

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION COMMISSION

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENVIRONMENTAL BUREAU CHIEF, FOR ADOPTION OF AN AMENDMENT TO 19.15.39 NMAC ADDING NEW SECTIONS TO BE CODIFIED AT 19.15.39.9 AND 19.15.39.10 NMAC ADDRESSING SPECIAL PROVISIONS FOR SANTA FE COUNTY AND THE GALISTEO BASIN; SANTA FE, SANDOVAL AND SAN MIGUEL COUNTIES.

CASE NO. 14255

AFFIDAVIT OF NOTICE

My name is Theresa Duran-Saenz, and I am a Legal Assistant with the Energy, Minerals and Natural Resources Department. I hereby certify that notice of Case 14255 was given as follows:

1. The Oil Conservation Division (OCD) filed the Application in rulemaking Case 14255 on November 10, 2008. The application includes the proposed amendments to 19.15.39 NMAC.

2. Division Director Mark Fesmire issued the Notice of Rulemaking in Case 14255 on November 10, 2008. The notice provides that Case 14255 will be heard December 11, 2008. The Notice used language proposed by the OCD in its application. Regarding the filing of recommended modifications, the Notice correctly stated:

"Any person recommending modifications to a proposed rule change shall, no later than **Monday, November 24, 2008**, file a notice of recommended modifications with Ms. Davidson including the text of the recommended modifications, an explanation of the modifications' impact, and the reasons for adopting the modifications."

However, the Notice also included "notice of recommended modifications" in the list of filings that must be received by December 3, 2008. A copy of the Notice is attached as Exhibit A.

3. To clarify the due date for filing recommended modifications, Division Director Mark Fesmire issued a revised Notice of Rulemaking in Case 14255 on November 17, 2008. The revised Notice removed "notice of recommended modifications" from the list of filings that must be received by December 3, 2008. A copy of the revised Notice is attached as Exhibit B.

4. 19.15.3.9(A)(1) NMAC requires that the notice be published one time in a newspaper of general circulation in the counties that the proposed rule change affects no less than 20 days prior to the scheduled hearing date. The proposed rule change in Case 14255 affects Santa Fe, Sandoval and San Miguel Counties.

- The Santa Fe New Mexican is a newspaper of general circulation in Santa Fe, Sandoval and San Miguel Counties. On November 18, 2008 I e-mailed the revised notice of hearing to The Santa Fe New Mexican. Exhibit C is a copy of the affidavit of publication from the Santa Fe New Mexican, showing publication of the revised Notice on November 19, 2008.
- The Las Vegas Optic is a newspaper of general circulation in San Miguel County. On November 12, 2008 I e-mailed the original Notice to the Las Vegas Optic. On November 12, 2008, the Las Vegas Optic confirmed receipt of the Notice and scheduled publication for November 14, 2008. Exhibit D is a copy of the invoice from the Las Vegas Optic, with a copy of the original Notice showing publication on November 14, 2008. I did not send the revised Notice to the Las Vegas

*Before the OCC  
Case 14255  
OCD Exhibit 43*

Optic because the original Notice had already published, and the revised notice would not be published timely by this newspaper.

- The Observer is a newspaper of general circulation in Sandoval County. On November 17, 2008, I e-mailed the revised Notice to the Observer. I have been informed that The Observer did not publish the notice until six days later, on November 23, 2008. The OCD has not yet received an affidavit of publication from the Observer.

5. **19.15.3.9.A(2) NMAC** requires that the notice be published on the applicable Oil Conservation Commission (OCC) docket and that the clerk send the docket by regular or electronic mail not less than 20 days prior to the hearing to all who have requested such notice. The docket and the revised Notice were posted on November 19, 2008 and sent that day by electronic mail to those individuals who requested such notice, and to those individuals who requested notice of rulemaking. See Exhibits E (the docket) and F (the revised Notice), attached.

6. **19.15.3.9.A(3) NMAC** requires that the notice be published one time in the New Mexico Register, with the publication date not less than 10 business days prior to the scheduled hearing date. The revised Notice was published in the New Mexico Register on December 1, 2008. See Exhibit G, attached.

7. **19.15.3.9.A(4) NMAC** requires that the notice be published by posting on the OCD's website not less than 20 days prior to the scheduled hearing date. The application and the original Notice were scanned and posted on the OCD's website on November 12, 2008. The revised Notice was scanned and posted November 19, 2008. See Exhibit H, attached.

8. **Section 14-4A-4, NMSA 1978** provides that prior to the adoption of a proposed rule that may have an adverse effect on small business, an agency shall provide a copy of the proposed rule to the commission at the same time as persons who have requested advance notice of rulemaking. I mailed a copy of the application and a copy of the original notice to the Small Business Regulatory Commission on November 12, 2008. On November 19, 2008, I mailed a copy of the revised Notice to the Small Business Regulatory Commission. See Exhibits I and J, attached.

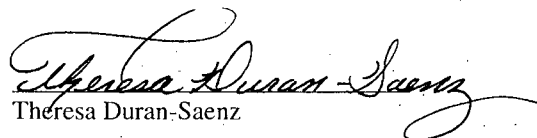
9. I mailed courtesy copies of the application and the original Notice to the following on November 12, 2008, and mailed a revised Notice to the following on November 19, 2008:

New Mexico Environment Department, Secretary Ron Curry  
New Mexico Indian Affairs Department, Secretary Alvin Warren  
New Mexico State Engineer John D'Antonio  
New Mexico Department of Cultural Affairs, Secretary Stuart A. Ashman  
New Mexico Game and Fish, Director Bruce Thompson  
New Mexico Department of Health, Secretary Alfredo Vigil, M.D.  
New Mexico Economic Development Department, Secretary Fred Mondragon  
New Mexico Tourism Department, Secretary Mike Cerletti  
New Mexico Department of Transportation, Secretary Rhonda G. Faught, P.E.  
Department of Agriculture, Secretary Dr. I Miley Gonzalez  
Santa Fe County, Steve Ross, Santa Fe County Attorney  
Sandoval County, David Mathews, Sandoval County Attorney  
San Miguel County, Jesus Lopez, San Miguel County Attorney  
Pueblo of Acoma, The Honorable Chandler Sanchez, Governor  
Pueblo of Isleta, Governor Robert Benavides  
Pueblo of Laguna, Governor John Antonio, Sr.  
Ohkay Owingeh, Governor Earl Salazar  
Pueblo of Cochiti, Governor Joseph Ernest Suina  
Pueblo of Jemez, Governor Paul Chinana  
Pueblo of Nambe, Governor Ernest Mirabal  
Pueblo of Picuris, Governor Craig Quanchello  
Pueblo of Pojoaque, Governor George Rivera  
Pueblo of San Felipe, Governor Ronald L. Tenorio

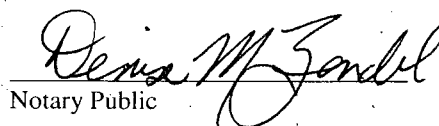
Pueblo of Santa Ana, Governor Ulysses Leon  
Pueblo of Santo Domingo, Governor Sisto Quintana  
Pueblo of Tesuque, Governor Robert Mora  
Pueblo of Zuni, Governor Norman Cooney  
Pueblo of Sandia, Governor Stuart Paisano  
Pueblo of San Ildefonso, Governor Leon T. Roybal  
Pueblo of Santa Clara, Governor Michael Chavarria  
Pueblo of Taos, Governor Paul Martinez  
Pueblo of Zia, Governor Ivan Pino  
Jicarilla Apache Nation, President Levi Pesata  
Mescalero Apache Tribe, President Carleton Naiche-Palmer  
Navajo Nation, President Joe Shirley, Jr.  
Navajo Nation Council, Lawrence Morgan, Speaker of the Navajo Nation Council  
All Indian Pueblo Council, Chairman Joe Garcia  
Five Sandoval Indian Pueblos, Director James Roger Madalena  
Eight Northern Indian Pueblos Council, Director Joe Gonzales  
Belin & Sugarman  
Oil & Gas Accountability Project  
Tecton Energy Operating, Inc. (sic)  
Tecton Energy Inc. (sic)

10. On November 12, 2008, I e-mailed courtesy copies of the application and the original Notice to those individuals on the OCD's contact list for persons interested in rulemaking cases. Exhibit K is a copy of the e-mail cover sheet. On November 19, 2008, I e-mailed the revised Notice to those individuals, in combination with the e-mail to the individuals on the OCD's contact list for persons who want to receive dockets by e-mail. See Exhibit E.

This concludes my affidavit.

  
Theresa Duran-Saenz

SUBSCRIBED AND SWORN to before me this 3rd day of December 2008.

