

DOCKET: EXAMINER HEARING - THURSDAY – AUGUST 31, 2006

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

Docket Nos. 29-06 and 30-06 are tentatively set for September 14, 2006 and September 28, 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. 13735: Re-advertise and Continued from August 17, 2006 Examiner Hearing

Application of LCX Energy, LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the S/2 of Section 14, Township 16 South, Range 25 East, NMPM, Eddy County, New Mexico, to form a standard 320-acre gas spacing and proration unit for any and all formations and or pools developed on 320-acres, including but not necessarily limited to the Wolfcamp formation. Said units are to be dedicated to Applicant's proposed 1625 Sallee No. 141 Well to be drilled from a surface location 760' from the South line and 660' from the West line to a bottom hole location 760' from the South line and 660' from the East line of said Section 14. 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 LCX Energy, LLC or its designee as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 5 miles north of the Artesia, New Mexico, airport.

CASE NO. 13755: Application of Unit Petroleum Company for compulsory pooling, Lea County, New Mexico.

Applicant seeks an order pooling all mineral interests from approximately 11,920 feet subsurface to the base of the Morrow formation underlying the E/2 of Section 23, Township 20 South, Range 35 East, NMPM, to form a standard 320-acre gas spacing and proration unit for all formations and/or pools developed on 320 acre spacing within that vertical extent, including the West Osudo-Morrow Gas Pool. The unit is to be dedicated to the Byers Well No. 2, to be drilled at an orthodox gas well location in the SE/4 NE/4 of Section 23. 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 well unit is located approximately 10-1/2 miles southwest of Monument, New Mexico.

CASE NO. 13765: Application of Read & Stevens, Inc. for cancellation of one drilling permit and approval of a second drilling permit, Chaves County, New Mexico. Applicant seeks an order canceling a drilling permit issued to Samson Resources Company covering the E/2 of Section 22, Township 11 South, Range 31 East, NMPM, and requiring the Division's Artesia District Office to approve applicant's drilling permit covering the N/2 of said Section 22, to form a standard 320-acre gas spacing and proration unit in the Atoka, Morrow, and Mississippian formations. Applicant's well unit is located approximately 7 miles West-Southwest of Caprock, New Mexico.

CASE NO. 13748: Continued from August 17, 2006 Examiner Hearing.

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. 13650: Continued from August 17, 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. 13766: *Application of Williams Production Company for two non-standard spacing units, San Juan County, New Mexico.* Applicant seeks an exception to the spacing provisions of the Basin-Dakota Pool (71599) allowing development of Dakota gas production on the same two spacing and proration units previously approved for the Blanco-Mesaverde Pool (72319) in Sections 8 and 17 of Township 32 North, Range 11 West, NMPM. These two spacing units comprise the following lands: (1) E/2 W/2, W/2 E/2 of Section 17 containing 320 acres; (2) E/2 of Section 8 and E/2 E/2 of Section 17 containing 328.28 acres. Said area is located approximately 11 miles North of Aztec, New Mexico.