

PRELIMINARY DOCKET: COMMISSION MEETING –THURSDAY – APRIL 8, 2010

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.

Notice: The minutes of the March 11, 2010 Commission Meeting 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.

A Stipulated Order will be presented to the Commission in De Novo Case 14074, the application of the New Mexico Oil Conservation Division for a Compliance Order against Jackie brewer d/b/a Sandlott Energy, Eddy County, New Mexico.

1. **CASE 14326: De Novo** (Continued from the March 11, 2010 Commission Meeting.) *Application of the New Mexico Oil Conservation Division for a Compliance Order against Nacogdoches Oil and Gas, Inc. ("NOG").* The Applicant seeks an Order finding that Operator NOG is in violation of OCD Rule 19.15.8.9 as to 39 wells and Rule 19.15.25.8 as to 121 wells, requiring NOG 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 McKinley County on eight (8) units. The Hospah Sand Unit is located approximately 20 mi. NE of Crownpoint, NM, 4 mi. S of junction of highways 197 and 509 on the E side of highway 509; the Santa Fe RR Unit is located approximately 23 mi. E of Crownpoint, NM, 6 mi. SE of junction of 197/509; the Lone Pine Dakota D Unit is located approximately 24 mi. E of Crownpoint, NM, 7 mi. S of junction 197/509; the Santa Fe Railroad A Unit is located directly adjacent to the Hospah Sand Unit to the southeast and is approximately 24 mi. E of Crownpoint, NM, 7 mi. SSE of junction 197/509, the Santa Fe Railroad B Unit is comprised of a small cluster of wells located approximately 26 mi. E of Crownpoint, NM, 8 mi. SE junction 197/509; the Santa Fe Pacific RR Unit is located approximately 21 mi. E of Crownpoint, 9 mi. S junction 197/509; the South Hospah Unit is located approximately 21 mi E of Crownpoint, NM, 7 mi SE of junction 197/509; and the Santa Fe Unit is directly adjacent to the SE of the Santa Fe Railroad Unit and is approximately 24 mi. E of Crownpoint, NM, 7 mi ESE of junction 197/509. The specific wells involved in this matter include the following:

30-031-05205	hospah sand unit #003	N-36-18N-09W 1650-W 330-S
30-031-05207	hospah sand unit #015	N-36-18N-09W 2590-W 330-S
30-031-05213	hospah sand unit #017	N-36-18N-09W 999-E 999-S
30-031-05203	hospah sand unit #019	O-36-18N-09W 2060-E 330-S
30-031-05212	hospah sand unit #025	O-36-18N-09W 999-E 999-S
30-031-05214	hospah sand unit #027	P-36-18N-09W 999-E 999-S
30-031-05216	hospah sand unit #028	J-36-18N-09W 550-W 550-S
30-031-05225	hospah sand unit #029	G-36-18N-09W 550-W 550-S
30-031-05224	hospah sand unit #032	I-36-18N-09W 999-E 999-S
30-031-05222	hospah sand unit #035	K-36-18N-09W 999-E 999-S
30-031-05219	hospah sand unit #037	I-36-18N-09W 990-E 990-S
30-031-05179	hospah sand unit #038	F-1 -17N-09W 1970-W 2030-N
30-031-05171	hospah sand unit #039	K-1 -17N-09W 1980-W 1980-S
30-031-05201	hospah sand unit #050	P-36-18N-09W 660-E 330-S
30-031-05194	hospah sand unit #051	3-1 -17N-09W 1980-E 660-N
30-031-05182	hospah sand unit #052	G-1 -17N-09W 2970-W 2310-N
30-031-20115	hospah sand unit #058	O-36-18N-09W 2350-E 30-S

Commission Meeting – April 8, 2010

Docket No. 12-10

Page 2

30-031-20116	hospah sand unit #059	J-36-18N-09W 2625-E 1430-S
30-031-20248	hospah sand unit #084	F-1 -17N-09W 2600-W 1425-N
30-031-20613	hospah sand unit #092	O-36-18N-09W 1850-E 700-S
30-031-20611	hospah sand unit #093	4-1 -17N-09W 2010-W 770-N
30-031-20608	hospah sand unit #095	3-1 -17N-09W 2550-E 350-N
30-031-20831	hospah sand unit #100	H-36-18N-09W 1190-E 2505-N
30-031-20944	hospah sand unit #105	N-36-18N-09W 1750-W 70-S
30-031-20183	Lone pine dakota d unit#012	B-13-17N-09W 3500-W 800-N
30-031-20174	lone pine dakota d unit#014	3-13-17N-09W 4620-W 1980-N
30-031-20201	lone pine dakota d unit#023	K-13-17N-09W 2310-W 1650-S
30-031-20086	santa fe #016	C-7 -17N-08W 2310-W 330-N
30-031-20102	santa fe #017	F-7 -17N-08W 1950-W, 1950-N
30-031-20341	santa fe #029	B-7 -17N-08W 1680-E 990-N
30-031-20165	santa fe pacific RR #002	L-13-17N-09W 660-W 1980-S
30-031-20181	santa fe pacific RR #008	D-24-17N-09W 640-W 740-N
30-031-20182	santa fe pacific RR #009	F-13-17N-09W 2180-W 2180-N
30-031-05147	santa fe railroad #003	1-7 -17N-08W 660-W 660-N
30-031-05151	santa fe railroad #004	C-7 -17N-08W 1650-W 330-N
30-031-05141	santa fe railroad #007	2-7 -17N-08W 330-W 1650-N
30-031-05496	santa fe railroad #008	3-7 -17N-08W 330-W 2400-S
30-031-05531	santa fe railroad #009	F-7 -17N-08W 1650-W 1650-N
30-031-20032	santa fe railroad #012	1-7 -17N-08W 330-W 330-N
30-031-20038	santa fe railroad #013	1-7 -17N-08W 330-W 930-N
30-031-20037	santa fe railroad #014	1-7 -17N-08W 990-W 330-N
30-031-20036	santa fe railroad #015	2-7 -17N-08W 990-W 1650-N
30-031-20138	santa fe railroad #018	1-7 -17N-08W 710-W 600-N
30-031-20139	santa fe railroad #019	2-7 -17N-08W 680-W 2090-N
30-031-20140	santa fe railroad #020	F-7 -17N-08W 2010-W 1800-N
30-031-20141	santa fe railroad #021	C-7 -17N-08W 1870-W 660-N
30-031-20150	santa fe railroad #023	C-7 -17N-08W 1330-W 5-N
30-031-20452	santa fe railroad #039	1-7 -17N-08W 330-W 700-N
30-031-20451	santa fe railroad #040	2-7 -17N-08W 420-W 1440-N
30-031-20594	santa fe railroad #041	1-7 -17N-08W 1000-W 1000-N
30-031-20745	santa fe railroad #042	F-7 -17N-08W 1650-W 2310-N
30-031-20712	santa fe railroad #043	C-7 -17N-08W 1725-W 1025-N
30-031-20713	santa fe railroad #044	C-7 -17N-08W 2300-W 1095-N
30-031-20804	santa fe railroad #045	F-7 -17N-08W 1330-W 1950-N
30-031-20836	santa fe railroad #047	1-7 -17N-08W 550-W 1200-N
30-031-20837	santa fe railroad #048	2-7 -17N-08W 410-W 2410-N
30-031-20838	santa fe railroad #049	2-7 -17N-08W 1100-W 2520-N
30-031-20854	santa fe railroad #050	2-7 -17N-08W 100-W 1980-N
30-031-20853	santa fe railroad #051	C-7 -17N-08W 1480-W 550-N
30-031-20021	santa fe railroad a #074	9-1 -17N-09W 330-E 1650-S