  
Notary Public

My Commission Expires:

1-09-2012

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION  
SANTA FE, NEW MEXICO**

The State of New Mexico, through its Oil Conservation Commission hereby gives notice pursuant to law and Commission rules of the following meeting and public hearing to be held at 9:00 A.M. on **December 11, 2008**, in Porter Hall at 1220 South St. Francis Drive, Santa Fe, New Mexico, before the Oil Conservation Commission. This public hearing concerns the amendment of 19.15.39 NMAC to add two new sections setting out special provisions for Santa Fe County and the Galisteo Basin, which extends into portions of San Miguel and Sandoval Counties. If additional time is needed, the hearing may continue at a later date announced by the Commission. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter or any other form of auxiliary aid or service to attend or participate in the hearing please contact Division Administrator Florene Davidson at (505) 476-3458 or through the New Mexico Relay Network (1-800-659-1779) by **December 1, 2008**. Public documents can be provided in various accessible forms. Please contact Ms. Davidson if a summary or other type of accessible form is needed. A preliminary agenda will be available to the public no later than two weeks prior to the meeting. A final agenda will be available no later than 24 hours preceding the meeting. Members of the public may obtain copies of the agenda by contacting Ms. Davidson at the phone number indicated above. Also, the agenda will be posted on the Oil Conservation Division website at [www.emnrd.state.nm.us](http://www.emnrd.state.nm.us).

**STATE OF NEW MEXICO TO:**

**All named parties and persons  
having any right, title, interest  
or claim in the following cases  
and notice to the public.**

**CASE 14255:** Proposed section 19.15.39.9 NMAC requires operators to obtain the approval of the Oil Conservation Division (Division) for an exploration and development plan prior to drilling, re-entering or deepening a well in Santa Fe County or the Galisteo Basin, and requires the operator to renew the plan every five years. The operator will be required to operate the wells covered by the plan in accordance with the plan's requirements until the plan is specifically replaced by a special pool order. The proposed rule sets out the process for obtaining, amending, renewing and replacing exploration and development plans.

Proposed section 19.15.39.10 NMAC sets out conditions that will be applied to applications for permits to drill, re-enter or deepen a well covered by an exploration and development plan. These conditions will apply unless the operator's approved exploration and development plan recognizes an exception.

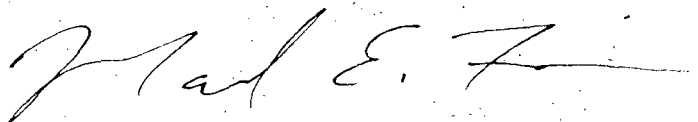
**EXHIBIT A**

Copies of the text of the application and proposed amendment are available from commission clerk Florene Davidson at (505) 476-3458 or from the Division's web site at <http://www.emnrd.state.nm.us/ocd> under "Announcements." If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact Ms. Davidson at (505) 476-3458 or through the New Mexico Relay Network (1-800-659-1779) as soon as possible.

Written comments on the proposed amendment, pre-hearing statements and notices of recommended modifications must be received no later than 5:00 p.m. on **Wednesday, December 3, 2008**. Any person may present non-technical testimony or make an unsworn statement at the hearing. Any person who intends to present technical testimony or cross-examine witnesses at the hearing shall, no later than 5:00 p.m. on **Wednesday, December 3, 2008**, file six sets of a pre-hearing statement with Ms. Davidson. The pre-hearing statement shall include the person's name and the name of the person's attorney; the names of all witnesses the person will call to testify at the hearing; a concise statement of each witnesses' testimony; all technical witnesses' qualifications including a description of the witnesses' education and experience; and the approximate time needed to present the testimony. The person shall attach to the pre-hearing statement any exhibits he or she plans to offer as evidence at the hearing. Any person recommending modifications to a proposed rule change shall, no later than **Monday, November 24, 2008**, file a notice of recommended modifications with Ms. Davidson including the text of the recommended modifications, an explanation of the modifications' impact, and the reasons for adopting the modifications. Written comments, pre-hearing statements and notices of recommended modifications 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 (505) 476-3462.

**Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 10th day of November 2008.**

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**



**Mark E. Fesmire, P.E.  
Director, Oil Conservation Division**

**S E A L**

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION  
SANTA FE, NEW MEXICO**

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**EXHIBIT B**

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**Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 17th day of November 2008.**

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**



**Mark E. Fesmire, P.E.  
Director, Oil Conservation Division**

**S E A L**

THE SANTA FE  
**NEW MEXICAN**

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NM EMNRD Oil Conserv.  
Theresa Duran-Saenz  
1220 S. St. Francis Dr.  
Santa Fe, NM 87505

OK to Pay  
Florence Davidson

2008 NOV 26 PM 2 11

ALTERNATE ACCOUNT: 56689  
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LEGAL NO: 86318 P.O. #:  
249 LINES 1 TIME(S) 216.72  
AFFIDAVIT: 7.00  
TAX: 17.76  
TOTAL: 241.48

**AFFIDAVIT OF PUBLICATION**

STATE OF NEW MEXICO  
COUNTY OF SANTA FE

I, L. Paquin, being first duly sworn declare and say that I am Legal Advertising Representative of THE SANTA FE NEW MEXICAN, a daily newspaper published in the English language, and having a general circulation in the Counties of Santa Fe and Los Alamos, State of New Mexico and being a newspaper duly qualified to publish legal notices and advertisements under the provisions of Chapter 167 on Session Laws of 1937; that the publication # 86318 a copy of which is hereto attached was published in said newspaper 1 day(s) between 11/19/2008 and 11/19/2008 and that the notice was published in the newspaper proper and not in any supplement; the first date of publication being on the 19th day of November, 2008 and that the undersigned has personal knowledge of the matter and things set forth in this affidavit.

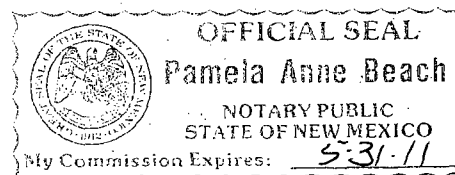
/s/ L. Paquin  
LEGAL ADVERTISEMENT REPRESENTATIVE

Subscribed and sworn to before me on this 20th day of November, 2008.

Notary Pamela Anne Beach

Commission Expires: May 31, 2011

**EXHIBIT C**





**MEXICO  
ENERGY, MINERALS  
AND NATURAL  
RESOURCES  
DEPARTMENT  
OIL CONSERVATION  
DIVISION  
SANTA FE, NEW  
MEXICO**

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obtain the approval of the Oil Conservation Division (Division) for an exploration and development plan prior to drilling, re-entering or deepening a well in Santa Fe County or the Galisteo Basin, and requires the operator to

renew the plan every five years. The operator will be required to operate the wells covered by the plan in accordance with the plan's requirements until the plan is specifically replaced by a special pool order. The proposed rule sets out the process for obtaining, amending, renewing and replacing exploration and development plans. Proposed section 19.15.39.10 NMAC sets out conditions that will be applied to applications for permits to drill, re-enter or deepen a well covered by an exploration and development plan. These conditions will apply unless the operator's approved exploration and development plan recognizes an exception.

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**Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 17th day of November 2008.**

**STATE OF NEW MEXICO  
OIL CONSERVATION  
DIVISION**

Mark E. Fesmire, P.E.  
Director, Oil Conservation Division

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Pub. Nov. 19, 2008

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STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL  
RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION  
SANTA FE, NEW MEXICO  
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Conservation Commission hereby gives notice  
pursuant to law and Commission rules of the  
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Porter Hall at 1220 South St. Francis Drive,  
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**EXHIBIT D**

contact Division Administrator Florene Davidson at (505) 476-3458 or through the New Mexico Relay Network (1-800-659-1779) by December 1, 2008.

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Also, the agenda will be posted on the Oil Conservation Division website at [www.emnrd.state.nm.us](http://www.emnrd.state.nm.us).

STATE OF NEW MEXICO TO<

He ran eight times for 62 yards. "It's not enough," Cassel said.

The Patriots got the tying touchdown on Cassel's 16-yard pass on fourth down. Moss' diving sideline catch was reviewed when he was pushed out of bounds by cornerback Ty Law, but the TD stood.

yard touchdown run with 3:10 left. Brett Favre made his 263rd consecutive regular-season start, an NFL record, and went 26-of-33 for 258 yards and directed the only drive of overtime, covering 64 yards on 14 plays in 7:50. His 16-yard pass to Laveranues Coles brought the

about the need to reload and finish the game," Mangini said, "and we did that."

The Jets scored on their first three series, plus a 92-yard kickoff return by Leon Washington, four days after scoring on all seven of their first-half possessions in a 47-3 rout of the St. Louis Rams.

