

(ii) the S/2 N/2 of Section 34 to form a non-standard 160-acre oil spacing and proration unit (project area), for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the South Quail Ridge-Bone Spring Pool. The units are to be dedicated to the Mallon 34 Fed. Well No. 19, a horizontal well to be drilled with a surface location at an orthodox location in the SE/4 NE/4, and a terminus at an orthodox location in the SW/4 NW/4, of Section 34. 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 17 miles west of Monument, New Mexico.

14. **CASE 14370:** (*Readvertised*) (*Continued from the October 29, 2009 Examiner Hearing.*)

Application of Cimarex Energy Co. for approval of a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Cimarex Energy Co. seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the S/2 S/2 of Section 34, Township 19 South, Range 34 East, NMPM. Applicant further seeks the pooling of all mineral interests from the surface to the base of the Bone Spring formation underlying (i) the SW/4 SW/4 of Section 34 to form a standard 40-acre oil spacing and proration unit, and (ii) the S/2 S/2 of Section 34 to form a non-standard 160-acre oil spacing and proration unit (project area), for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the South Quail Ridge-Bone Spring Pool. The units are to be dedicated to the Mallon 34 Fed. Well No. 18, a horizontal well to be drilled with a surface location at an orthodox location in the SW/4 SW/4, and a terminus at an orthodox location in the SE/4 SE/4, of Section 34. 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 unit is located approximately 17 miles west of Monument, New Mexico.

15. **CASE 14388:** (*Continued from the October 29, 2009 Examiner Hearing.*)

Application of Marbob Energy Corporation for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard spacing unit comprised of the E/2 E/2 of Section 36, Township 18 South, Range 31 East, NMPM, and (2) pooling all mineral interests in the Bone Spring formation in this non-standard spacing and proration unit which spacing unit will be the project area for the Nervous Horz State Com Well No. 2 to be horizontally drilled from a surface location 330 feet from the North line and 530 feet from the East line (Unit A) and then in a southerly direction as a wildcat well in the Bone Spring formation to a bottom hole terminus at a location 330 feet from the South line and 430 feet from the East line (Unit P) of said Section 36. 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 Marbob Energy Corporation as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 12.31 miles southeast of Loco Hills, New Mexico.

16. **CASE 14353:** (*Amended and Readvertised*) (*Continued from the October 29, 2009 Examiner Hearing.*)

Application of Chi Energy, Inc. for approval of a secondary recovery 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 Brushy Canyon member of the Delaware formation (Benson-Delaware Pool) by the injection of water into nine wells located on federal lands covering parts of Sections 1, 11, and 12, Township 19 South, Range 30 East, N.M.P.M. 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-Southeast of Loco Hills, New Mexico.

17. **CASE 14354:** (*Amended and Readvertised*) (*Continued from the October 29, 2009 Examiner Hearing.*)

Application of Chi Energy, Inc. for statutory unitization, Eddy County, New Mexico. Applicant seeks an order unitizing all mineral interests in the Brushy Canyon member of the Delaware formation (Benson-Delaware Pool) underlying parts of Sections 1, 11, and 12, Township 19 South, Range 30 East, N.M.P.M., comprising 560.00 acres of federal lands for its proposed Benson Delaware 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 designation of Chi Operating, Inc. as unit operator; 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-Southeast of Loco Hills, New Mexico.