

5. **CASE 14125:** *(Continued from the May 15, 2008 Examiner Hearing.)*
Application of Apache Corporation for statutory unitization, Lea County, New Mexico. Applicant seeks an order unitizing all mineral interests in the Blinebry, Tubb, and Drinkard formations underlying all or parts of Sections 4, 8, 9, 16, 17, and 21, Township 21 South, Range 37 East, N.M.P.M., comprising 2,480.00 acres of state, federal, and fee lands for its proposed West Blinebry Drinkard Unit. Among the matters to be considered at hearing, pursuant to the New Mexico Statutory Unitization Act, NMSA 1978 §§70-7-1 *et seq.*, will be: The necessity of unit operations; the determination 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 investments, to each of the 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. The unit area is centered approximately 4 miles north-northwest of Eunice, New Mexico.

6. **CASE 14126:** *(Continued from the May 15, 2008 Examiner Hearing.)*
Application of Apache Corporation for approval of a waterflood project and to qualify the project for the Recovered Oil Tax Rate, Lea County, New Mexico. Applicant seeks approval to institute a waterflood project in the Blinebry, Tubb, and Drinkard formations by the injection of water into twenty-seven wells located on state, federal, and fee lands covering parts of Sections 4, 8, 9, 16, 17, and 21, Township 21 South, Range 37 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 centered approximately

7. **CASE 14131:** ***Application of Nadel and Gussman HEYCO, LLC for an order authorizing the drilling of a well in the Potash Area, Eddy County, New Mexico.*** Applicant seeks an order approving the drilling of its proposed HEYCO State Well No. 2 to an approximate depth of 12,675 feet to test the Morrow Formation (Golden Lane-Morrow Gas Pool) within the Potash Area at a location 1650 feet from the North line and 1980 feet from the West line (Unit F) of Section 32, Township 20 South, Range 30 East, NMPM, Eddy County, New Mexico. The W/2 of Section 32 will be dedicated to the well. Applicant also seeks approval of future oil and gas drilling in the W/2 of Section 32 without the necessity of going to hearing. The unit is located approximately 5 miles north-northwest of Halfway, New Mexico.

8. **CASE 14132:** ***Application of Purvis Operating Co. for compulsory pooling, Lea County, New Mexico.*** Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the following described acreage in Section 7, Township 15 South, Range 35 East, NMPM, and in the following manner: The E/2 to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the Undesignated North Morton-Atoka Gas Pool, Undesignated East Morton-Morrow Gas Pool, and Undesignated Morton-Mississippian Pool; the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical extent; and the NE/4 NE/4 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 units are to be dedicated to the proposed Antelope Well No. 1, to be drilled at an orthodox gas well location in the NE/4 NE/4 of Section 7. 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 8 miles northwest of Lovington, New Mexico.

9. **CASE 14099:** ***(Continued and Readvertised) (Continued from the May 15, 2008 Examiner Hearing.)***
Application of RSC Resources Limited Partnership for approval of a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order approving a non-standard oil spacing and proration unit (project area) comprised of Lot 2, S/2 NE/4, and SE/4 NW/4 (the S/2 N/2) of Section 19, Township 16 South, Range 29 East, NMPM, to form a non-standard 145.53-acre oil spacing and proration unit (project area) for any and all formations or pools developed on 40-acre spacing within that vertical extent, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit. The unit is to be dedicated to the Lucky Wolf “19” State Com. Well No. 1H, a horizontal well to be drilled at a surface location 1980 feet from the North line and 10 feet from the West line, with a terminus 1980 feet from the North line and 330 feet from the East line, of Section 19. 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 miles northwest of Loco Hills, New Mexico.

10. **CASE 14024: (Re-opened and Re-Advertised) (Continued from the May 15, 2008 Examiner Hearing.) Application of OGX Resources, L.L.C. 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 following described spacing and proration units located in the E/2 of Section 34, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico: the E/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Undesignated Otis-Morrow Gas Pool, Undesignated Otis-Atoka Gas Pool, Undesignated Carlsbad-Strawn Gas and the Undesignated Cass Draw-Wolfcamp Gas Pool; the NE/4 for all formations and/or pools developed on 160-acre spacing; and the NE/4 NE/4 for all formations and/or pools developed on 40-acre spacing which includes but is not limited to the Undesignated North Cass Draw-Wolfcamp Pool. Said units are to be dedicated to its Weems Well No. 1 (API No. 30-015-35789) to be directionally drilled as a gas well from a standard surface location 1073 feet from the North line and 1501 feet from the East line (Unit B), to a standard bottom hole location 660 feet from the North and East lines (Unit A) of said Section 34 at an approximate depth of 12,400 feet to test any and all formations from the surface to the base of the Morrow formation. 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 OGX Resources, L.L.C. as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 4 miles east of the Carlsbad, New Mexico Municipal Airport.

11. **CASE 14133: Application of the New Mexico Oil Conservation Division for Pool Creation, Pre-approval for Downhole Commingling and Designation of Special Pool Rules, Basin-Mancos Gas Pool (97232), Rio Arriba, San Juan and Sandoval Counties.** Applicant in the above-styled cause seeks the creation of the Basin Mancos Gas Pool for the production of natural gas and natural gas liquids from natural fractures and from sandstone/siltstone intervals in the Mancos Formation, which will allow a small resource to be developed in conjunction with the Basin Dakota Gas Pool and the Blanco Mesaverde Gas Pool wells. Applicant seeks the promulgation of special pool rules for this new pool, including the pre-approval for downhole commingling with the Basin Dakota and Blanco Mesaverde Gas Pool wells pursuant to OCD Rule 303.C.3.b [19.15.5.303.C.3.b NMAC], that spacing requirements and setbacks be the same as for the Basin Dakota and Blanco Mesaverde Pools, and that special pool rules also be created to address well locations, gas proration units and well density limits. Applicant further seeks necessary adjustments (expansion and contraction) of the existing Gallup pools in San Juan and Rio Arriba Counties to facilitate the establishment of the Basin Mancos Gas Pool as shown below. Vertical limits of the proposed new pool will extend from the base of the Point Lookout Formation to the base of the Greenhorn Member (Bridge Creek Limestone) of the Mancos Formation, and horizontal limits of the proposed new pool will be San Juan and Rio Arriba Counties, New Mexico, plus Section 21, Township 23 North, Range 5 West in Sandoval County.

A. The following pools in Rio Arriba, Sandoval and San Juan Counties will be contracted, as shown, on the outer margins due to lack of production and abandonment of wells around the margins of existing Gallup Pools:

(a) B.S. Mesa-Gallup Gas Pool (72920)

TOWNSHIP 27 NORTH, RANGE 4 WEST, NMPM
Section 32: S/2

(b) Devil's Fork-Gallup Associated Pool (17610)

TOWNSHIP 24 NORTH, RANGE 6 WEST, NMPM
Section 29: N/2 and SE/4

TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM
Section 11: E/2
Section 14: E/2 and SW/4