## CLASSIFIEDS CONTINUED...

Continued from Page B2

### OIL CONSERVATION DIVISION SANTA FE, NEW MEXICO

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### LEGALS

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### LEGALS

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Davidson at (505) 476-3458 or through the New Mexico Relay Network (1-800-659-1779) as soon as possible. Written comments on the proposed amendment, pre-hearing statements and notices of recommended modifications must be received no later than 5:00 p.m. on Wednesday, December 3, 2008. Any person may present non-technical testimony or make an unsworn statement at the hearing. Any person who intends to present technical testimony or cross-examine witnesses at the hearing shall, no later than 5:00 p.m. on Wednesday, December 3, 2008, file six sets of a pre-hearing statement with Ms. Davidson. The pre-hearing statement shall include the person's name and the name of the person's attorney; the names of all witnesses may be hand-delivered or mailed to Ms. Davidson at 1220 South St. Francis Drive, Santa Fe, New

### LEGALS

witnesses' testimony; all technical witnesses' qualifications including a description of the witnesses' education and experience; and the approximate time needed to present the testimony. The person shall attach to the pre-hearing statement any exhibits he or she plans to offer as evidence at the hearing. Any person recommending modifications to a proposed rule change shall, no later than Monday, November 24, 2008, file a notice of recommended modifications with Ms. Davidson including the text of the recommended modifications, an explanation of the modifications' impact, and the reasons for adopting the modifications. Written comments, pre-hearing statements and notices of recommended modifications may be hand-delivered or mailed to Ms. Davidson at 1220 South St. Francis Drive, Santa Fe, New

### LEGALS

Mexico 87505, or may be faxed to Ms. Davidson at (505) 476-3462. Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 10th day of November 2008. STATE OF NEW MEXICO OIL CONSERVATION DIVISION Mark E. Fesmire, P.E. Oil Director, Conservation Division S E A L PUB: Las Vegas Optic, November 14, 2008 #23627

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signed has ed person ive of this t sons hav against thi required to claims wit months aft the first pub Notice or ti be foreve must be pr to the und sonal repr the address or filed with Court of County, N located at address: National S Vegas, N 87701 DATED: Oct /s/ Mary H Personal R of The Est Paul Pardui Sabina, Se Mexico 87505 PUB: Las November 1

Save! Ford/Chev

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FRANKEN TIRE GEN

612 Mountain View Dr

425-7501

**Duran-Saenz, Theresa, EMNRD**

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From: Duran-Saenz, Theresa, EMNRD  
Sent: Wednesday, November 19, 2008 11:58 AM  
To: (ballen@sesi-nm.com); (charlie.perrin@state.nm.us); (cheryls@ypcnm.com);  
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(tim.gum@state.nm.us); (tyrafeil@duganproduction.com); (van.barton@state.nm.us);  
(wcarr@hollandhart.com); (yolanda.perez@conocophillips.com); 'Patricia Clugston'  
**Cc:** Davidson, Florene, EMNRD  
**Subject:** December 11, 2008 OCC Preliminary Docket No. 43-08  
**Attachments:** Docket No. 43-08 PRELIMINARY.doc; Docket No. 43-08 PRELIMINARY.pdf

The message is ready to be sent with the following file or link attachments:

Docket No. 43-08 PRELIMINARY  
Docket No. 43-08 PRELIMINARY

Note: To protect against computer viruses, e-mail programs may prevent sending or receiving certain types of file attachments. Check your e-mail security settings to determine how attachments are handled.

**PRELIMINARY DOCKET: COMMISSION MEETING – THURSDAY – DECEMBER 11, 2008**

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

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

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**Notice:** The minutes of the November 6 and November 7, 2008 Commission Meetings 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.

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**CASE 14255:** This case concerns the proposed amendment of 19.15.39 NMAC to add two new sections setting out special provisions for Santa Fe County and the Galisteo Basin, which extends into portions of San Miguel and Sandoval Counties. Proposed section 19.15.39.9 NMAC requires operators to obtain the approval of the Oil Conservation Division (Division) for an exploration and development plan prior to drilling, re-entering or deepening a well in Santa Fe County or the Galisteo Basin, and requires the operator to renew the plan every five years. The operator will be required to operate the wells covered by the plan in accordance with the plan's requirements until the plan is specifically replaced by a special pool order. The proposed rule sets out the process for obtaining, amending, renewing and replacing exploration and development plans. Proposed section 19.15.39.10 NMAC sets out conditions that will be applied to applications for permits to drill, re-enter or deepen a well covered by an exploration and development plan. These conditions will apply unless the operator's approved exploration and development plan recognizes an exception.

Copies of the text of the application and proposed amendment are available from commission clerk Florene Davidson at (505) 476-3458 or from the Division's web site at <http://www.emnrd.state.nm.us/ocd> under "Announcements."

Any person recommending modifications to a proposed rule change shall, no later than **Monday, November 24, 2008**, file a notice of recommended modifications with Ms. Davidson including the text of the recommended modifications, an explanation of the modifications' impact, and the reasons for adopting the modifications. Written comments on the proposed amendment and pre-hearing statements must be received no later than 5:00 p.m. on **Wednesday, December 3, 2008**. Any person may present non-technical testimony or make an un-sworn statement at the hearing. Any person who intends to present technical testimony or cross-examine witnesses at the hearing shall, no later than 5:00 p.m. on **Wednesday, December 3, 2008**, file six sets of a pre-hearing statement with Ms. Davidson. The pre-hearing statement shall include the person's name and the name of the person's attorney; the names of all witnesses the person will call to testify at the hearing; a concise statement of each witnesses' testimony; all technical witnesses' qualifications including a description of the witnesses' education and experience; and the approximate time needed to present the testimony. The person shall attach to the pre-hearing statement any exhibits he or she plans to offer as evidence at the hearing.

Written comments, pre-hearing statements and notices of recommended modifications 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 (505) 476-3462.

**CASE 14163: De Novo**

***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 N/2 of Section 18, Township

29N, Range 13W, NMPM, forming a non-standard 250 acre spacing unit for said Pool. The spacing unit will be dedicated to the drilling of the Westland Park 1 well in the NE/4 and the Westland Park 2 well in the NW/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. Upon application of Western Refining Southwest, Inc., this case will be heard De Novo pursuant to the provisions of Division Rule 1221.

**CASE 14106: De Novo**

***Application of the New Mexico Oil Conservation Division for a Compliance Order against Xeric Oil & Gas Corporation ("Xeric").***

The Applicant seeks an Order finding that Operator Xeric is in violation of OCD Rule 101 as to 69 wells and Rule 201 &/or 1115 as to 80 wells, that such violations are knowing and willful, assessing an appropriate civil penalty and requiring Xeric to bring all such wells into full compliance with OCD Rules by a date certain. The Division further seeks authority to forfeit any associated financial assurances, and to plug and abandon the subject wells should the Operator fail to meet the deadline established by the Order. The subject wells are all located in Lea County. The Crosby Deep and Gregory Units are located approximately 2 miles South/Southeast of Jal; the Mesa Queen Unit is located approximately 4 miles North of Maljamar and 2 miles East of the Eddy County line; the South Pearl Queen, West Pearl Queen and East Pearl Queen Units are located between 12 and 20 miles Northwest of Eunice and 16 to 20 miles Southwest of Hobbs; and the Mexico U wells are located just Southwest of Hobbs (within 3 miles). The specific wells involved in this matter include the following:

Crosby Deep #001	30-025-23891
Crosby Deep #003	30-025-11870
East Pearl Queen Unit #084	30-025-30869
Gregory A #005	30-025-11884
Gregory A #007	30-025-11867
Gregory C #001	30-025-11865
Gregory El Paso Federal #004	30-025-11871
Mesa Queen Unit #006	30-025-00396
Mesa Queen Unit #015	30-025-20347
Mesa Queen Unit #025	30-025-23483
South Pearl Queen Unit #005	30-025-03328
South Pearl Queen Unit #008	30-025-03317
South Pearl Queen Unit #011	30-025-03325
South Pearl Queen Unit #016	30-025-03321
South Pearl Queen Unit #019	30-025-03319
South Pearl Queen Unit #021	30-025-03342
South Pearl Queen Unit #022	30-025-03341
West Pearl Queen Unit #167	30-025-23313
West Pearl Queen Unit #180	30-025-30868
West Pearl Queen Unit #130	30-025-03250
Crosby Deep #002	30-025-24287
Crosby Deep #004	30-025-25985
East Pearl Queen Unit #001	30-025-03189
East Pearl Queen Unit #004	30-025-03186
East Pearl Queen Unit #007	30-025-03183
East Pearl Queen Unit #008	30-025-03182



