Examiner Hearing –December 16, 2010 Docket No. 40-10 Page 3 of 6

unit is to be dedicated to the South Lusk 32 State Well No. 1, a horizontal well to be drilled at a surface location in the NE/4 NE/4, with a terminus in Lot 4, of Section 32. 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 30 miles West of Monument, New Mexico.

- 7. CASE 14580: Application of Cimarex Energy Co. of Colorado for approval of a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Cimarex Energy Co. of Colorado seeks an order approving a 160.45-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of Lot 3, W/2 NE/4, and NW/4 SE/4 (the W/2 E/2) of Section 32, Township 19 South, Range 32 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the W/2 E/2 of Section 32 to form a non-standard 160.45 acre oil spacing and proration unit (project area) for any pools or formations developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the South Lusk 32 State Well No. 2, a horizontal well to be drilled at a surface location in the NW/4 NE/4, with a terminus in Lot 3, of Section 32. 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 30 miles West of Monument, New Mexico.
- 8. CASE 14581: Application of Cimarex Energy Co. of Colorado for approval of a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Cimarex Energy Co. of Colorado seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the W/2 W/2 of Section 32, Township 18 South, Range 31 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the W/2 W/2 of Section 32 to form a non-standard 160 acre oil spacing and proration unit (project area) for any pools or formations developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the West Shugart 32 State Well No. 1, a horizontal well to be drilled at a surface location in the SW/4SW/4, with a terminus in the NW/4 NW/4, of Section 32. 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 9 miles South-Southeast of Loco Hills, New Mexico.
- 9. CASE 14582: 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 E/2 E/2 of Section 23, Township 20 South, Range 34 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the E/2 E/2 of Section 23 to form a non-standard 160 acre oil spacing and proration unit (project area) for any pools or formations developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the Lynch 23 Fed. Well No. 2, a horizontal well to be drilled at a surface location in the NE/4 NE/4, with a terminus in the SE/4 SE/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 unit is located approximately 16 miles West-Southwest of Monument, New Mexico.
- 10. <u>CASE 14583</u>: Application of Farleigh Oil Properties for a compliance order against SWEPI LP and Shell Exploration and Production Company, Guadalupe County, New Mexico. Applicant requests an order requiring SWEPI LP and Shell Exploration and Production Company to comply with Division reporting requirements, including, inter alia, NMAC 19.15.5.10.B, NMAC 19.15.7.10, and NMAC 19.15.7.16, and Forms C-105, C-115, and C-150 with respect to the following wells:
 - (a) Latigo Ranch 2-34 API No. 30-019-20136 §34-10N-23E

Located approximately 5 miles West-Northwest of Cuervo, New Mexico