

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. 13799: Application of COG Operating, L.L.C. for an unorthodox oil well location, Eddy County, New Mexico. Applicant seeks to drill its proposed Harvard Federal Well No. 7 (API No. 30-015-35055) at an unorthodox Paddock oil well location 1090 feet from the North line and 330 feet from the West line (Unit D) of Section 12, Township 17 South, Range 30 East, which is located approximately four (4) miles northeast of Loco Hills, New Mexico. The NW/4 NW/4 of Section 12 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit in the Undesignated Loco Hills-Paddock Pool (96718).

CASE NO. 13800: Application of Devon Energy Production Company, L. P. for an unorthodox gas well location, San Juan County, New Mexico. Applicant seeks an exception to Division Rule 104.C (3) for its Northeast Blanco Unit Well No. 233 (API No. 30-045-32800) drilled to and completed in the South Los Pinos Fruitland Sand-Pictured Cliffs Pool (80690) from a surface location 1400 feet from the North line and 1 foot from the West line (Unit E) of Section 23, Township 31 North, Range 7 West, which is located approximately seven (7) miles north-northeast of the Navajo Dam on the San Juan River at the Navajo Reservoir. Applicant will submit proper evidence at the hearing, pursuant to Division Rule 111.B (4), to adequately show which acreage will be dedicated to this well in order to form a standard 160-acre gas spacing unit, either: (i) the NW/4 of Section 23; or (ii) the NE/4 of Section 22, Township 31 North, Range 7 West.

CASE NO. 13790: Continued from the September 28, 2006 Examiner Hearing.

Application of XTO Energy, Inc. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant seeks approval to drill its proposed Butte Well No. 4 at an unorthodox coal gas well location within the S/2 equivalent (Lots 3 and 4, the E/2 SW/4, and the SE/4) of Irregular Section 18, Township 30 North, Range 13 West, being a 252.20-acre lay-down gas spacing unit for the Basin-Fruitland Coal (Gas) Pool (71629), 480 feet from the South line and 440 feet from the West line (Unit N) of Irregular Section 18. This unit is located approximately 4.5 miles north by west of the Four Corners Regional Airport in Farmington, New Mexico.

CASE NO. 13801: Application of U. S. Enercorp, Ltd. for an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant seeks an exception to Rule 4 (a) of the "Special Rules and Regulations for the West Puerto Chiquito-Mancos Oil Pool," as promulgated by Division Order No. R-6469-B, as amended, for its proposed Almagre Arroyo "30" Well No. 1 to be drilled as a high angle directional well through the Mancos formation from a surface location 2605 feet from the South line and 2400 feet from the West line (Unit K) of Section 30, Township 24 North, Range 1 East, to an unorthodox subsurface oil well location 990 feet from the North and West lines (Lot 1/Unit D) of Section 30. All of Section 30 is to be dedicated to this well in order to form a standard 636.40-acre oil spacing and proration unit for the West Puerto Chiquito-Mancos Oil Pool (50440).

CASE NO. 13771: (Re-advertised.) Amended Application of Kaiser-Francis Oil Company for promulgation of Special Pool Rules for the East Happy Valley Bone Spring Pool, for an exception to the Gas-Oil Ratio Limitation, and assignment of a Special Depth Bracket Allowable, Eddy County, New Mexico. Applicant seeks an order establishing special pool rules for the East Happy Valley Bone Spring Pool comprised of the W/2 of Section 11, Township 22 South, Range 26 East, NMPM providing for 160-acre spacing and proration units with the option for a second well and designated well locations, including 330' setback requirements. Applicant also seeks an exception from the gas oil ratio limitation under Division Rule 506 A that would permit wells drilled within each proration unit within the pool to produce up to a GOR limitation of four thousand cubic feet of gas for each barrel of oil produced, along with an increase in the depth bracket allowable to 382 under Division Rule 505. Applicant proposes that the applicability of the special pool rules be limited to the W/2 of said Section 11. Applicant is the operator of the Mesa-Grande 11 Well No. 2 (API No. 30-015-3720) completed in the Second Bone Spring formation at a location 2661' FSL and 660' FWL (Unit L) of Section 11, T22S, R26E. The well and lands are located approximately ½ mile southwest of Carlsbad, New Mexico.