East Pearl Queen Unit #009	30-025-03185
East Pearl Queen Unit #011	30-025-03175
East Pearl Queen Unit #012	30-025-03174
East Pearl Queen Unit #014	30-025-03184
East Pearl Queen Unit #015	30-025-03181
East Pearl Queen Unit #016	30-025-03180
East Pearl Queen Unit #018	30-025-03216
East Pearl Queen Unit #021	30-025-03237
East Pearl Queen Unit #022	30-025-03235
East Pearl Queen Unit #023	30-025-03236
East Pearl Queen Unit #026	30-025-03222
East Pearl Queen Unit #028	30-025-03215
East Pearl Queen Unit #029	30-025-03208
East Pearl Queen Unit #030	30-025-03213
East Pearl Queen Unit #036	30-025-03221
East Pearl Queen Unit #037	30-025-03219
East Pearl Queen Unit #039	30-025-03295
East Pearl Queen Unit #042	30-025-03298
East Pearl Queen Unit #046	30-025-03302
East Pearl Queen Unit #056	30-025-23302
East Pearl Queen Unit #057	30-025-23409
East Pearl Queen Unit #059	30-025-23427
East Pearl Queen Unit #077	30-025-31106
Mesa Queen Unit #010	30-025-20340
Mesa Queen Unit #011	30-025-20230
Mesa Queen Unit #018	30-025-20313
Mesa Queen Unit #020	30-025-20269
Mexico U #001	30-025-12512
Mexico U #003	30-025-30954
South Pearl Queen Unit #003	30-025-21772
South Pearl Queen Unit #006	30-025-03315
South Pearl Queen Unit #007	30-025-03316
West Pearl Queen Unit #103	30-025-03247
West Pearl Queen Unit #107	30-025-03231
West Pearl Queen Unit #108	30-025-03234
West Pearl Queen Unit #110	30-025-03254
West Pearl Queen Unit #112	30-025-03244
West Pearl Queen Unit #117	30-025-03241
West Pearl Queen Unit #118	30-025-03248
West Pearl Queen Unit #119	30-025-03240
West Pearl Queen Unit #120	30-025-03224
West Pearl Queen Unit #121	30-025-03225
West Pearl Queen Unit #122	30-025-03228
West Pearl Queen Unit #124	30-025-03229
West Pearl Queen Unit #125	30-025-03227
West Pearl Queen Unit #126	30-025-03226
West Pearl Queen Unit #127	30-025-03242
West Pearl Queen Unit #128	30-025-03249
West Pearl Queen Unit #129	30-025-03243
West Pearl Queen Unit #134	30-025-03262
West Pearl Queen Unit #135	30-025-03261
West Pearl Queen Unit #140	30-025-03283

West Pearl Queen Unit #143	30-025-03286
West Pearl Queen Unit #153	30-025-03265
West Pearl Queen Unit #154	30-025-03266
West Pearl Queen Unit #163	30-025-22870
West Pearl Queen Unit #164	30-025-23083
West Pearl Queen Unit #169	30-025-25365
West Pearl Queen Unit #191	30-025-30861
West Pearl Queen Unit #192	30-025-30867
West Pearl Queen Unit #195	30-025-31021
West Pearl Queen Unit #202	30-025-31125

Upon application of Xeric Oil & Gas Corporation, this case will be heard De Novo pursuant to the provisions of Division Rule 1221.

**CASE 13957: De Novo**

***Amended Application of Energen Resources Corporation to Amend the Cost Recovery Provisions of Compulsory Pooling Order No. R-1960, To Determine Reasonable Costs, and for Authorization To Recover Costs From Production Of Pooled Mineral Interests, Rio Arriba County, New Mexico.*** Applicant seeks an order amending the cost recovery provisions of Order No. R-1960 pooling all interests in the Pictured Cliffs formation, (Tapacito-Pictured Cliffs Gas Pool) underlying the SW/4 of Section 2, Township 25 North, Range 3 West, forming a standard 160-acre spacing and proration unit. Applicant proposes the amendment of the cost recovery provisions under the original version of Order No. R-1960 to reflect the current custom and practice of the industry and the Division which allows well operators to recover the reasonable costs of operations and supervision. Applicant also seeks authorization to sell a portion or all of the pooled working interest share of production of a non-selling mineral interest owner and to obtain reimbursement of costs therefrom. The lands that are the subject of the application are located approximately one mile west of Ojito, New Mexico. Upon application of JAS Oil and Gas Company, LLC, this case will be heard De Novo pursuant to the provisions of Division Rule 1221.

**CASE 14134: De Novo (Continued from the September 11, 2008 Commission Meeting.)**

***Application of the Board of County Commissioners of Rio Arriba County for cancellation or suspension of Applications for Permits to Drill (APDs) filed by Approach Operating, LLC, Rio Arriba County, New Mexico.*** The Board of County Commissioners of Rio Arriba requests a hearing to show that the drilling of the following wells by Approach Operating, LLC will cause waste, violate correlative rights and/or be injurious to human health and the environment:

**API No. 30-039-30342**

**Sultemeier Well No. 1**

T27N R4E NMPM

Lat. 36°6'42.610227 N

Long. 106°54'43.5219W

**API No. 30-039-30386**

**Sena Well No. 1**

T28N R4E NMPM

Lat. 36°40'08.61650 N

Long. 106°30'27.29027"W

**API No. 30-039-30394**

Sena Well No. 2

T28N R4E NMPM

Lat. 36°39'25.02004" N

Long. 106°30'42.51613" W

**API No. 30-039-30397**

Woolley Family LP Well No. 1

T28N R5E NMPM

Lat. 36°41'27.88700" N

Long. 106°23'11.85392" W

**CASE 14141:** *De Novo (Continued from the September 11, 2008 Commission Meeting.)*

***Application of Approach Operating, LLC for Approval of Six Applications for Permits to Drill, Rio Arriba County, New Mexico.*** Applicant seeks an order approving applications for permits to drill ("APD's") for the following six wells to be drilled to the Mancos formation, all in Rio Arriba County:

Benjamin Trujillo Well No. 1

T28N R4E NMPM

Lat. 36°38'50.0" N

Long. 106°30'20.4" W

Avella Sultemeier Well No. 2

T28N R4E NMPM

Lat. 36°38'41.8" N

Long. 106°31'34.3" W

Rosemary Roller Well No. 1

T28N R5E NMPM

Lat. 36°40'18.4" N

Long. 106°24'41.5" W

Leo Valdez Well No. 1

T28N R4E NMPM

Lat. 36°39'47.90" N

Long. 106°33'29.18" W

Cloyd Hinkle Well No. 1

T28N R4E NMPM

Lat. 36°39'38.46" N

Long. 106°33'13.02" W

Anthony Garcia Well No. 1

T28N R4E NMPM

Lat. 36°39'37.8" N

Long. 106°31'46.3" W

The subject lands and wells are located approximately three to six miles southeast of Tierra Amarilla, New Mexico.

