

DOCKET: EXAMINER HEARING - THURSDAY – JUNE 21, 2007

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

Docket Nos. 20-07 and 21-07 are tentatively set for July 12, 2007 and July 26, 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 13920: (Continued from May 24, 2007 Examiner Hearing)

Application of the New Mexico Oil Conservation Division for a Compliance Order against Northstar Oil & Gas. The Applicant seeks an order finding that operator is in violation of 19.15.4.201 NMAC as to two wells, determining that the violation is knowing and willful and imposing a penalty of not less than \$2,000, requiring operator to bring the two wells into compliance with 19.15.4.201 NMAC by a date certain and authorizing the division to plug said wells in the event of non-compliance and forfeit the applicable financial assurance. The affected wells are: Barbara #001, 30-045-24263, P-12-29N-15W; Davie #001, 30-045-25092, M-2-29N-15W. The wells are located approximately 15 miles west of Farmington in San Juan County, New Mexico.

CASE 13935: (Continued from the June 7, 2007 Examiner Hearing.)

Application of Apollo Energy, L.P. for approval of waterflood project, Eddy County, New Mexico. Applicant seeks approval to re-instate a waterflood (secondary recovery) project in the Russell (Yates) Pool, originally approved by Oil Conservation Commission Order No. R-263, by the injection of water into seven wells located on Federal Lease LC 050797 insofar as it covers the SW/4 SE/4 of Section 12, N/2, SW/4, N/2 SE/4, and SW/4 SE/4 of Section 13, and SE/4 SE/4 of Section 14, Township 20 South, Range 28 East, N.M.P.M. The project is located approximately 16 miles east of Seven Rivers, New Mexico.

CASE 13925: (Continued from the June 7, 2007 Examiner Hearing)

Application of Cimarex Energy Co. for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Cimarex Energy Co. seeks an order approving a non-standard oil spacing and proration unit (project area) comprised of the W/2 SW/4 of Section 31, Township 14 South, Range 38 East, NMPM, to form a non-standard 80-acre oil spacing and proration unit (project area) for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Denton-Wolfcamp Pool, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit. The unit is to be dedicated to the Pyramid Well No. 1, a horizontal well to be drilled at a surface location 2210 feet from the South line and 430 feet from the West line with a terminus 330 feet from the South line and 430 feet from the West line of Section 31. 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 7 miles east of Prairieview, New Mexico.

CASE 13777 (Reopened): (Continued from the June 7, 2007 Examiner Hearing)

Application of Cimarex Energy Co. for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Cimarex Energy Co. seeks an order approving a non-standard oil spacing and proration unit (project area) comprised of the SW/4NW/4 and NW/4SW/4 of Section 21, Township 15 South, Range 36 East, NMPM, to form a non-standard 80-acre oil spacing and proration unit (project area) for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Caudill-Permo Upper Penn Pool, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit. The unit is to be dedicated to the Caudill South "21" Fee Well No. 2H, a horizontal well drilled at a surface location 2000 feet from the south line and 940 feet from the west line with a terminus 1723 feet from the north line and 950 feet from the west line of Section 21. 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 4-1/2 miles north-northeast of Lovington, New Mexico

CASE 13936: Application of Harvey E. Yates Company 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

- (c) Township 31 North, Range 7 West, N.M.P.M.
Section 31: Lots 11, 12, and E/2 SW/4

Township 30 North, Range 7 West, N.M.P.M.
Section 6: Lots 10, 11, 12, 17, 18, 19, SE/4 NW/4, NE/4 SW/4, and
6.58 acres out of Tract 40

Containing 296.02 acres.
- (d) Township 30 North, Range 7 West, N.M.P.M.
Section 7: Lots 6-9, 12-15, and 38.52 acres out of Tract 40
Section 18: Lots 7, 8, and E/2 NW/4

Containing 298.90 acres.
- (e) Township 30 North, Range 7 West, N.M.P.M.
Section 18: Lots 12, 13, and E/2 SW/4
Section 19: Lots 6, 7, 12, 13, and E/2 W/2

Containing 307.44 acres.

The units are located approximately 21 miles east of Aztec, New Mexico.

CASE 13925: (Continued from the May 24, 2007 Examiner Hearing)

Application of Cimarex Energy Co. for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Cimarex Energy Co. seeks an order approving a non-standard oil spacing and proration unit (project area) comprised of the W/2 SW/4 of Section 31, Township 14 South, Range 38 East, NMPM, to form a non-standard 80-acre oil spacing and proration unit (project area) for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Denton-Wolfcamp Pool, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit. The unit is to be dedicated to the Pyramid Well No. 1, a horizontal well to be drilled at a surface location 2210 feet from the South line and 430 feet from the West line with a terminus 330 feet from the South line and 430 feet from the West line of Section 31. 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 7 miles east of Prairieview, New Mexico.

CASE 13777 (Reopened): (Continued from the May 24, 2007 Examiner Hearing)

Application of Cimarex Energy Co. for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Cimarex Energy Co. seeks an order approving a non-standard oil spacing and proration unit (project area) comprised of the SW/4NW/4 and NW/4SW/4 of Section 21, Township 15 South, Range 36 East, NMPM, to form a non-standard 80-acre oil spacing and proration unit (project area) for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Caudill-Permo Upper Penn Pool, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit. The unit is to be dedicated to the Caudill South "21" Fee Well No. 2H, a horizontal well drilled at a surface location 2000 feet from the south line and 940 feet from the west line with a terminus 1723 feet from the north line and 950 feet from the west line of Section 21. 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 4-1/2 miles north-northeast of Lovington, New Mexico

CASE 13929:

Application of Encore Operating, L.P. 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 12, Township 21 South, Range 23 East, NMPM, to form a 320-acre gas spacing and proration unit for all formations and/or pools developed on 320-acre spacing within that vertical extent, including the Southwest Indian Basin-Morrow Gas Pool. The unit is to be dedicated to the Encore Indian Com. Well No. 1, to be drilled at an orthodox location in the SE/4 NE/4 of Section 12. 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,