

**DOCKET: EXAMINER HEARING - THURSDAY - MAY 19, 2005**

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

Docket Nos. 17-05 and 18-05 are tentatively set for June 2, 2005 and June 16, 2005. Applications for hearing must be filed at least 23 days in advance of hearing date. OCD Rule 1208.B requires parties who intend to present evidence at an adjudicatory hearing to file a pre-hearing statement no later than the Friday 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 Friday before the hearing, the hearing may be continued or dismissed by order of the examiner. If a protesting party fails to submit a timely pre-hearing statement, the hearing may be continued at the applicant's request. The following cases will be heard by an Examiner.

**CASE 13448: Continued from April 21, 2005, Examiner Hearing**

**Application Of Myco Industries, Inc. For Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the N/2 of Section 32, Township 21 South, Range 28 East, in order to form a standard 320-acre gas spacing and proration unit for all formations or pools spaced on 320 acres within this vertical extent, which presently include but are not necessarily limited to the Undesignated East Carlsbad-Wolfcamp, Undesignated East Carlsbad-Strawn, and the Undesignated East Carlsbad-Morrow Gas Pools. This spacing and proration unit is to be dedicated to the Throckmorton 32 State Com Well No. 1 to be drilled at a standard location 1980 feet from the North line and 660 feet from the East line of Section 32 in order to test the Morrow formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, the actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 5 miles east of Carlsbad, New Mexico.

**CASE 13487: Contined from May 5, 2005, Examiner Hearing**

**Application of Preston Exploration, L.L.C. For Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order pooling the owner of operating rights under federal oil and gas lease No. NMNM 0553777 covering the SW/4 SW/4 of Section 2, Township 20 South, Range 25 East, in all formations from the surface to the deeper of the base of the Morrow formation or 9,772 feet subsurface to form a standard 320-acre gas spacing and proration unit for all formations or pools spaced on 320 acres within this vertical extent, which presently include but are not necessarily limited to the Cemetary Morrow Gas Pool. This spacing and proration unit is to be dedicated to the Cemetary "2" No. 2 Well to be drilled to the Morrow formation at a standard gas well location 660 feet from the South line and 1,750 feet from the East line of Section 2. This Application is brought pursuant to the provisions of 19.15.14.1207 A.(1)(b) NMAC. Applicant has been unable to locate Santa Fe Exploration Company, the owner of the operating rights referenced above. The last known address for the owner of the interests to be pooled is:

Santa Fe Exploration Company  
201 W. Third Street  
Roswell, New Mexico 88201

Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, the actual operating costs and charges for supervision, designation of applicant as operator and a charge for risk involved in drilling the well. The lands that are the subject of the application are located approximately two miles west of Seven Rivers, New Mexico.

**CASE 13489: Application of McQuadrangle, LC for statutory unitization of the South RedLake II Unit Area, Eddy County, New Mexico.** Applicant seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all mineral interest in the Grayburg and San Andres formations, Red Lake Queen-Grayburg-San Andres Pool, underlying 961.61 acres, more or less, of Federal and State lands in the following acreage:

**TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM**

Section 35: E/2, E/2 SW/4, SE/4 NW/4,  
Section 36: W/2, SW/4 NE/4

**TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM**

Section 1: Lot 4  
Section 2: Lots 1, 2, 3

Said unit to be designated the South Red Lake II Unit. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the designation of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various 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 for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a non-consent penalty for risk to be charged against carried working interests within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said unit area is located approximately 16 miles southeast of Artesia, New Mexico.

**CASE 13479: Readvertised**

**Amended Application of Dominion Exploration & Production, Inc. for an exemption to the provisions of Division Rule 310.A, Chaves, Eddy and Lea Counties, New Mexico.** Applicant seeks an exemption to the provisions of Division Rule 310.A which provides that fire walls required by this rule shall form a reservoir having a capacity one-third larger than the capacity of enclosed tank or tanks and instead authorize the firewalls around forty-five facilities to permit each facility to be operated in compliance with the requirements established by the Environmental Protection Agency for such facilities. These facilities are located at various sites in Chaves, Eddy and Lea Counties, New Mexico as follows:

**Chaves County:**

R&S Federal #1 Tank Battery – Unit L, Section 17, Township 15 South, Range 28 East

R&S State Tank Battery – Unit D, Section 17, Township 15 South, Range 28 East

**Eddy County:**

Abby Federal #5 – Unit P, Section 28, Township 26 South, Range 30 East

Aoudad Federal Central Tank Battery – Unit A, Section 33, Township 22 South, Range 26 East

Artesia 21 State #2 Tank Battery – Unit H, Section 21, Township 18 South, Range 28 East

Barbados State #1- Unit I, Section 32, Township 22 South, Range 26 East

Big Eddy #117 SWD – Unit M, Section 25, Township 22 South, Range 28 East

Dall Federal #1 Tank Battery – Unit K, Section 33, Township 22 South, Range 26 East

Durango 10 Federal #1- Unit P, Section 10, Township 17 South, Range 29 East

EV State #1 Tank Battery – Unit A, Section 32, Township 22 South, Range 26 East

Geronimo 34-1Y – Unit E, Section 34, Township 17 South, Range 28 East

Geronimo 34-2 – Unit H, Section 34, Township 17 South, Range 28 East

Geronimo 36 State Com 1- Unit C, Section 36, Township 17 South, Range 28 East

Happy Valley Federal Com 1 Tank Battery – Unit K, Section 28, Township 22 South, Range 26 East

J. A. Tamanio Federal Com #1 Tank Battery – Unit L, Section 27, Township 22 South, Range 26 East

Loco Hills 4 Federal Com #1- Unit G, Section 4, Township 18 South, Range 29 East

Loco Hills 4 Federal Com #4 – Unit A, Section 4, Township 18 South, Range 29 East

Pinnacle State #1 Tank Battery - Unit L, Section 36, Township 22 South, Range 28 East

Ram EWE Federal #4 Tank Battery – Unit J, Section 33, Township 22 South, Range 26 East

Rio Cinco State 1- Unit D, Section 26, Township 17 South, Range 28 East

Saragosa 16 State Com #1- Unit C, Section 16, Township 23 South, Range 26 East

Saragosa 16 State Com #2 – Unit C, Section 16, Township 23 South, Range 26 East

Saragosa 17 State Com #1- Unit D, Section 17, Township 23 South, Range 26 East

Saragosa 17 State Com #3 – Unit L, Section 17, Township 23 South, Range 26 East

Sheep Draw #2 Tank Battery – Unit C, Section 33, Township 22 South, Range 26 East

Sheep Draw Federal 28-1 Tank Battery – Unit N, Section 28, Township 22 South, Range 26 East

Sheep Draw Federal 28-13 Tank Battery – Unit L, Section 28, Township 22 South, Range 26 East

Turkey Track 11-4 Tank Battery – Unit F, Section 11, Township 19 South, Range 28 East