**Duran-Saenz, Theresa, EMNRD**

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From: Duran-Saenz, Theresa, EMNRD  
Sent: Wednesday, November 19, 2008 10:44 AM  
To: (ballen@sesi-nm.com); (charlie.perrin@state.nm.us); (cheryls@ypcnm.com); (ccarter@pvtnetworks.net); (dale@capstoneoil.com); (dboneau@pvtnetworks.net); (dexterh@forl.com); Diane Ellenburg (Diane\_Ellenburg@blm.gov); (dneeper@earthlink.net); (ekendrick@montand.com); elizabeth\_bush@oxy.com; Macquesten, Gail, EMNRD (gail.macquesten@state.nm.us); Gary Wink (gary.wink@state.nm.us); J. Scott Hall (shall@montand.com); (hawkinj2@bp.com); (jbailey@slo.state.nm.us); (jan.wooldridge@dmv.com); (jtportwood@mindspring.com); Jimmy D. Carlile (jimmyc@forl.com); (jlevine@pnm.com); John Matis@blm.gov; Roberts, Kelly G, EMNRD (KellyG.Roberts@state.nm.us); Lisa Curry Gray (lisa@lgraylaw.com); Marita Blakeman; (markm@forl.com); Brown, Maxey G, EMNRD (MaxeyG.Brown@state.nm.us); Mikal Altomare (Mikal.Altomare@state.nm.us); Bratcher, Mike, EMNRD (mike.bratcher@state.nm.us); (rel@dfn.com); Rachel Jankowitz (rachel.jankowitz@state.nm.us); (rtupman@hess.com); (richard.ezeanyim@state.nm.us); Inge, Richard, EMNRD (richard.inge@state.nm.us); (Rick\_Foppiano@oxy.com); (bwatson@trailnet.com); shane@spearbrothersgroup.com; Sonny Swazo (Sonny.Swazo@state.nm.us); (stan.phillips@apachecorp.com); (syahney@heyco.org); (tim.gum@state.nm.us); (tyrafeil@duganproduction.com); (baizelb@earthlink.net); (rrmiles@cableone.net); (read@lookingglass.net); (myoung@mewbourne.com); (land@marbob.com); (jbyrom@djsimmonsinc.com); (dgirand@mackenergycorp.com); (csecows@aol.com); (bganter@br-inc.com); (aalexandcer@br-inc.com); (WDeedler@aol.com); (walker@kfoc.net); (sallyk@forl.com); (rhodge@northstarop.com); (namebored@aol.com); (llrwb@austin.rr.com); (lgrayfsf@earthlink.net); (kahlinaa@ypcnm.com); (jdewbre@swm.com); (ddrdmidland@aol.com); (ccw@spinn.net); (BRANA1223@aol.com); Adan Trujillo (adantrujillo@gmail.com); (ballen@sesi-nm.com); (charlie.perrin@state.nm.us); (cheryls@ypcnm.com); (chris.wyatt@bp.com); (ccarter@pvtnetworks.net); (dan\_mccright@eogresources.com); (dboneau@pvtnetworks.net); (dexterh@forl.com); (DonAdams@hess.com); (dneeper@earthlink.net); (ekendrick@montand.com); elizabeth\_bush@oxy.com; Elizabeth Taylor (etaylor@wtmlawfirm.com); Macquesten, Gail, EMNRD (gail.macquesten@state.nm.us); (huffaker@handmlc.com); J. Scott Hall (shall@montand.com); (hawkinj2@bp.com); (jbailey@slo.state.nm.us); (jan.wooldridge@dmv.com); (jtportwood@mindspring.com); JD Steven M. Feisal (sfeisal@chkenenergy.com); (jlevine@pnm.com); John Tull (john.tull@state.nm.us); Jolene McCaleb (jmccaleb@wtmlawfirm.com); (kristen.howell@williams.com); (gandy2@leaco.net); (markm@forl.com); (mjc@gallegoslawfirm.net); Mikal Altomare (Mikal.Altomare@state.nm.us); (omundsdry@hollandhart.com); (ppearce@br-inc.com); (rtupman@hess.com); (richard.ezeanyim@state.nm.us); (Rick\_Foppiano@oxy.com); (bwatson@trailnet.com); (shane@spearbrothersgroup.com); (boyds\_enm@zianet.com); Sonny Swazo (Sonny.Swazo@state.nm.us); (stan.phillips@apachecorp.com); (jbemis@slo.state.nm.us); (steven.hayden@state.nm.us); (syahney@heyco.org); (tim.gum@state.nm.us); (tyrafeil@duganproduction.com); (van.barton@state.nm.us); (wcarr@hollandhart.com); (yolanda.perez@conocophillips.com); (baizelb@earthlink.net); (rrmiles@cableone.net); (read@lookingglass.net); (myoung@mewbourne.com); (land@marbob.com); (jbyrom@djsimmonsinc.com); (dgirand@mackenergycorp.com); (csecows@aol.com); (bganter@br-inc.com); (aalexandcer@br-inc.com); (WDeedler@aol.com); (walker@kfoc.net); (sallyk@forl.com); (rhodge@northstarop.com); (namebored@aol.com); (llrwb@austin.rr.com); (lgrayfsf@earthlink.net); (kahlinaa@ypcnm.com); (jdewbre@swm.com); (ddrdmidland@aol.com); (ccw@spinn.net); (BRANA1223@aol.com); Adan Trujillo (adantrujillo@gmail.com); (ballen@sesi-nm.com); (charlie.perrin@state.nm.us); (cheryls@ypcnm.com); (chris.wyatt@bp.com); (ccarter@pvtnetworks.net); (dan\_mccright@eogresources.com); (dboneau@pvtnetworks.net); (dexterh@forl.com); (DonAdams@hess.com); (dneeper@earthlink.net); (ekendrick@montand.com); elizabeth\_bush@oxy.com; Elizabeth Taylor (etaylor@wtmlawfirm.com); Macquesten, Gail, EMNRD (gail.macquesten@state.nm.us); (huffaker@handmlc.com); J. Scott Hall (shall@montand.com); (hawkinj2@bp.com); (jbailey@slo.state.nm.us); (jan.wooldridge@dmv.com); (jtportwood@mindspring.com); JD Steven M. Feisal (sfeisal@chkenenergy.com); (jlevine@pnm.com); John Tull (john.tull@state.nm.us); Jolene McCaleb (jmccaleb@wtmlawfirm.com); (kristen.howell@williams.com); (gandy2@leaco.net);

**To:** (markm@forl.com); (mjc@gallegoslawfirm.net); Mikal Altomare  
(Mikal.Altomare@state.nm.us); (omundsdry@hollandhart.com); (ppearce@br-inc.com);  
(rtupman@hess.com); (richard.ezeanyim@state.nm.us); (Rick\_Foppiano@oxy.com);  
(bwatson@trailnet.com); (shane@spearbrothersgroup.com); (boyds\_enm@zianet.com);  
Sonny Swazo (Sonny.Swazo@state.nm.us); (stan.phillips@apachecorp.com);  
(jbemis@slo.state.nm.us); (steven.hayden@state.nm.us); (syahney@heyco.org);  
(tim.gum@state.nm.us); (tyrafeil@duganproduction.com); (van.barton@state.nm.us);  
(wcarr@hollandhart.com); (yolanda.perez@conocophillips.com); 'Patricia Clugston'  
**Cc:** Davidson, Florene, EMNRD  
**Subject:** December 11, 2008 OCC MEETING Notice  
**Attachments:** 12-11 OCC MEETING.pdf; 12-11 OCC MEETING.docx

The message is ready to be sent with the following file or link attachments:

12-11 OCC MEETING  
12-11 OCC MEETING

Note: To protect against computer viruses, e-mail programs may prevent sending or receiving certain types of file attachments. Check your e-mail security settings to determine how attachments are handled.

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION  
SANTA FE, NEW MEXICO

The State of New Mexico, through its Oil Conservation Commission hereby gives notice pursuant to law and Commission rules of the following meeting and public hearing to be held at 9:00 A.M. on **December 11, 2008**, in Porter Hall at 1220 South St. Francis Drive, Santa Fe, New Mexico, before the Oil Conservation Commission. This public hearing concerns the amendment of 19.15.39 NMAC to add two new sections setting out special provisions for Santa Fe County and the Galisteo Basin, which extends into portions of San Miguel and Sandoval Counties. If additional time is needed, the hearing may continue at a later date announced by the Commission. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter or any other form of auxiliary aid or service to attend or participate in the hearing please contact Division Administrator Florene Davidson at (505) 476-3458 or through the New Mexico Relay Network (1-800-659-1779) by **December 1, 2008**. Public documents can be provided in various accessible forms. Please contact Ms. Davidson if a summary or other type of accessible form is needed. A preliminary agenda will be available to the public no later than two weeks prior to the meeting. A final agenda will be available no later than 24 hours preceding the meeting. Members of the public may obtain copies of the agenda by contacting Ms. Davidson at the phone number indicated above. Also, the agenda will be posted on the Oil Conservation Division website at [www.emnrd.state.nm.us](http://www.emnrd.state.nm.us).

**STATE OF NEW MEXICO TO:**

**All named parties and persons  
having any right, title, interest  
or claim in the following cases  
and notice to the public.**

**CASE 14255:** This case concerns the proposed amendment of 19.15.39 NMAC to add two new sections setting out special provisions for Santa Fe County and the Galisteo Basin, which extends into portions of San Miguel and Sandoval Counties. Proposed section 19.15.39.9 NMAC requires operators to obtain the approval of the Oil Conservation Division (Division) for an exploration and development plan prior to drilling, re-entering or deepening a well in Santa Fe County or the Galisteo Basin, and requires the operator to renew the plan every five years. The operator will be required to operate the wells covered by the plan in accordance with the plan's requirements until the plan is specifically replaced by a special pool order. The proposed rule sets out the process for obtaining, amending, renewing and replacing exploration and development plans. Proposed section 19.15.39.10 NMAC sets out conditions that will be applied to applications for permits to drill, re-enter or deepen a well covered by an exploration and development plan. These conditions will apply unless the operator's approved exploration and development plan recognizes an exception.

Copies of the text of the application and proposed amendment are available from commission clerk Florene Davidson at (505) 476-3458 or from the Division's web site at <http://www.emnrd.state.nm.us/ocd> under "Announcements."

