

DOCKET: EXAMINER HEARING - THURSDAY – NOVEMBER 13, 2008

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

Docket Nos. 40-08 and 41-08 are tentatively set for December 4, 2008 and December 18, 2008. 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 at the applicant's request. The following cases will be heard by an Examiner.

<i>Locator Key for Cases</i>
<i>Case 14047 – No. 13</i>
<i>Case 14117 – No. 1</i>
<i>Case 14147 – No. 2</i>
<i>Case 14148 – No. 3</i>
<i>Case 14162 – No. 5</i>
<i>Case 14173 – No. 8</i>
<i>Case 14192 – No. 14</i>
<i>Case 14203 – No. 15</i>
<i>Case 14204 – No. 16</i>
<i>Case 14208 – No. 17</i>
<i>Case 14239 – No. 4</i>
<i>Case 14240 – No. 6</i>
<i>Case 14241 – No. 7</i>
<i>Case 14242 – No. 9</i>
<i>Case 14243 – No. 10</i>
<i>Case 14244 – No. 11</i>
<i>Case 14245 – No. 12</i>

1. **CASE 14117:** *(Continued from the July 10, 2008 Examiner Hearing)*
Application of the New Mexico Oil Conservation Division, Through the Enforcement and Compliance Manager, for a Compliance Order against STAR ACQUISITION VII, LCC. Finding that Operator knowingly and willfully violated Rule 50.A [19.15.2.50.A NMAC] as to one well and Assessing Monetary Penalties for Those Violations Pursuant to NMSA §70-2-14(B), and ordering that Operator Plug and Abandon All Wells that it Operates in New Mexico by a date certain. The well at issue in this Application is identified as follows:

Jicarilla 71 #25: API # 30-039-23416 - Unit Letter A, Section 9, Township 23 North, Range 4 West, Rio Arriba County, NM.

The subject well is located approximately 8 miles northeast of Counselor, NM, about 2 miles north of the Sandoval County line in Rio Arriba County, New Mexico.
2. **CASE 14147:** ***Amended (Continued from the October 30, 2008 Examiner Hearing.) (This case will be continued to the December 18, 2008, Examiner Hearing.)***
Application of Chesapeake Operating, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in a 160-acre project area located in the S/2 N/2 of Section 31, Township 24 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. The above-referenced spacing unit will be dedicated to Chesapeake's Diamond 31 Federal Well No. 4H which will be drilled to test the Bone Springs formation, Willow Lake Bone Spring Pool, from a surface location 1670 feet from the North line and 25 feet from the East line and to a bottomhole location 1670 feet from the North line and 350 feet from the West line of said Section 31. 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 Chesapeake Operating, Inc. as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 4 miles southeast of Malaga, New Mexico.

3. **CASE 14148:** (Continued from the October 30, 2008 Examiner Hearing.) (This case will be continued to the December 18, 2008 Examiner Hearing.)
Application of Chesapeake Operating, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in a 160-acre project area located in the S/2 N/2 of Section 31, Township 24 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. The above-referenced spacing unit will be dedicated to Chesapeake's Diamond 31 Federal Well No. 3H which will be drilled to test the Delaware formation, Willow Lake Delaware Pool, from a surface location 2310 feet from the North line and 25 feet from the East line and to a bottomhole location 2310 feet from the North line and 350 feet from the West line of said Section 31. 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 Chesapeake Operating, Inc. as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 4 miles southeast of Malaga, New Mexico.
4. **CASE 14239:** ***Application of Chesapeake Operating, Inc. for approval of a Salt Water Disposal wellbore, Lea County, New Mexico.*** Applicant seeks an order approving conversion of its Minnie 1-6 Well (API # 30-025-34216), located 915 feet FNL and 1991 feet FEL (Unit B) Section 6, T16S, R37E, Lea County, New Mexico for water disposal wellbore ("SWD") into the Strawn formation at a true vertical depth ("TVD") of 11,656 feet to 11,912 feet within the lateral "horizontal" portion of this wellbore. This application was original filed administrative but was set for hearing based upon objections file by certain affected parties in the E/2 of Section 35, T5S, R37E. This proposed SWD well is located approximately 4 miles northeast of Lovington, New Mexico.
5. **CASE 14162:** (Continued from the October 30, 2008 Examiner Hearing.)
Application of Merrion Oil and Gas, Corp. for compulsory pooling in San Juan County, New Mexico. Merrion Oil and Gas, Corp. seeks an order pooling all unleased and uncommitted mineral interest and all uncommitted working interest owners in the Basin Fruitland Coal Pool in the W/2 of Section 9, Township 29N, Range 13W, NMPM, forming a standard 320 acre spacing unit for said Pool. The spacing unit will be dedicated to the drilling of the Glade Park 1 well in the NW/4 and the Glade Park 2 well in the SW/4. Also to be considered will be the cost of drilling and completing both wells and the allocation of cost thereof, as well as the actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. This spacing unit is located inside the city limits of Farmington, New Mexico.
6. **CASE 14240:** ***Application of Williams Production Co., LLC to Abolish or Contract all Gallup Pools in the Rosa Unit, San Juan and Rio Arriba Counties, New Mexico.*** Applicant, in the above-styled cause seeks approval to abolish or contract all Gallup pools from the Rosa Unit including but not limited to the Laguna Seca Gallup Pool (79870), the Cedro Gallup Pool (96467) and the Willow Lake Gallup Pool (96379). Williams seeks to have development and any production from these pools be allocated to the Basin Mancos Gas Pool. Said area is located approximately 9 miles southeast of Arboles, Colorado.
7. **CASE 14241:** ***Application of Williams Production Co., LLC for non-standard gas spacing and proration units in the Basin-Mancos Gas Pool, Rosa Unit, San Juan and Rio Arriba Counties, New Mexico.*** Applicant, in the above-styled cause seeks approval of non-standard gas spacing and proration units in the Basin-Mancos Gas Pool within the Rosa Unit in Township 31 North, Ranges 5 and 6 West, NMPM. Williams seeks to form these non-standard spacing units in conformity with units approved under Order R-2046-B. Said area is located approximately 9 miles southeast of Arboles, Colorado.