CASE NO. 13594 (Order No. 12459): Re-opened and Re-advertised. Continued from the September 14, 2006 Examiner Hearing. Application of Kaiser-Francis Oil Company To Amend Administrative Order NSL-5133 To Establish A Non-Standard Spacing and Proration Unit and for an Exception to Rule 104(B)(1), Eddy County, New Mexico. Applicant seeks the amendment of Administrative Order NSL-5133 to establish an 80-acre non-standard spacing and proration unit consisting of the SW/4 NW/4 and NW/4 SW/4 of Section 11, T-22-S R-26-E NMPM, Eddy County, New Mexico and for an exception to Rule 104(B)(1) for the completion of: its Mesa Grande "11" Well No. 2 in the Bone Spring and Delaware formations drilled at an unorthodox oil well location 2661' FSL and 660' FWL (Unit L) of Section 11. The subject lands and well are located approximately ½ mile southwest of

Carlsbad, New Mexico.

CASE NO. 13778: Continued from the September 14, 2006 Examiner Hearing.

Application of Hayes Land & Production, LP to approve a non-standard 80-acre oil spacing and proration unit or an 80-acre project area, or in the alternative to rescind Division Order No. R-12459, Eddy County, New Mexico. Applicant requests an order establishing an 80-acre non-standard oil spacing and proration unit as an exception to Division Rule 104(B), or an 80-acre project area under Division Rule 111, in the Delaware and Bone Spring formations, comprised of the SW/4 NW/4 and NW/4 SW/4 of Section 11, Township 22 South, Range 26 East, N.M.P.M., to be dedicated to the Mesa Grande "11" Well No. 2, located at an unorthodox location 2661 feet from the South line and 660 feet from the West line (Unit L) of Section 11. In the alternative, applicant requests that Division Order No. R-12459, granting said unorthodox location, be rescinded and the well shut-in. The proposed unit is located approximately 2-1/2 miles west of Carlsbad, New Mexico.

CASE NO. 13802: Application of Yates Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant 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 W/2 of Section 33, Township 9 South, Range 34 East, N.M.P.M., Lea County, New Mexico: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the West X-4 Ranch-Mississippian Gas Pool, Undesignated X-4 Ranch Morrow Gas Pool; and the Undesignated X-4 Ranch-Atoka Gas Pool; and the SW/4 for all formations and/or pools developed on 160-acre spacing which includes but is not limited to the Vada-Upper Pennsylvanian Pool. Said units are to be dedicated to its Womack "BGW" Well No. 1 (API No. 30-025-37206) to be drilled at a standard gas well location 810 feet from the South line and 660 feet from the West line (Unit M) of said Section 33. 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 approximately 10 miles West of Crossroads, New Mexico.

CASE NO. 13787: Continued from the September 28, 2006 Examiner Hearing.

Application of RSC Resources Limited Partnership for approval of a non-standard oil spacing and proration unit, compulsory pooling, and an unorthodox oil well location, Lea County, New Mexico. Applicant seeks an order approving a non-standard 80-acre oil spacing and proration unit in the Devonian formation (North Knowles-Devonian Pool) comprised of the SE/4 NE/4 and NE/4 SE/4 of Section 14, Township 16 South, Range 38 East, NMPM, and pooling all mineral interests in said unit. The unit is to be dedicated to the Lawrence Well No. 1Y, to be re-entered at an unorthodox surface location 2531 feet from the North line and 630 feet from the East line of Section 14, with an estimated unorthodox bottom hole location 2531 feet from the North line and 660 feet from the East line of Section 14, and applicant further seeks approval of said locations. Also to be considered will be the cost of re-entering, 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 re-entering, drilling, and completing the well. The unit is located approximately 6-1/2 miles north-northeast of Knowles, New Mexico.

CASE NO. 13493: (Reopened) Continued from the September 14, 2006 Examiner Hearing

Application of Chesapeake Permian, L.P. for Compulsory Pooling, Lea County, New Mexico. By Order No. R-12343-B issued by the Division on January 10, 2006, all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the S/2 of irregular Section 4, Township 21 South, Range 35 East, were pooled to form a standard 320-acre gas spacing and proration unit for any production from any and all formations/pools developed on 320-acre gas spacing within that vertical extent, including but not limited to the South Osudo Morrow Pool. The 320-acre unit is dedicated to the Chesapeake KF 4 State Well No. 1 (API #30-025-37129) drilled at a standard surface location 660 feet from the South line and 990 feet from the East line to a bottom hole location 711 feet from the South line and 1888 feet from the East line of said Section 4. Chesapeake Operating, Inc. was designated operator of the well and was directed to furnish the Division and each known pooled working interest owner, including non-consenting interest owners, with an itemized schedule of actual well costs within ninety (90) days following completion of the well. Pursuant to the Notice of Objection to Well Costs filed by Kaiser-Francis Oil Company, and Samson Resources Company, the Division will consider the costs of drilling and completing this well and will determine reasonable well costs. The well and unit are located approximately 6 miles west of Oil Center, New Mexico.