Examiner Hearing – June 8, 2006 Docket No. 20-06 Page 3 of 7

Bottomhole: 1300 feet FWL and 1000 feet FNL (Unit E)

SCB 23-19 Well Surface: 1950 feet FNL and 2470 feet FWL (Unit F)

Bottomhole: 2620 feet FEL and 1300 feet FNL (Unit F)

SCB 23-20 Well 2520 feet FSL and 2460 feet FEL (Unit J)

SCB 23-21 Well 2531 FSL and 1252 FEL (Unit I)

within the following described area:

Township 23 South, Range 28 East, NMPM

Section 23:

Tract 1: W/2 NW/4: SE/4 NW/4 and SW/4 NE/4 (160-acres)

Tract 2: NE/4 NW/4 and NW/4 NE/4 (80-acres)

Tract 3: E/2 NE/4 (80) acres) Tract 4: N/2 SW/4 (80-acres) Tract 5: N/2 SE/4 (80-acres) Tract 6: S/2 SE/4 (80-acres)

Applicant also requests that the Division, in accordance with Division Rule 701 and pursuant to the New Mexico "Enhanced Oil Recovery Act," approve this project for the recovered oil tax rate for enhanced oil recovery. Applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the unit area without the necessity of further hearings and the adoption of any provisions necessary for such other matters as may be appropriate for the waterflood operations. This Unit is located approximately 2 miles East of Loving, New Mexico.

CASE NO. 13720: Application of the New Mexico Oil Conservation Division for a Compliance Order Against CBS Operating Corp. The Applicant seeks an order determining that operator knowingly and willfully violated 19.15.9.703 NMAC, imposing civil penalties, requiring operator to bring the wells into compliance with 19.15.9.703 NMAC or plug the wells by a date certain, and in the event of non-compliance, authorizing the Division to forfeit the applicable financial assurance and plug and abandon the wells. The affected wells are: H G Watson, #007 30-015-03293, J-4-18S-29E; Burnham Grayburg San Andres Unit #001A, 30-015-04044, L-2-17S-30E; Burnham Grayburg San Andres Unit #001C, 30-015-04049, P-2-17S-30E; Burnham Grayburg San Andres Unit #003A, 30-015-04058, H-2-17S-30E; Federal KK #003, 30-015-04066, J-3-17S-30E; Federal Q #001, 30-015-04068, 4-3-17S-30E; Federal Q #004, 30-015-04071, F-3-17S-30E; Federal L #002, 30-015-04406, 2-31-17S-30E; North Square Lake Unit 127, 30-015-04949, H-31-16S-31E; Featherstone #005, 30-015-05034, C-2-17S-31E; Federal KK #001, 30-015-20315, P-3-17S-30E; Loco Hills A Federal #002, 30-015-20536, N-10-17S-30E; Loco Hills B Federal #001, 30-015-20537, P-9-17S-30E; Loco Hills A Federal #005, 30-015-20610, L-10-17S-30E; Loco Hills B Federal #005, 30-015-20672, J-9-17S-30E; North Square Lake Unit #069, 30-015-20610, L-10-17S-30E; Loco Hills B Federal #005, 31-16S-31E; Artesia State Unit #002D, 30-015-21449, A-23-18S-27E; Artesia State Unit #002, 30-015-21486, L-13-18S-27E; Artesia State Unit #001E, 30-015-21487, B-23-18S-27E. The affected wells are located approximately 10-30 miles east and southeast of Artesia, Eddy County, New Mexico.

<u>CASE NO. 13721</u>: Application of the New Mexico Oil Conservation Division for a Compliance Order Against CBS Operating Corp. The Applicant seeks an order requiring CBS Operating Corp. to bring inactive wells into compliance with 19.15.4.201 NMAC; authorizing the Division to plug said wells in the event of noncompliance and forfeit the applicable financial assurance; imposing civil penalties, and for such other relief as the Director deems appropriate. The affected wells are the following:

Artesia State Unit #001, 30-015-00883, D-13-18S-27E

Constate #001, 30-015-05017, C-36-16S-31E

Cowtown Unit #201, 30-015-01849, M-13-18S-28E

Cowtown Unit #401, 30-015-02037, D-24-18S-28E

Cowtown Unit #402, 30-015-02032, E-24-18S-28E

Featherstone #002, 30-015-05037, F-2-17S-31E

Featherstone #004, 30-015-05039, 4-2-17S-31E

Federal JJ #003, 30-015-20737, N-3-17S-30E

Federal L #004, 30-015-04411, F-31-17S-30E

Federal R #007, 30-015-20695, B-10-17S-30E

HG Watson #006, 30-015-20312, K-4-18S-29E

HG Watson #008, 30-015-03294, 0-4-18S-29E

JL Langford #006, 30-015-03362, C-9-18S-29E

Loco Hills A Federal #006, 30-015-10611, D-15-17S-30E

Loco Hills A Federal #007, 30-015-20615, F-15-17S-30E

Loco Hills B Federal #009, 30-015-25110, I-9-17S-30E

North Square Lake Unit, #20, 30-015-04936, B-30-16S-31E

North Square Lake Unit #038, 30-015-04937, G-30-16S-31E North Square Lake Unit #046, 30-015-04899, G-28-16S-31E

North Square Lake Unit #070, 30-015-20316, P-25-16S-30E