

DOCKET: EXAMINER HEARING - THURSDAY – APRIL 12, 2012

8:15 A.M. - 1220 South St. Francis

Santa Fe, New Mexico

Notice of Abatement Plan Filing pursuant to 19.15.30.15.D NMAC: Stage 2 Abatement Plan (AP-51) for the Former Caribou Refinery (located in Section 17, Township 29 North, Range 14 West, NMPM near Kirtland, NM in San Juan County) was filed with the Oil Conservation Division by Maverik Country Stores of North Salt Lake, Utah on March 9, 2012. The stated purpose of the Plan is to provide an evaluation of remediation alternatives and a design of the recommended alternative for the abatement of contaminated soil and groundwater resulting from unauthorized releases from the facility.

Docket Nos. 12-12 and 13-12 are tentatively set for April 26, 2012 and May 10, 2012. Applications for hearing must be filed at least 30 days in advance of hearing date. OCD Rule 19.15.4.13.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. The following cases will be heard by an Examiner.

Locator Key for Cases***Case 14698 – No. 13******Case 14703 – No. 10******Case 14704 – No. 11******Case 14705 – No. 12******Case 14745 – No. 14******Case 14770 – No. 8******Case 14771 – No. 9******Case 14787 – No. 4******Case 14798 – No. 6******Case 14809 – No. 1******Case 14810 – No. 2******Case 14811 – No. 3******Case 14812 – No. 5******Case 14813 – No. 7***

1. **CASE 14809:** *Application of Mewbourne Oil Company for approval of a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.* Mewbourne Oil Company 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 W/2 of Section 35, Township 23 South, Range 28 East, NMPM. Applicant further seeks the pooling of all mineral interests (i) from the surface to the base of the Bone Spring formation underlying the NE/4 NW/4 of Section 35 to form a standard 40 acre oil spacing and proration unit, and (ii) the Bone Spring formation underlying the E/2 W/2 of Section 35 to form a non-standard 160 acre oil spacing and proration unit (project area), for all pools or formations developed on 40 acre spacing within that vertical extent. The units are to be dedicated to the Layla 35' Well No. 2, a horizontal well with a surface location in the NE/4 NW/4, and a terminus in the SE/4SW/4, of Section 35. 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 units are located approximately 2-1/2 miles north-northeast of Malaga, New Mexico.
2. **CASE 14810:** *Application of Mewbourne Oil Company for approval of a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico.* Mewbourne Oil Company 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 W/2 of Section 10, Township 26 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests (i) from the surface to the base of the Bone Spring formation underlying the NE/4 NW/4 of Section 10 to form a standard 40 acre oil spacing and proration unit, and (ii) the Bone Spring formation underlying the E/2 W/2 of Section 10 to form a non-standard 160 acre oil spacing and proration unit (project area), for all pools or formations developed on 40 acre spacing within that vertical extent. The units are to be dedicated to the Salado Draw 10 Fed. Com. Well No. 1, a horizontal well with a surface

location in the NE/4.NW/4, and a terminus in the SE/4SW/4, of Section 10. 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 units are located approximately 22 miles west of Bennett, New Mexico.

3. **CASE 14811: Application of Cimarex Energy Co. for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico.** Cimarex Energy Co. seeks an order pooling of all mineral interests in the Wolfcamp formation underlying the W/2 of Section 23, Township 25 South, Range 26 East, NMPM, to form a standard 320 acre gas-well spacing and proration unit (project area). The unit is to be dedicated to the Pintail 23 Fed. Com. Well No. 9, a horizontal well to be drilled at an unorthodox surface location 250 feet from the south line and 650 feet from the west line, with a terminus at an unorthodox location 330 feet from the north line and 350 feet from the west line, 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 6 miles south-southwest of Black River Village, New Mexico.
4. **CASE 14787: Readvertised (Continued from the March 1, 2012 Examiner Hearing.) Application of Nearburg Exploration Company, L.L.C. for a non-standard oil spacing and proration unit, unorthodox oil well locations, and compulsory pooling, Lea County, New Mexico.** Applicant seeks an order approving a non-standard oil spacing and proration unit in the Devonian formation comprised of the W/2 NW/4 of Section 8, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico, approving unorthodox oil well locations in the Strawn and Devonian formations, and pooling all mineral interests in the Devonian formation underlying the non-standard unit. Applicant proposes to drill the Midway 8 State Well No. 1 at an unorthodox location 925 feet from the North line and 1644 feet from the West line of Section 8, to a depth sufficient to test the Strawn formation, and will dedicate the NE/4 NW/4 of Section 8 to the well in the Strawn formation. In the event the well does not result in commercial Strawn production, applicant plans to directionally drill the well to an unorthodox bottomhole location approximately 1139 feet from the North line and 1195 feet from the West line of Section 8 to test the Devonian formation (Midway-Devonian Pool). Applicant requests that a non-standard spacing and proration unit comprised of the W/2 NW/4 of Section 8 be dedicated to the well, to be re-named the Midway 8 State Com. Well No. 1, and pooling all mineral interest owners in the Devonian formation underlying the W/2 NW/4 of Section 8. 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 Nearburg Producing Company as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 5-1/2 miles northwest of Humble City, New Mexico.
5. **CASE 14812: Application of COG Operating LLC 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 160-acre, more or less, oil spacing and proration unit in the Yeso formation, comprised of the E/2 W/2 of Section 6, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico; and (2) pooling all mineral interests in the Yeso formation underlying this proposed non-standard spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the Arabian 6 Fee No. 2H well, to be horizontally drilled from a surface location 150 feet from the South line and 1700 feet from the West line of said Section 6 (Unit N) to a bottom-hole terminus at a location 330 feet from the North line and 1700 feet from the West line of said Section 6 (Unit C). The completed interval for this well will be within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of COG Operating LLC as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 3 miles northwest of Lakewood, New Mexico.
6. **CASE 14798: (Continued from the March 15, 2012 Examiner Hearing.) Application of OXY USA WTP Limited Partnership for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order: (1) creating a non-standard 180-acre, more or less, oil spacing and proration unit in the Bone Spring formation, comprised of Lot 4, Section 31, Township 18 South, Range 31 East, and Lots 4, 5, 6, and 7 in Section 6, Township 19 South, Range 31 East, N.M.P.M., Eddy County, New Mexico; and (2) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the Samantha 31-6 Federal Com. No. 1H, to be horizontally drilled from a standard surface location 990 feet from the South line and 450 feet from the West line of Lot 4 of said Section 31 to a bottom-hole terminus at a location 330 feet from the South line and 660 feet from the West line of Lot 7 of said Section 6. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of OXY USA WTP Limited Partnership as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 18 miles southeast of Locohills, New Mexico.