

DOCKET: EXAMINER HEARING - THURSDAY - MAY 10, 2007

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

Docket Nos. 16-07 and 17-07 are tentatively set for May 24, 2007 and June 7, 2007. 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 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 13873: *Amended Application of LCX Energy, LLC for compulsory pooling and unorthodox well location, Eddy County, New Mexico.* Applicant seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the E/2 of Section 10, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico, to form a standard 320-acre gas spacing and proration unit for any and all formations and or pools developed on 320 acres, including but not necessarily limited to the Wolfcamp formation. Said unit is to be dedicated to Applicant's proposed 1724 Osbourn No. 101 Well to be drilled from an unorthodox surface location 200' from the North line and 1880' from the East line of Section 10, penetrating the Wolfcamp formation 661.15' from the North line and 1880' from the East line, to a bottom hole location 660' from the South line and 1880' from the East line of the section. 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 LCX Energy, LLC or its designee as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 1.5 miles west of Artesia, New Mexico.

CASE 13898: (Continued from the April 12, 2007 Examiner Hearing.)
Application of COG Operating LLC for approval of a waterflood project and to qualify the project for the Recovered Oil Tax Rate, Eddy County, New Mexico. Applicant seeks approval to institute a waterflood (secondary recovery) project in the Loco Hills-Paddock Pool by the injection of water into eight wells located on federal lands covering the NW/4 of Section 20, Township 17 South, Range 30 East, N.M.P.M. Applicant further seeks to qualify the project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1-5). The project is located approximately 1 mile west of Loco Hills, New Mexico.

CASE 13911: *Application of Apache Corporation to amend the special rules and regulations for the South Eunice-San Andres Pool, Lea County, New Mexico.* Applicant seeks an order amending the special rules and regulations for the South Eunice-San Andres Pool to allow two wells to be located on each quarter-quarter section. The current pool rules, established by Order Nos. R-3706 and R-4193, as amended, provide for (i) 80-acre well units, (ii) wells to be located no closer than 330 feet to a quarter-quarter section line, (iii) one well per quarter-quarter section, and (iv) a limiting gas:oil ratio of 6000 cubic feet of gas for each barrel of oil produced. The pool includes all or parts of Sections 2, 10, 11, 12, and 14, Township 22 South, Range 37 East, NMPM. The pool is centered approximately 2-1/2 miles southeast of Eunice, New Mexico.

CASE 13912: *Application of EOG Resources, Inc. for compulsory pooling, Lea County, New Mexico.* Applicant seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the SW/4 NW/4 of Section 17, Township 18 South, Range 34 East, NMPM, to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit is to be dedicated to the Cimarron "17" State Well No. 1, to be drilled at an orthodox location in the SW/4 NW/4 of Section 17. 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 12-1/2 miles southeast of Maljamar, New Mexico.

CASE 13913: *Application of OGX Production Ltd. 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 underlying the E/2 of Section 21, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any production for any and all formations/pools developed on 320-acre spacing within that vertical extent, including but not limited to the Malaga-Morrow Gas Pool. This unit is

to be dedicated to Occidental Permian Limited Partnership's New Zipper Federal Com Well No. 1 (API No 30-015-33531) which has been drilled at a standard well location in Unit P of this section. Also to be considered will be the costs of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Occidental Permian Limited Partnership as the operator of the well and, pursuant to Commission Order No. R-11992, a risk charge of 200% for the risk involved in this well. This unit is located approximately 2 miles Southwest of Malaga, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

CASE 13864: (Reopened and Amended) *Application of Parallel Petroleum Corporation for compulsory pooling, Chaves County, New Mexico.* Applicant seeks to reopen Case 13864 heard on February 15, 2007 and to amend the surface location, its drilling program and AFE so that: (i) the approved surface location is moved from Unit A in Section 32, Township 15 South, Range 25 East to an unorthodox surface location 760 feet from the North line and 235 feet from the West line (Unit D) in Section 33, Township 15 South, Range 25 East, (ii) the drilling program is changed to exclude a pilot hole and electric logs and (iii) the AFE is reduced by estimated \$120,000. The proposed 320-acre spacing unit is still the N/2 of Section 33, Township 15 South, Range 25 East to be dedicated to the Personally 1525-33 Well No. 1 (API # 30-005-63852), a horizontal wellbore. This unit is located approximately 12 miles northwest of Lake Arthur, New Mexico. **IN THE ABSENCE OF OBJECTION THIS CASE WILL BE TAKEN UNDER ADVISEMENT.**

CASE 13914: *Application of Parallel Petroleum Corporation for compulsory pooling, Eddy County, New Mexico.* Applicant seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the following described acreage in Section 5, Township 19 South, Range 23 East, NMPM, in the following manner: the S/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within that vertical extent. This unit is to be dedicated to its Box O Chocolates 1923-5 State Com Well No. 1 (API # 30-015-34843) which will be located at an unorthodox surface location 760 feet from the South line and 300 feet from the West line (Unit M) and when the vertical wellbore penetrates the Wolfcamp formation, then drilled horizontally in an easterly direction staying within a producing area 660 feet from each of the end and side boundaries of this spacing unit and ending at a bottomhole location 760 feet from the South line and 660 feet from the East line. Also to be considered will be the costs of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of the applicant as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 9 miles south of Hope, New Mexico.

CASE 13894: (Continued from the April 12, 2007 Examiner Hearing.) *Application of Coleman Oil & Gas, Inc. for simultaneous dedication, San Juan County, New Mexico.* Applicant seeks an order granting an exception to Rule 7(d)(1) of the Special Pool Rules and Regulations for the Basin-Fruitland Coal Gas Pool to authorize the simultaneous dedication of the S/2 of Section 18, Township 26 North, Range 11 West, NMPM, San Juan County, New Mexico to the following four existing coal gas wells:

1. **Ricky Well No. 1** (API No. 30-045-25976) located 790 feet from the North line and 875 feet from the West line (Unit D);
2. **Ricky Well No. 1R** (API No. 30-045-31165) located 765 feet from the North line and 830 feet from the West line (Unit D);
3. **Ricky Well No. 2** (API No. 30-045-25977) located 1850 feet from the South line and 790 feet from the West line (Unit L); and
4. **Ricky Well No. 2R** (API No. 30-045-31166) located 1845 feet from the South line and 745 feet from the West line (Unit L).

Said spacing unit is located approximately 30 miles southeast of Farmington, New Mexico

CASE 13915: *Application of Yates Petroleum Corporation for approval of a Unit Agreement, Chaves County, New Mexico.* Applicant seeks approval of the Pigskin State Exploratory Unit from the surface to the base of the Precambrian formation in an area comprising 1240.00 acres of State of New Mexico lands comprised of Sections 13 and 14 of Township 12 South, Range 26 East, NMPM, which is located approximately 20 miles southeast of Roswell, New Mexico