Any person recommending modifications to a proposed rule change shall, no later than **Monday, November 24, 2008**, file a notice of recommended modifications with Ms. Davidson including the text of the recommended modifications, an explanation of the modifications' impact, and the reasons for adopting the modifications. Written comments on the proposed amendment and pre-hearing statements must be received no later than 5:00 p.m. on **Wednesday, December 3, 2008**. Any person may present non-technical testimony or make an un-sworn statement at the hearing. Any person who intends to present technical testimony or cross-examine witnesses at the hearing shall, no later than 5:00 p.m. on **Wednesday, December 3, 2008**, file six sets of a pre-hearing statement with Ms. Davidson. The pre-hearing statement shall include the person's name and the name of the person's attorney; the names of all witnesses the person will call to testify at the hearing; a concise statement of each witnesses' testimony; all technical witnesses' qualifications including a description of the witnesses' education and experience; and the approximate time needed to present the testimony. The person shall attach to the pre-hearing statement any exhibits he or she plans to offer as evidence at the hearing. Written comments, pre-hearing statements and notices of recommended modifications 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 (505) 476-3462.

**CASE 14163: De Novo**

***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 N/2 of Section 18, Township 29N, Range 13W, NMPM, forming a non-standard 250 acre spacing unit for said Pool. The spacing unit will be dedicated to the drilling of the Westland Park 1 well in the NE/4 and the Westland Park 2 well in the NW/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. Upon application of Western Refining Southwest, Inc., this case will be heard De Novo pursuant to the provisions of Division Rule 1221.

**CASE 14106: De Novo**

***Application of the New Mexico Oil Conservation Division for a Compliance Order against Xeric Oil & Gas Corporation ("Xeric").*** The Applicant seeks an Order finding that Operator Xeric is in violation of OCD Rule 101 as to 69 wells and Rule 201 &/or 1115 as to 80 wells, that such violations are knowing and willful, assessing an appropriate civil penalty and requiring Xeric to bring all such wells into full compliance with OCD Rules by a date certain. The Division further seeks authority to forfeit any

associated financial assurances, and to plug and abandon the subject wells should the Operator fail to meet the deadline established by the Order. The subject wells are all located in Lea County. The Crosby Deep and Gregory Units are located approximately 2 miles South/Southeast of Jal; the Mesa Queen Unit is located approximately 4 miles North of Maljamar and 2 miles East of the Eddy County line; the South Pearl Queen, West Pearl Queen and East Pearl Queen Units are located between 12 and 20 miles Northwest of Eunice and 16 to 20 miles Southwest of Hobbs; and the Mexico U wells are located just Southwest of Hobbs (within 3 miles). The specific wells involved in this matter include the following:

Crosby Deep #001	30-025-23891
Crosby Deep #003	30-025-11870
East Pearl Queen Unit #084	30-025-30869
Gregory A #005	30-025-11884
Gregory A #007	30-025-11867
Gregory C #001	30-025-11865
Gregory El Paso Federal #004	30-025-11871
Mesa Queen Unit #006	30-025-00396
Mesa Queen Unit #015	30-025-20347
Mesa Queen Unit #025	30-025-23483
South Pearl Queen Unit #005	30-025-03328
South Pearl Queen Unit #008	30-025-03317
South Pearl Queen Unit #011	30-025-03325
South Pearl Queen Unit #016	30-025-03321
South Pearl Queen Unit #019	30-025-03319
South Pearl Queen Unit #021	30-025-03342
South Pearl Queen Unit #022	30-025-03341
West Pearl Queen Unit #167	30-025-23313
West Pearl Queen Unit #180	30-025-30868
West Pearl Queen Unit #130	30-025-03250
Crosby Deep #002	30-025-24287
Crosby Deep #004	30-025-25985
East Pearl Queen Unit #001	30-025-03189
East Pearl Queen Unit #004	30-025-03186
East Pearl Queen Unit #007	30-025-03183
East Pearl Queen Unit #008	30-025-03182
East Pearl Queen Unit #009	30-025-03185
East Pearl Queen Unit #011	30-025-03175
East Pearl Queen Unit #012	30-025-03174
East Pearl Queen Unit #014	30-025-03184
East Pearl Queen Unit #015	30-025-03181
East Pearl Queen Unit #016	30-025-03180
East Pearl Queen Unit #018	30-025-03216
East Pearl Queen Unit #021	30-025-03237
East Pearl Queen Unit #022	30-025-03235
East Pearl Queen Unit #023	30-025-03236



East Pearl Queen Unit #026	30-025-03222
East Pearl Queen Unit #028	30-025-03215
East Pearl Queen Unit #029	30-025-03208
East Pearl Queen Unit #030	30-025-03213
East Pearl Queen Unit #036	30-025-03221
East Pearl Queen Unit #037	30-025-03219
East Pearl Queen Unit #039	30-025-03295
East Pearl Queen Unit #042	30-025-03298
East Pearl Queen Unit #046	30-025-03302
East Pearl Queen Unit #056	30-025-23302
East Pearl Queen Unit #057	30-025-23409
East Pearl Queen Unit #059	30-025-23427
East Pearl Queen Unit #077	30-025-31106
Mesa Queen Unit #010	30-025-20340
Mesa Queen Unit #011	30-025-20230
Mesa Queen Unit #018	30-025-20313
Mesa Queen Unit #020	30-025-20269
Mexico U #001	30-025-12512
Mexico U #003	30-025-30954
South Pearl Queen Unit #003	30-025-21772
South Pearl Queen Unit #006	30-025-03315
South Pearl Queen Unit #007	30-025-03316
West Pearl Queen Unit #103	30-025-03247
West Pearl Queen Unit #107	30-025-03231
West Pearl Queen Unit #108	30-025-03234
West Pearl Queen Unit #110	30-025-03254
West Pearl Queen Unit #112	30-025-03244
West Pearl Queen Unit #117	30-025-03241
West Pearl Queen Unit #118	30-025-03248
West Pearl Queen Unit #119	30-025-03240
West Pearl Queen Unit #120	30-025-03224
West Pearl Queen Unit #121	30-025-03225
West Pearl Queen Unit #122	30-025-03228
West Pearl Queen Unit #124	30-025-03229
West Pearl Queen Unit #125	30-025-03227
West Pearl Queen Unit #126	30-025-03226
West Pearl Queen Unit #127	30-025-03242
West Pearl Queen Unit #128	30-025-03249
West Pearl Queen Unit #129	30-025-03243
West Pearl Queen Unit #134	30-025-03262
West Pearl Queen Unit #135	30-025-03261
West Pearl Queen Unit #140	30-025-03283
West Pearl Queen Unit #143	30-025-03286
West Pearl Queen Unit #153	30-025-03265
West Pearl Queen Unit #154	30-025-03266
West Pearl Queen Unit #163	30-025-22870

West Pearl Queen Unit #164	30-025-23083
West Pearl Queen Unit #169	30-025-25365
West Pearl Queen Unit #191	30-025-30861
West Pearl Queen Unit #192	30-025-30867
West Pearl Queen Unit #195	30-025-31021
West Pearl Queen Unit #202	30-025-31125

Upon application of Xeric Oil & Gas Corporation, this case will be heard De Novo pursuant to the provisions of Division Rule 1221.

**CASE 13957: De Novo**

***Amended Application of Energen Resources Corporation to Amend the Cost Recovery Provisions of Compulsory Pooling Order No. R-1960, To Determine Reasonable Costs, and for Authorization To Recover Costs From Production Of Pooled Mineral Interests, Rio Arriba County, New Mexico.*** Applicant seeks an order amending the cost recovery provisions of Order No. R-1960 pooling all interests in the Pictured Cliffs formation, (Tapacito-Pictured Cliffs Gas Pool) underlying the SW/4 of Section 2, Township 25 North, Range 3 West, forming a standard 160-acre spacing and proration unit. Applicant proposes the amendment of the cost recovery provisions under the original version of Order No. R-1960 to reflect the current custom and practice of the industry and the Division which allows well operators to recover the reasonable costs of operations and supervision. Applicant also seeks authorization to sell a portion or all of the pooled working interest share of production of a non-selling mineral interest owner and to obtain reimbursement of costs therefrom. The lands that are the subject of the application are located approximately one mile west of Ojito, New Mexico. Upon application of JAS Oil and Gas Company, LLC, this case will be heard De Novo pursuant to the provisions of Division Rule 1221.

**Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 19th day of November 2008.**

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**

**Mark E. Fesmire, P.E.  
Director, Oil Conservation Division**

**S E A L**

New Mexico Register / Volume XIX, Number 22 / December 1, 2008

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION  
SANTA FE, NEW MEXICO

The State of New Mexico, through its Oil Conservation Commission, hereby gives notice pursuant to law and Commission rules of the following meeting and public hearing to be held at 9:00 A.M. on **December 11, 2008**, in Porter Hall at 1220 South St. Francis Drive, Santa Fe, New Mexico, before the Oil Conservation Commission. If additional time is needed, the hearing may continue at a later date announced by the Commission. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter or any other form of auxiliary aid or service to attend or participate in the hearing please contact Division Administrator Florene Davidson at (505) 476-3458 or through the New Mexico Relay Network (1-800-659-1779) by **December 1, 2008**. Public documents can be provided in various accessible forms. Please contact Ms. Davidson if a summary or other type of accessible form is needed. A preliminary agenda will be available to the public no later than two weeks prior to the meeting. A final agenda will be available no later than 24 hours preceding the meeting. Members of the public may obtain copies of the agenda by contacting Ms. Davidson at the phone number indicated above. Also, the agenda will be posted on the Oil Conservation Division website at [www.emnrd.state.nm.us](http://www.emnrd.state.nm.us).

**STATE OF NEW MEXICO TO:**

**All named parties and persons  
having any right, title, interest  
or claim in the following cases  
and notice to the public.**

**CASE 14255:** This case concerns the proposed amendment of 19.15.39 NMAC to add two new sections setting out special provisions for Santa Fe County and the Galisteo Basin, which extends into portions of San Miguel and Sandoval Counties. Proposed section 19.15.39.9 NMAC requires operators to obtain the approval of the Oil Conservation Division (Division) for an exploration and development plan prior to drilling, re-entering or deepening a well in Santa Fe County or the Galisteo Basin, and requires the operator to renew the plan every five years. The operator will be required to operate the wells covered by the plan in accordance with the plan's requirements until the plan is specifically replaced by a special pool order. The proposed rule sets out the process for obtaining, amending, renewing and replacing exploration and development plans. Proposed section 19.15.39.10 NMAC sets out conditions that will be applied to applications for permits to drill, re-enter or deepen a well covered by an exploration and development plan. These conditions will apply unless the operator's approved exploration and development plan recognizes an exception.

Copies of the text of the application and proposed amendment are available from commission clerk Florene Davidson at (505) 476-3458 or from the Division's web site at <http://www.emnrd.state.nm.us/ocd> under "Announcements."

Any person recommending modifications to a proposed rule change shall, no later than **Monday, November 24, 2008**, file a notice of recommended modifications with Ms. Davidson including the text of the recommended modifications, an explanation of the modifications' impact, and the reasons for adopting the modifications. Written comments on the proposed amendment and pre-hearing statements must be received no later than 5:00 p.m. on **Wednesday, December 3, 2008**. Any person may present non-technical testimony or make an un-sworn statement at the hearing. Any person who intends to present technical testimony or cross-examine witnesses at the hearing shall, no later than 5:00 p.m. on **Wednesday, December 3, 2008**, file six sets of a pre-hearing statement with Ms. Davidson. The pre-hearing statement shall include the person's name and the name of the person's attorney; the names of all witnesses the person will call to testify at the hearing; a concise statement of each witnesses' testimony; all technical witnesses' qualifications including a description of the witnesses' education and experience; and the approximate time needed to present the testimony. The person shall attach to the pre-hearing statement any exhibits he or she plans to offer as evidence at the hearing. Written comments, pre-hearing statements and notices of recommended modifications 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 (505) 476-3462.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 17th day of November 2008.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

Mark E. Fesmire, P.E.  
Director, Oil Conservation Division

S E A L

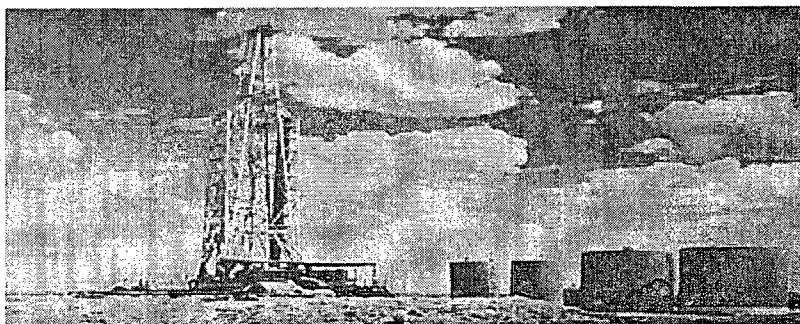
**EXHIBIT G**



NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

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Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505  
P: (505) 476-3440  
F: (505) 476-3462



### Welcome to the Oil Conservation Division's web site!

The Oil Conservation Division regulates oil, gas and geothermal activity in New Mexico. We gather oil and gas well production data; permit new oil, gas and injection wells; enforce the division's rules and the state's oil and gas statutes; and ensure that abandoned wells are properly plugged and that the land is responsibly restored.

Our mission is to assure the protection, conservation, management and responsible development of oil, gas and associated natural resources through professional, dynamic regulation and advocacy for the ultimate benefit of New Mexico.

### ANNOUNCEMENTS

PROPOSED MODIFICATIONS received in Case 14255 concerning the proposed amendment of 19.15.39 NMAC to add two new sections setting out special provisions for Santa Fe County and the Galisteo Basin. (11/25/08)

### New Pit Rule FAQ regarding existing Below-Grade Tanks (11/20/08)

December 11, 2008  
Oil Conservation  
Commission  
Meeting Docket 43-08 to hear proposed amendments to 19.15.39 NMAC. (11/19/08)

REVISED Notice of Public Hearing to amend 19.15.39 NMAC. (11/19/08)

Moratorium on New Brine Wells (11/14/08)

December 1, 2008  
Public Hearing  
DOCKET to consider  
Rasar Power  
System, LLC's

**EXHIBIT H**

application for a  
geothermal power  
plant application.  
(11/14/08)

Application to  
amend 19.15.39  
NMAC to add rules  
applicable to Santa  
Fe County and the  
Galisteo Basin;  
Hearing set for  
December 11, 2008  
(11/12/08)

December 1, 2008  
Public Hearing  
Notice to consider  
Raser Power  
System, LLC's  
application for a  
geothermal power  
plant application.  
(11/4/08)

The OCD will  
conduct a public  
hearing on Monday,  
December 1, 2008  
in Lordsburg to  
consider the  
application for a  
discharge permit for  
the Lightning Dock  
Geothermal No. 1  
geothermal power  
plant. (9/1/08)

The OCD's  
suggested  
modifications to  
proposed rule  
restructure.  
(8/28/08)

The Oil  
Conservation  
Commission  
Meeting  
scheduled for  
October 23,  
2008 is  
cancelled. The  
rescheduled  
date is  
November 6,  
2008. (8/18/08)

Application to  
restructure OCD  
Rules; Hearing set  
for September 12,  
2008  
(8/13/08)

"Pit Rule  
clarifications  
regarding Fresh  
Water Stations"  
(8/13/08)

"EPA Method 300.1  
Clarification  
Memorandum"  
(7/24/08)

Pit Rule Training  
Document  
Presented in Artesia  
and Farmington  
(6/25/2008)

The new pit rule  
can now be found in  
the Rules section  
under Current Rules  
(6/16/08) of our  
Rules page. It is  
listed under Part  
No. 17.  
(6/18/2008)

Strawman  
discussion rule for  
the April 18, 2008  
meeting on  
Produced Water  
(04/14/2008)

Fire season  
notification!  
(3/18/2008)

Final Carbon  
Sequestration  
Report (12/3/2007)

Chloride  
Contaminated  
Waste Disposal  
Notice (4/24/2007)

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OIL CONSERVATION DIVISION

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## RULES

### **To Access Our Restructured Rules**

**(11/24/08) -**

PDF Format

The rule re-organization adopted in Order R-13050 becomes effective 12-1-2008. The official version of the re-organized rules will be available through the the New Mexico Commission of Public Records State Records Center and Archives website [http://www.nmcpr.state.nm.us/nmac/\\_title19/title19.htm](http://www.nmcpr.state.nm.us/nmac/_title19/title19.htm) in mid January 2009. The OCD is posting this unofficial version of the re-organized rules as a convenience until the official version is available.

