Examiner Hearing – July 20, 2006 Docket No. 24-06 Page 2 of 11

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. 13747: Application of Cimarex Energy Co. for compulsory pooling, Lea County, New Mexico. Cimarex Energy Co. seeks an order pooling all mineral interests in the Wolfcamp formation underlying the SW/4 NW/4 and NW/4 SW/4 of Section 21, Township 15 South, Range 36 East, NMPM, to form an 80-acre oil spacing unit (project area) for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Caudill-Permo Upper Penn Pool. The unit is to be dedicated to the Caudill South "21" Fee Well No. 2H, a horizontal well to be drilled at a surface location 2000 feet from the south line and 940 feet from the west line with a terminus located 1650 feet from the North line and 940 feet from the West line of Section 21. 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 4-1/2 miles North-Northeast of Lovington, New Mexico.

CASE NO. 13704: Continued from June 22, 2006 Examiner Hearing

Application of Latigo Petroleum, Inc. 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 following described acreage in Section 9, Township 16 South, Range 32 East, NMPM, Lea County, New Mexico, and in the following manner: The N/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 Anderson Ranch-Morrow Gas Pool; and the NE/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. The units are to be designated to the Anderson Ranch State "9" Well No. 1, to be drilled at an orthodox gas well location in the NE/4 NE/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 applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The units are located approximately 6 miles north-northwest of Maljamar, New Mexico.

CASE NO. 13748: 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. 13732: Continued from July 6, 2006 Examiner Hearing

Application of Devon Energy Production Company, L.P. 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 22, Township 19 South, Range 31 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 West Lusk-Morrow Gas Pool; the SW/4 to form a standard 160-acre oil or gas spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical extent, including the Undesignated Lusk-Strawn Gas Pool; 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, including the Undesignated Hackberry-Delaware Pool, and