

CASE 13937: *Continued from the July 12, 2007 Examiner Hearing.*

Application of Mewbourne Oil Company 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 3, Township 20 South, Range 29 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 East Burton Flat-Strawn Gas Pool, West Parkway-Atoka Gas Pool, and East Burton Flat-Morrow Gas Pool. The unit is to be dedicated to the proposed Sharps 3 Fed. Com. Well No. 1, to be drilled at an orthodox location in the NW/4 SW/4 of Section 3. 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 21 miles east of Seven Rivers, New Mexico.

CASE NO. 13959: **Application of Murchison Oil & Gas, Inc. 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 Lots 1-4 and the S/2 N/2 (the N/2) of Section 3, Township 17 South, Range 29 East, NMPM, to form a standard 319.44-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 Grayburg-Atoka Gas Pool and Undesignated Grayburg-Morrow Gas Pool. The unit is to be dedicated to the Bear Draw State Com. Well No. 1, to be drilled at an orthodox location in Lot 2 of Section 3. 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 northwest of Loco Hills, New Mexico.

CASE 13928: *(Continued from June 7, 2007 Examiner Hearing)*

Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation in the following described spacing and proration units located in the E/2 of Section 34, Township 11 South, Range 31 East, N.M.P.M., Chaves County, New Mexico: the E/2 for all formations and/or pools developed on 320-acre spacing within this vertical extent; the NE/4 for all formations and/or pools developed on 160-acre spacing within this vertical extent; and the NE/4 NE/4 for all formations and/or pools developed on 40-acre spacing within this vertical extent. Said units are to be dedicated to its Tillis BJZ Well No. 1 to be drilled at a location 990 feet from the North line and 660 feet from the East line of Section 34, Township 11 South, Range 31 East, NMPM, Chaves County, New Mexico to an approximate depth of 11350 feet to test any and all formations from the surface to the base of the Mississippian formation. 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 Yates Petroleum Corporation as operator of the well and a charge for risk involved in drilling said well. Said area is located 5 miles southwest of Caprock, New Mexico

CASE NO. 13960: **Application of Parallel Petroleum Corporation for compulsory pooling, Chaves County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation in the following described spacing and proration unit located in the S/2 of Section 9, Township 15 South, Range 25 East, N.M.P.M., Chaves County, New Mexico: the S/2 for all formations and/or pools developed on 320-acre spacing. Said unit is to be dedicated to its War Emblem 1525-9 Fed Com Well No. 1 to be drilled at a surface location 1880 feet from the South line and 190 feet from the East line of Section 8, Township 15 South, Range 25 East, a penetration point 1880 feet from the South line and 660 feet from the West line and a bottomhole location 1880 feet from the South line and 660 feet from the East line of Section 9, Township 15 South, Range 25 East, NMPM, Chaves County, New Mexico to test any and all formations from the surface to the base of the Wolfcamp formation. 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 Parallel Petroleum Corporation as operator of the well and a charge for risk involved in drilling said well. Said area is located 5 miles northwest of Lake Arthur, New Mexico.

CASE 13923: *(Continued from the July 12, 2007 Examiner Hearing.*

Application of SDX Resources, Inc. for Approval of a Waterflood Project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for injection of water into the Queen, Grayburg, San Andres formation, Artesia Queen-Grayburg-San Andres Pool through one injection well located in the following described area:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 32: NE/ 4, SW/4
Section 29: SE/4 SE/4
Section 31: E/2 E/2

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
Section 6: NE/4 NE/4

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the project area without the necessity of further hearings and the adoption of such other provisions as are necessary for said waterflood operations. Said unit is located approximately 12 miles east of Artesia, New Mexico.