### **To Access Our Current Rules**

**(06/16/08) -**

PDF Format

Word Format



eOil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505  
P: (505) 476-3440  
F: (505) 476-3471

### **To Access New Mexico Statutes -**

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### **Proposed Rule Changes:**

**PROPOSED MODIFICATIONS** received in Case 14255 concerning the proposed amendment of 19.15.39 NMAC to add two new sections setting out special provisions for Santa Fe County and the Galisteo Basin, which extends into portions of San Miguel and Sandoval Counties. (11/25/08)

Department of Cultural Affairs  
The New Mexico Environmental Law Center  
Western Environmental Law Center  
New Mexico Wildlife Federation  
Colleen McCann-Realtor  
Oil Conservation Division, Environmental Bureau

**December 11, 2008 Oil Conservation Commission Meeting**  
**Docket 43-08 to hear Case 14255 concerning proposed**  
**amendments to 19.15.39 NMAC. (11/19/08)**

**REVISED Notice of Public Hearing to amending 19.15.39 NMAC**  
**(11/19/08)**  
**Notice**

**OCD's application for amending 19.15.39 NMAC to add two new**  
**Sections setting out provisions applicable to Santa Fe County**  
**and the Galisteo Basin. (11/12/08)**

**Notice**  
**Application**

**The OCD's suggested modifications to proposed rule restructure**  
**(8/28/08)**  
**Modifications**

**Proposed restructuring of OCD Rules (8/13/08)**

OCD Application to Repeal, Replace and Amend

Exhibit A - Repealer language to repeal Parts 1-15

Exhibit B - Proposed Parts 2-16, 18-26, 29, 30, 34, 35, 37, 39

Part 2, Part 3, Part 4, Part 5, Part 6, Part 7, Part 8, Part 9,

Part 10, Part 11, Part 12, Part 13, Part 14, Part 15, Part 16

Part 18, Part 19, Part 20, Part 21, Part 22, Part 23, Part 24

Part 25, Part 26, Part 29, Part 30, Part 34, Part 35, Part 37, Part

39

Exhibit C - Amendment to Part 17

Exhibit D - Amendment to Part 36.

Exhibit E - Crosswalk chart from current rules to restructured rules

Exhibit F - Crosswalk chart from restructured rules to current rules

Exhibit G - Pre-filed written testimony

Exhibit H - Draft Advertisement

**Notice of September 12, 2008 Hearing on OCD Application to repeal, replace and amend (August 13, 2008)****Highlights of the "Pit Rule" (May 15, 2008)****November 5, 2007 Notice of Public Hearing****Proposed Pit Rule -- September 21, 2007**

**Application to the Commission (All information about this case may be found in the imaging system under Case File 14015)**

**Proposed Pit Rule****Public Notice****Amendments to Other Rules Impacted by Proposed Pit Rule**

Definitions

Disposition of Produced Water and Other Field Waste

Safety Procedures for Drilling and Production

Plugging and Abandonment

Sundry Notices

**Pit Rule Public Notice (12/01/06)**

Questions? Contact pagemaster.

Webmaster | Disclaimer



# New Mexico Energy, Minerals and Natural Resources Department

**Bill Richardson**

Governor

Joanna Prukop  
Cabinet Secretary  
Reese Fullerton  
Deputy Cabinet Secretary

Mark Fesmire  
Division Director  
Oil Conservation Division



November 12, 2008

Small Business Regulatory Advisory Commission  
Economic Development Department  
Joseph M. Montoya Building  
1100 S. St. Francis Drive, Suite 1060  
Santa Fe, NM 87505

Re: Application of the Oil Conservation Division to Amend 19.15.39 NMAC

Dear Commissioners:

The Oil Conservation Division (OCD) is proposing to amend 19.15.39 NMAC to add two new sections setting out provisions applicable to Santa Fe County and the Galisteo Basin. The new material is to be codified at 19.15.39.9 and 19.15.39.10 NMAC. Because the amendment may impact small business, the OCD is providing the Small Business Regulatory Advisory Commission with a copy of its application and the proposed amendments, pursuant to NMSA 1978, Section 14-4A-4.

Proposed section 19.15.39.9 NMAC requires operators to obtain OCD approval for an exploration and development plan prior to drilling, re-entering or deepening a well in Santa Fe County or the Galisteo Basin, and requires the operator to renew the plan every five years. The operator will be required to operate the wells covered by the plan in accordance with the plan's requirements until the plan is specifically replaced by a special pool order. The proposed rule sets out the process for obtaining, amending, renewing and replacing an exploration and development plan.

Proposed section 19.15.39.10 NMAC sets out conditions that will be applied to applications for permits to drill, re-enter or deepen a well covered by an exploration and development plan. These conditions will apply unless the operator's approved exploration and development plan recognizes an exception.

The Oil Conservation Commission has scheduled the hearing on the OCD's application for **December 11, 2008**. Notices of recommended modifications must be received by **November 24, 2008**; written comments on the proposed amendment and pre-hearing statements must be received by **December 3, 2008**. If you have any questions, please do not hesitate to call.

Sincerely,

*Gail MacQuesten*  
Gail MacQuesten  
OCD Attorney  
(505) 476-3451

**EXHIBIT I**



# New Mexico Energy, Minerals and Natural Resources Department

**Bill Richardson**

Governor

Joanna Prukop  
Cabinet Secretary  
Reese Fullerton  
Deputy Cabinet Secretary

**Mark Fesmire**  
Division Director  
Oil Conservation Division



November 18, 2008

Small Business Regulatory Advisory Commission  
Economic Development Department  
Joseph M. Montoya Building  
1100 S. St. Francis Drive, Suite 1060  
Santa Fe, NM 87505

Re: **Revised Notice of Hearing**

Dear Commissioners:

The Oil Conservation Division (OCD) is sending you a **REVISED** Notice of Hearing for the consideration of proposed amendments to OCD rules. Please note the deadline for submitting recommendations and/or modifications to the proposed amendments is **Monday, November 24, 2008**.

Sincerely,

*Gail MacQuesten by tds*

Gail MacQuesten  
OCD Attorney  
(505) 476-3451

**EXHIBIT J**

**Duran-Saenz, Theresa, EMNRD**

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**From:** Duran-Saenz, Theresa, EMNRD  
**Sent:** Wednesday, November 12, 2008 5:16 PM  
**To:** (baizelb@earthlink.net); (rrmiles@cableone.net); (read@lookingglass.net); (myoung@mewbourne.com); (land@marbob.com); (jbyrom@djsimmonsinc.com); (dgirand@mackenergycorp.com); (csécows@aol.com); (bganter@br-inc.com); (aalexandcer@br-inc.com); (WDeedler@aol.com); (walker@kfoc.net); (sallyk@forl.com); (rhodge@northstarop.com); (namebored@aol.com); (llrwb@austin.rr.com); (lcgraysf@earthlink.net); (kahlinaa@ypcnm.com); (jdewbre@swn.com); (ddrdmidland@aol.com); (ccw@spinn.net); (BRANA1223@aol.com); Adan Trujillo (adantrujillo@gmail.com); (ballen@sesi-nm.com); (charlie.perrin@state.nm.us); (cheryls@ypcnm.com); (chris.wyatt@bp.com); (ccarter@pvtnetworks.net); (dan\_mccright@eogresources.com); (dboneau@pvtnetworks.net); (dexterh@forl.com); (DonAdams@hess.com); (dneeper@earthlink.net); (ekendrick@montand.com); elizabeth\_bush@oxy.com; Elizabeth Taylor (etaylor@wtmlawfirm.com); Macquesten, Gail, EMNRD (gail.macquesten@state.nm.us); (huffaker@handmllc.com); J. Scott Hall (shall@montand.com); (hawkinj2@bp.com); (jbailey@slo.state.nm.us); (jan.wooldridge@dvn.com); (jtportwood@mindspring.com); JD Steven M. Feisal (sfeisal@chkenenergy.com); (jlevine@pnm.com); John Tull (john.tull@state.nm.us); Jolene McCaleb (jmccaleb@wtmlawfirm.com); (kristen.howell@williams.com); (gandy2@leaco.net); (markm@forl.com); (mjc@gallegoslawfirm.net); Mikal Altomare (Mikal.Altomare@state.nm.us); (omundsdry@hollandhart.com); (ppearce@br-inc.com); (rtupman@hess.com); (richard.ezeanyim@state.nm.us); (Rick\_Foppiano@oxy.com); (bwatson@trailnet.com); (shane@spearbrothersgroup.com); (boyds\_enm@zianet.com); Sonny Swazo (Sonny.Swazo@state.nm.us); (stan.phillips@apachecorp.com); (jbemis@slo.state.nm.us); (steven.hayden@state.nm.us); (syahney@heyco.org); (tim.gum@state.nm.us); (tyrafeil@duganproduction.com); (van.barton@state.nm.us); (wcarr@hollandhart.com); (yolanda.perez@conocophillips.com)  
**Cc:** Macquesten, Gail, EMNRD (gail.macquesten@state.nm.us)  
**Subject:** December 11, 2008 Notice of Hearing AND Application to amend 19.15.39 NMAC to add rules applicable to Santa Fe County and the Galisteo Basin  
**Attachments:** 2008 11.10 Notice of Hearing.pdf; 2008 11.10 Application for Rule Amendment.pdf

**EXHIBIT K**