

PRELIMINARY DOCKET: COMMISSION MEETING – TUESDAY – JUNE 28, 2011

9:00 A.M. – Porter Hall
1220 South St. Francis
Santa Fe, New Mexico

Land Commissioner, Ray Powell, may designate a representative for this meeting, or may participate himself.

Notice: The minutes of the January 13, 2011 Commission Meeting and the December 20, 2010 Special Commission Meeting will be adopted.

The Oil Conservation Commission will hold an election to determine the Chairman of the Commission.

Notice: During this meeting, the Commission may conduct a closed executive session during which it will deliberate in connection with an administrative adjudicatory proceeding pending before the Commission or consult with Commission counsel under the attorney-client privilege concerning threatened or pending litigation in which the Commission is or may become a participant.

The Oil Conservation Commission will adopt its annual resolution setting forth reasonable notice standards for Commission Public Meetings, pursuant to the New Mexico Open Meetings Act, 10-15-1.D NMSA 1978.

Locator Key for Cases

Case 12276 – No. 1
Case 12277 – No. 2
Case 14472 – No. 3
Case 14497 – No. 7
Case 14538 – No. 8
Case 14547 – No. 4
Case 14558 – No. 5
Case 14577 – No. 6

1. **CASE 12276 (De Novo):** *(Continued from the January 13, 2011 Commission Meeting.)*
Application of Burlington Resources Oil & Gas Company for compulsory pooling, Section 36, Township 27 North, Range 8 West, San Juan County, New Mexico. This case was continued indefinitely on June 23, 2000 and has been pending since that time. The case is being scheduled for hearing in order for the applicant and all interested parties to appear and show cause why the case should not be dismissed given the lengthy time period that this matter has been pending before the Commission.
2. **CASE 12277 (De Novo):** *(Continued from the January 13, 2011 Commission Meeting.)*
Application of Burlington Resources Oil & Gas Company for compulsory pooling, Section 16, Township 31 North, Range 11 West, San Juan County, New Mexico. This case was continued indefinitely on June 23, 2000 and has been pending since that time. The case is being scheduled for hearing in order for the applicant and all interested parties to appear and show cause why the case should not be dismissed given the lengthy time period that this matter has been pending before the Commission.
3. **CASE 14472: (De Novo)** *(Continued from the January 13, 2011 Commission Meeting.)*
Application of COG Operating, LLC for Cancellation of Operator's Authority and Termination of Spacing Units, Yeso Energy, Inc. Dow "B" 28 Federal Well No. 1, Eddy County, New Mexico. Applicant seeks an order cancelling the authority of Yeso Energy, Inc. as operator of the Dow "B" 28 Federal Well No. 1 and terminating all spacing and proration units at any time dedicated to the well. These include the S/2 (Cedar Lake Morrow-East, Wildcat Cedar Lake Mississippian, and Cedar Lake Morrow pools) and the SE/4 SE/4 (Cedar Lake Devonian pool) in Section 28, Township 17 South, Range 31 East, NMPM, Eddy County. The well is located approximately four miles South of Maljamar, New Mexico and is more particularly described as follows: Dow "B" 28 Federal Well No. 1, API No. 30-015-28676, 1028' FSL & 1227' FEL (Unit P) Section 28, T-17-S, R-31-E, NMPM, Eddy County, New Mexico. Upon application of Yeso Energy, Inc., this case will be heard De Novo pursuant to the provisions of Division Rule 19.15.4.23.
4. **CASE 14547:** *(Continued from the January 13, 2011 Commission Meeting.)*
Application of the New Mexico Oil Conservation Division. The Applicant seeks an order authorizing the Oil Conservation Division to recognize an operator of record for wells currently operated by Yeso Energy, Inc., OGRID 221710. The affected wells are: Dalton Federal #001, 30-015-25259, H-29-17S-29E (located near Loco Hills in Eddy

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County); Dow B 28 Federal #001, 30-015-28676, P-28-17S-31E (located approximately 5 miles Southeast of Maljamar in Lea County); Gulf McKay Federal #001, 30-025-25471, N-34-18S-32E (located approximately 12 miles Southeast of Maljamar in Lea County); and Morgan Federal #001, 30-005-20667, 3-6-10S-30E (located approximately 15 miles Northwest of Caprock in Chaves County).

5. **CASE 14558: (De Novo) Application of Marbob Energy Corporation for vertical expansion of the Burch Keely Unit, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order amending Order No. R-7900-A to extend the vertical limits in the Burch Keely Unit to expand the Unitized Formation to 5000 feet. The Unit Area consists of lands in Sections 12, 13, 23 through 26 in Township 17 South, Range 29 East and Sections 18, 19 and 30 in Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico. Said area is located approximately 2 miles West of Loco Hills, New Mexico. Upon application of ConocoPhillips Company, this case will be heard De Novo pursuant to the provisions of Division Rule 19.15.4.23.
6. **CASE 14577: (De Novo) Application of COG Operating LLC for vertical extension of the Grayburg-Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool to correspond with the Unitized Formation of the Burch-Keely Unit, Eddy County, New Mexico.** Applicant seeks an order amending Division Order No. R-10067 to extend the vertical limits of the Grayburg-Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool to a depth of 5,000 feet to correspond with the proposed extension of the Unitized Formation of the Burch-Keely Unit. The pool and unit area are comprised of the following lands:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 12: SE/4 SE/4
Section 13: All
Section 23 through 26: All

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Sections 18 and 19: All
Section 30: All

The pool and unit are located approximately 2 miles West of Loco Hills, New Mexico. Upon application of ConocoPhillips Company, this case will be heard De Novo pursuant to the provisions of Division Rule 19.15.4.23.

7. **CASE 14497: (De Novo) Application of David H. Arrington Oil & Gas Inc. for compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing unit located in the S/2 of Section 26, Township 15 South, Range 34 East, N.M.P.M., Lea County, New Mexico: the S/2 for all formations and/or pools developed on 320-acre spacing within this vertical extent including the North Eidson Morrow Gas Pool, the Undesignated North Hume Morrow Gas Pool and the Undesignated Grassland Austin Gas Pool; and the SE/4 for all formations and/or pools developed on 160-acre spacing within this vertical extent. Said unit is to be dedicated to its Green Eyed Squealy Worm Well No. 1 to be re-entered 1974 feet from the South line and 1129 feet from the East line of said Section 26. 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 David H. Arrington Oil & Gas Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 3 miles West of Lovington, New Mexico. Upon application of David H. Arrington Oil & Gas, Inc., this case will be heard De Novo pursuant to the provisions of Division Rule 19.15.4.23.
8. **CASE 14538: (De Novo) Application of Marshall & Winston, Inc. to cancel an operator's authority and terminate a spacing unit, and approve a change of operator, Lea County, New Mexico.** Applicant seeks an order canceling the authority of David H. Arrington Oil & Gas, Inc. to operate the Green Eyed Squealy Worm Well No. 1, located 1974 feet from the south line and 1129 feet from the East line of Section 26, Township 15 South, Range 34 East, NMPM, and terminating the S 1/2 of Section 26 spacing unit currently dedicated to the well. Applicant further requests that it be approved as operator of the well. The well is located approximately 8 miles West-Northwest of Lovington, New Mexico. Upon application of David H. Arrington Oil & Gas, Inc., this case will be heard De Novo pursuant to the provisions of Division Rule 19.15.4.23.