CASE NO. 13961: **Application of Chevron USA, Inc. for amendment of Division Order No. R-4442, as amended, to authorize a tertiary recovery project by the injection of carbon dioxide in its Vacuum Grayburg-San Andres Pressure Maintenance Project Area, approval of amendment of the cooperative water injection agreement between the Central Vacuum Unit and the Vacuum Grayburg-San Andres Unit, Lea County, New Mexico.** Applicant seeks approval to institute a tertiary recovery project in its Vacuum Grayburg-San Andres Unit Pressure Maintenance Project Area by the injection of carbon dioxide into the Grayburg and San Andres formations in the Vacuum-Grayburg-San Andres Pool. The Vacuum Grayburg-San Andres Pressure Maintenance Project encompasses portions of Section 35 of Township 17 South, Range 34 East and portions of Sections 1, 2, 11 and 12 of Township 18 South, Range 35 East, N.M.P.M. Applicant also seeks to increase the approved surface injection pressure for carbon dioxide injection in this project area to 1850 pounds. Applicant further seeks to qualify the project area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said unit is located approximately 22 miles northwest of Hobbs, New Mexico.

CASE 13865 (Reopened) (Continued from June 21, 2007 Examiner Hearing.)
Application of Versado Gas Producers, LLC operated by Targa Resources, LLC for approval of an acid gas injection well, Lea County, New Mexico. Applicant seeks an order authorizing it to utilize its proposed Versado AGI Well No. 1, to be drilled 1200 feet from the West line and 2580 feet from the South line of Section 27, Township 22 South, Range 37 East, NMPM, to inject up to 2500 barrels of acid gas per day, at a maximum pressure of 2000 psi, into the San Andres Formation, at an approximate depth of 4500 feet to 5000 feet. This proposed well will replace Eunice Gas Plant SWD Well No. 1 (API No. 30-025-21497) at this location. Versado may be contacted through its representative, Mr. Alberto Gutierrez, 500 Marquette Ave., N.W., Suite 1350, Albuquerque, New Mexico 87102 or (505) 842-8000. This well is located approximately 5 miles south of Eunice, New Mexico.

CASE 13891 (Reopened): (Continued from the June 21, 2007 Examiner Hearing)
Application of Petrohawk Energy Corporation for authorization to reactivate a waterflood project, Lea County, New Mexico. Applicant seeks approval of a waterflood project, including the reactivation of a previously approved waterflood (OCD Orders WFX-518 and WFX-530) in Sections 8 and 9, Township 22 South, Range 36 East, NMPM, to inject up to a total of 2000 barrels per day, at a maximum injection pressure of 750 psi, into the Queen Formation, at an approximate depth of 3790 feet to 3890 feet. The proposed waterflood involves the activation of five existing, temporarily plugged injection wells (State A/AC #61, #64, #65, #68, and #71). Petrohawk may be contacted through its representative, Mr. Alberto Gutierrez, 500 Marquette Ave., N.W., Suite 1350, Albuquerque, New Mexico 87102 or (505) 842-8000. These wells are located 5 miles southwest of Eunice, New Mexico.

CASE NO. 13962: **Application by Gandy Corporation for Authorization to Inject.** The Applicant has applied for a permit, and seeks approval, to reenter the Julia Culp No. 2 Well (API 30-025-30879, located at 2,310 FNL, 660 FEL, Section 34, Township 15 South, Range 35 East, Unit H, Lea County, New Mexico) for the purpose of injecting saltwater disposal fluids into the Devonian formation interval from 13,865 to 14,500 feet. A hearing on this application is set before the Oil Conservation Division Hearing Examiner, at 1220 South St. Francis Drive, Santa Fe, NM 87505, on the 26th day of July 2007, beginning at 8:15 a.m.

CASE 13940: (Continued from the July 12, 2007 Examiner Hearing.)
Application of Yates Petroleum Corporation, Yates Drilling Company, Abo Petroleum Corporation and MYCO Industries, Inc. for an order directing Pride Energy Company to plug and abandon the State "X" Well No. 1, Lea County, New Mexico. Applicants seek an order directing Pride Energy Company to plug and abandon the State "X" Well No. 1 (API No. 30-025-01838) located 1980 feet from the North line and 660 feet from the West line (Unit E) of