

23. **CASE 13972:** *(Continued from the August 23, 2007 Examiner Hearing.)*
Application of Beach Exploration, Inc. for statutory unitization, Eddy County, New Mexico. Applicant seeks an order unitizing all mineral interests in the Queen Sand member of the Turkey Track-Seven Rivers-Queen-Grayburg-San Andres Pool underlying parts of Sections 1, 2, and 11, Township 19 South, Range 29 East, NMPM, comprising 1040.00 acres of state lands for its proposed Eastland Queen Unit. Among the matters to be considered at hearing, pursuant to the New Mexico Statutory Unitization Act, NMSA 1978 §§70-7-1 et seq., will be: The necessity of unit operations; the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investments, to each of the tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate. The unit area is centered approximately 10 miles south-southwest of Loco Hills, New Mexico.
24. **CASE 13973:** *(Continued from the August 23, 2007 Examiner Hearing.)*
Application of Beach Exploration, Inc. for approval of a waterflood project and to qualify the project for the Recovered Oil Tax Rate, Eddy County, New Mexico. Applicant seeks approval to institute a waterflood project in the Queen Sand member of the Turkey Track-Seven Rivers-Queen-Grayburg-San Andres Pool by the injection of water into eighteen wells located on state lands covering parts of Sections 1, 2, and 11, Township 19 South, Range 29 East, NMPM. Applicant further seeks to qualify the project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1-5). The project is centered approximately 10 miles south-southwest of Loco Hills, New Mexico.
25. **CASE 13999:** ***Application of Harvey E. Yates Company 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 Lots 1, 2, E/2 NW/4 and NE/4 (the N/2) of Section 18, Township 18 South, Range 32 East, NMPM, to form: (i) a standard 321.89-acre gas spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent, including the Northwest Young-Morrow Gas Pool; and (ii) a standard 161.89-acre gas spacing and proration unit for all pools or formations developed on 160-acre spacing within that vertical extent. The unit is to be dedicated to the Walker 18 Fed. Com. Well No. 1, to be drilled at an orthodox location in Lot 2 of Section 18. Also to be considered will be the cost of re-entering 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 and completing the well. The unit is located approximately 11 miles southeast of Loco Hills, New Mexico.
26. **CASE 14000:** ***Application of Harvey E. Yates Company for expansion of a unit area, Otero County, New Mexico.*** Applicant seeks approval for the expansion of the Bennett Ranch Unit Area, originally approved by Division Order No. R-10527. The unit area, as expanded, comprises 11,637.09 acres of federal and state lands covering all of Sections 1-3, 10-15, 22-27, 35, and 36, Township 26 South, Range 12 East, NMPM, and Sections 18, 19, 30, and 31, Township 26 South, Range 13 East, NMPM. The unit area is centered approximately 32 miles east-northeast of the intersection of U.S. Highway with the Texas-New Mexico state line.
27. **CASE 13940:** *(Continued from the August 23, 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 Section 12, Township 12 South, Range 34 East, NMPM, Lea County, New Mexico. Said well and spacing unit are located approximately 12 miles west-northwest of Tatum, New Mexico.
28. **CASE 13957:** *(Continued from the September 6, 2007 Examiner Hearing.)*
Amended Application of Energen Resources Corporation to Amend the Cost Recovery Provisions of Compulsory Pooling Order No. R-1960, To Determine Reasonable Costs, and for Authorization To Recover Costs From Production Of Pooled Mineral Interests, Rio Arriba County, New Mexico. Applicant seeks an order amending the cost recovery provisions of Order No. R-1960 pooling all interests in the Pictured Cliffs formation, (Tapacito-Pictured Cliffs Gas Pool) underlying the SW/4 of Section 2, Township 25 North, Range 3 West, forming a standard 160-acre spacing and proration unit. Applicant proposes the amendment of the cost

recovery provisions under the original version of Order No. R-1960 to reflect the current custom and practice of the industry and the Division which allows well operators to recover the reasonable costs of operations and supervision. Applicant also seeks authorization to sell a portion or all of the pooled working interest share of production of a non-selling mineral interest owner and to obtain reimbursement of costs therefrom. The lands that are the subject of the application are located approximately one mile west of Ojito, New Mexico.

29. **CASE 13952:** *(Continued from the September 6, 2007 Examiner Hearing.)*

Application of Magnum Hunter Production, 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 the following described acreage in Section 9, Township 17 South, Range 30 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 Loco Hills-Morrow Gas Pool; the SW/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 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. The units are to be dedicated to the Stewart "9" Fed. Com. Well No. 1, to be drilled at an orthodox location in the SE/4 SW/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 Cimarex Energy Co. of Colorado as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The units are located approximately 2 miles north of Loco Hills, New Mexico.