

PRELIMINARY DOCKET: COMMISSION HEARING - THURSDAY - SEPTEMBER 11, 2003

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

Land Commissioner, Patrick H. Lyons, may designate Jami Bailey as his representative for this hearing, or may participate himself.

Notice: The minutes of the August 14, 2003, Commission hearing will be adopted.

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.

Final action may be taken in the following:

CASE 13100: Application of Fruitland Coalbed Methane Study Committee to Amend Rules 4 and 7 of Special Rules and Regulations For the Basin-Fruitland Coal (Gas) Pool in Sections 17 and 18, T30N, R14W, and Portions of Sections 13, 14, 23, 24, 25, 26 and 35, T30N, R15W, San Juan County, New Mexico.

CASE 12811: De Novo

Application of the New Mexico Oil Conservation Division for an Order Requiring Operators to Bring Three Hundred Eighty-Eight (388) Wells into Compliance with Rule 201.B, and Assessing Appropriate Civil Penalties; Eddy, Chaves and Otero Counties, New Mexico

CASE 12969:

Application of the New Mexico Oil Conservation Division, through the Environmental Bureau Chief, for Adoption of a New Rule Regulating Pits and Below-Grade Tanks; Amendment of 19.15.1.7 NMAC and 19.15.5.313 NMAC; Rescission of 19.15.1.18 NMAC, 19.15.3.105 NMAC and 19.15.2.1 through 19.15.2.15 NMAC; and Rescission of Orders R-3221, R-3221-A, R-3221-B, R-3221-B-1, R-3221-C, R-3221-D, R-7940, R-7940-A, R-7940-B, R-7940-B(1) and R-7940-C. The proposed rule and amendments regulate the construction, operation and closing of pits and below-grade tanks in the interest of protection of ground and surface water and public health, safety and the environment, and replace existing rules and orders on those subjects. These changes will have state-wide application. Written comments and suggested amendments to, or substitutions for, the proposed rules must be received by Division administrator Florene Davidson no later than 5:00 P.M. on Monday, September 8, 2003. Written comments, amendments and substitutions may be hand-delivered or mailed to Ms. Davidson at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, or may be faxed to Ms. Davidson at 476-3462.

CASE 13041: De Novo

Application of EnerQuest Resources, LLC for approval of a waterflood project and qualification of the Project Area for the Recovered Oil Tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval of its East Hobbs (San Andres) Unit Waterflood Project by injection of water into the San Andres formations through 19 injection wells located in the following described area:

TOWNSHIP 18 SOUTH, RANGE 39 EAST, NMPM

Section 29: SW/4, SW/4 NW/4
Section 30: S/2, S/2 N/2
Section 31: N/2 N/2
Section 32: N/2 NW/4

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the unit area without the necessity of further hearings and the adoption of any provisions necessary for such other matters as may be appropriate for said waterflood operations. Applicant further seeks to qualify the project area for the Recovered Oil Tax Rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said area is located approximately 2 miles northeast of Hobbs, New Mexico. Upon application of EnerQuest Resources, LLC, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 13042: De Novo

Application of EnerQuest Resources, LLC. for Statutory Unitization, Lea County, New Mexico. Applicant seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all mineral interest in the San Andres formation, East Hobbs-San Andres Pool, underlying 920 acres, more or less, of State and Fee lands in the following acreage:

TOWNSHIP 18 SOUTH, RANGE 39 EAST, NMPM

Section 29: SW/4, SW/4 NW/4

Section 30: S/2, S/2 N/2

Section 31: N/2 N/2

Section 32: N/2 NW/4

Said unit is to be designated the East Hobbs (San Andres) 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 2 miles northeast of Hobbs, New Mexico. Upon application of EnerQuest Resources, LLC, this case will be heard De Novo pursuant to the provisions of Rule 1220.