfield, New Mexico.

CASE NO. 13787: Continued from the March 1, 2007 Examiner Hearing.

Application of RSC Resources Limited Partnership for approval of a non-standard oil spacing and proration unit, compulsory pooling, and an unorthodox oil well location, Lea County, New Mexico. Applicant seeks an order approving a non-standard 80-acre oil spacing and proration unit in the Devonian formation (North Knowles-Devonian Pool) comprised of the SE/4 NE/4 and NE/4 SE/4 of Section 14, Township 16 South, Range 38 East, NMPM, and pooling all mineral interests in said unit. The unit is to be dedicated to the Lawrence Well No. 1Y, to be re-entered at an unorthodox surface location 2531 feet from the North line and 630 feet from the East line of Section 14, with an estimated unorthodox bottom hole location 2531 feet from the North line and 660 feet from the East line of Section 14, and applicant further seeks approval of said locations. Also to be considered will be the cost of re-entering, 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 re-entering, drilling, and completing the well. The unit is located approximately 6-1/2 miles north-northeast of Knowles, New Mexico.

CASE NO. 13493: Reopened - Continued from the March 1, 2007 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. 13854: Reopened - Continued from the January 18, 2007 Examiner Hearing.

Application of Myco Industries, Inc. for compulsory pooling, Chaves County, New Mexico. Myco Industries, Inc. seeks an order pooling all mineral interests in the Wolfcamp formation underlying the S/2 of Section 32, Township 15 South, Range 25 East, NMPM, to form a 320-acre gas spacing unit (project area) in the Wolfcamp formation. The unit is to be dedicated to the Alfalfa 32 Fee Well No. 1, a horizontal well which will have an orthodox location within the producing area. 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 6 miles west-southwest of Lake Arthur, New Mexico.