

SUPPLEMENT DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 1, 2011

8:15 A.M. - 1220 South St. Francis
Santa Fe, New Mexico

Docket Nos. 35-11 and 1-12 are tentatively set for December 15, 2011 and January 5, 2012. Applications for hearing must be filed at least 30 days in advance of hearing date. OCD Rule 1211.B requires parties who intend to present evidence at an adjudicatory hearing to file a pre-hearing statement no later than the Thursday before the hearing, and serve a copy on opposing counsel of record. If the OCD does not receive a pre-hearing statement from the applicant by the close of business on the Thursday before the hearing, the hearing may be continued at the applicant's request. The following cases will be heard by an Examiner.

<i>Locator Key</i>
<i>Case 14624 - No. 19</i>
<i>Case 14627 - No. 20</i>
<i>Case 14628 - No. 21</i>
<i>Case 14657 - No. 1</i>
<i>Case 14671 - No. 3</i>
<i>Case 14729 - No. 22</i>
<i>Case 14741 - No. 18</i>
<i>Case 14743 - No. 4</i>
<i>Case 14745 - No. 23</i>
<i>Case 14746 - No. 8</i>
<i>Case 14754 - No. 5</i>
<i>Case 14755 - No. 6</i>
<i>Case 14762 - No. 2</i>
<i>Case 14763 - No. 7</i>
<i>Case 14764 - No. 9</i>
<i>Case 14765 - No. 10</i>
<i>Case 14766 - No. 11</i>
<i>Case 14767 - No. 12</i>
<i>Case 14768 - No. 13</i>
<i>Case 14769 - No. 14</i>
<i>Case 14770 - No. 15</i>
<i>Case 14771 - No. 16</i>
<i>Case 14772 - No. 17</i>

1. **CASE 14657:** (This case will be called to determine if Operator has complied with the provisions of Division Order No. R-13448.)
Application of the New Mexico Oil Conservation Division for a Compliance Order against McDonnold Operating Inc. revoking injection permits R-3269 and WFX-510 for the Langlie Jack Unit. The requested revocation would affect the following injection wells: Langlie Jack Unit #004, B-20-24S-37E, 30-025-11174; Langlie Jack Unit #006, D-20-24S-37E, 30-025-11173; Langlie Jack Unit #007, F-20-24S-37E, 30-025-11172; Langlie Jack Unit #010, E-21-24S-37E, 30-025-11177; Langlie Jack Unit #012, I-20-24S-37E, 30-025-11154; Langlie Jack Unit #014, O-20-24S-37E, 30-025-11169; and Langlie Jack Unit #017, A-29-24S-37E, 30-025-11276. The affected wells are located approximately 5 miles South of Teague, New Mexico in Lea County
2. **CASE 14762:** Application of Chesapeake Exploration, LLC, to reinstate Order Nos. R-13303 And R-13303-A approving statutory unitization of the Chambers Strawn Unit Area, the corresponding Chambers Strawn Unit Waterflood Project, and certification of the waterflood project as an enhanced oil recovery project pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks an order from the Division reinstating Order Nos. R-13303 and R-13303-A that approved (1) statutory unitization of the Chambers Strawn Unit Area, (2) the corresponding waterflood project, and (3) certification of the waterflood project as an enhanced oil recovery project. The Chambers Strawn Waterflood Project is comprised of the following 480 acres, more or less, of fee lands located in Lea County, New Mexico:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM

Section 7: NE/4, NE/4 SE/4

Section 8: NW/4 NW/4, S/2 NW/4, SW/4

Applicant seeks to reinstate the unit area and the authority to conduct waterflood operations by injection of water into the Strawn formation initially through the following two injection wells:

Chambers 7 Well No. 1
1700 feet FNL & 900 feet FEL
Unit H, Section 7, Township 16 South, Range 36 East, NMPM
Lea County, New Mexico
API No. 30-025-33623

Runnels 8 Well No. 1
780 feet FSL & 1510 feet FWL
Unit N, Section 8, Township 16 South, Range 36 East, NMPM
Lea County, New Mexico
API No. 30-025-34264

The applicant further requests that the Division re-establish the procedures for the administrative approval of additional injection wells within the unit area and the re-adoption of the provisions set forth in Order Nos. R-13303 and R-13303-A for said waterflood operations. Applicant further seeks to re-certify the waterflood project as an enhance oil recovery project pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said area is located approximately 1 mile West of Lovington, New Mexico.

3. ***CASE 14671: (amended and readvertised) (Continued from the October 27, 2011 Examiner Hearing.)***
Application of Apache Corporation for approval of a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Unit Agreement for the South Pacific State Exploratory Unit Area, comprising 2560 acres of state lands covering all or part of Sections 5, 8, 9, 16, and 17, Township 12 South, Range 36 East, NMPM. The proposed unit area is centered approximately 2 miles North-Northwest of Tatum, New Mexico.
4. ***CASE 14743: (Continued from the November 10, 2011 Examiner Hearing.)***
Application of Endeavor Energy Resources, L.P. for approval of a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order approving a non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the E/2 E/2 of Section 15, Township 26 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the E/2 E/2 of Section 15 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. The unit is to be dedicated to the Red Bull "15" Fed. Com. Well No. 1, a horizontal well to be drilled with a surface location in the SE/4 SE/4, and a terminus in the NE/4 NE/4, of Section 15. 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 Endeavor Energy Resources, L.P. as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 20 miles west of Bennett, New Mexico.
5. ***CASE 14754: (Continued from the November 10, 2011 Examiner Hearing.)***
Application of Celero Energy II, LP to approve the expansion of the Drickey Queen Sand Unit Area and to consolidate secondary recovery projects within the expanded unit area, Chaves County, New Mexico. Applicant seeks an order approving the expansion of the Drickey Queen Sand Unit Area, covering 7002.52 acres, to include 240.24 acres of land not originally within the unit area. The unit area, as expanded, contains 7242.76 acres of federal, state, and fee lands covering all or parts of Sections 33-35, Township 13 South, Range 31 East, N.M.P.M., and Sections 1-5, 9-11, 14-16, and 22, Township 14 South, Range 31 East, N.M.P.M. Applicant further seeks the consolidation of existing Division-approved secondary recovery projects covering the lands in the unit area, as expanded, into a single project for the Drickey Queen Sand Unit Area. The unit area is centered approximately 19-1/2 miles south-southwest of Caprock, New Mexico.
6. ***CASE 14755: (Continued from the November 10, 2011 Examiner Hearing.)***
Application of Principal Properties for a non-standard gas spacing and proration unit, Eddy County, New Mexico. Applicant seeks an order approving a non-standard 320 acre gas spacing and proration unit in the Morrow formation (Little Box Canyon-Morrow Gas Pool) comprised of the SW/4 of Section 1 and the NW/4 of Section 12, Township 21 South, Range 21 East, N.M.P.M. The unit is to be dedicated to the Horseshoe Canyon Fed. Com. Well No. 1, to be drilled at an unorthodox location in the SW/4 SW/4 of Section. The unit is located approximately 1 miles west-southwest of Seven Rivers, New Mexico.