Commission Meeting – April 8, 2010

Docket No. 12-10

Page 3

30-031-20147	santa fe railroad a #083	8-1 -17N-09W 15-E 1335-S
30-031-20372	santa fe railroad a #084	O-1 -17N-09W 2900-E 5-S
30-031-20413	santa fe railroad a #087	P-1 -17N-09W 50-E 5-S
30-031-20855	santa fe railroad a #097	O-1 -17N-09W 1655-E 240-S
30-031-20303	santa fe rr b #032	M-5 -17N-08W 330-W 990-S
30-031-20369	santa fe rr b #033	L-5 -17N-08W 330-W 2310-S
30-031-20390	santa fe rr b #034	M-5 -17N-08W 330-W 330-S
30-031-20391	santa fe rr b #035	E-5 -17N-08W 330-W 2310-S
30-031-20416	santa fe rr b #036	L-5 -17N-08W 330-W 1650-S
30-031-20415	santa fe rr b #037	M-5 -17N-08W 330-W 890-S
30-031-05142	south hospah unit #001	G-12-17N-09W 2062-E 1980-N
30-031-05139	south hospah unit #002	F-12-17N-09W 2310-W 2310-N
30-031-05140	south hospah unit #003	3-12-17N-09W 1392-E 1650-N
30-031-05145	south hospah unit #004	C-12-17N-09W 2310-W 990-N
30-031-05146	south hospah unit #005	B-12-17N-09W 2712-E 990-N
30-031-20009	south hospah unit #006	1-12-17N-09W 330-E 330-N
30-031-20012	south hospah unit #007	4-12-17N-09W 330-E 1650-N
30-031-20015	south hospah unit #008	G-12-17N-09W 2051-E 1650-N
30-031-20013	south hospah unit #009	B-12-17N-09W 2051-E 330-N
30-031-60017	south hospah unit #010	C-12-17N-09W 2300-W 990-N
30-031-20016	south hospah unit #011	F-12-17N-09W 2310-W 1650-N
30-031-20020	south hospah unit #012	E-12-17N-09W 990-W 2160-N
30-031-20054	south hospah unit #013	F-12-17N-09W 1620-W 2280-N
30-031-20053	south hospah unit #014	E-12-17N-09W 1300-W 1700-N
30-031-20055	south hospah unit #015	E-12-17N-09W 330-W 2500-N
30-031-20056	south hospah unit #016	F-12-17N-09W 2330-W 1755-N
30-031-20057	south hospah unit #017	G-12-17N-09W 3000-W 2250-N
30-031-05134	south hospah unit #021	K-12-17N-09W 2310-W 2310-S
30-031-05498	south hospah unit #022	L-12-17N-09W 990-W 2210-S
30-031-20091	south hospah unit #024	B-12-17N-09W 2650-E 330-N
30-031-20092	south hospah unit #025	2-12-17N-09W 1505-E 330-N
30-031-20093	south hospah unit #026	1-12-17N-09W 380-E 330-N
30-031-20094	south hospah unit #027	4-12-17N-09W 330-E 1570-N
30-031-20095	south hospah unit #028	2-12-17N-09W 1485-E 933-N
30-031-20120	south hospah unit #029	B-12-17N-09W 1870-E 410-N
30-031-20121	south hospah unit #030	B-12-17N-09W 1980-E 950-N
30-031-20122	south hospah unit #031	B-12-17N-09W 2800-E 330-N
30-031-20125	south hospah unit #032	C-12-17N-09W 2370-W 550-N
30-031-20124	south hospah unit #033	F-12-17N-09W 1710-W 1340-N
30-031-20119	south hospah unit #035	2-12-17N-09W 850-E 330-N
30-031-20118	south hospah unit #036	B-12-17N-09W 2630-E 900-N
30-031-20135	south hospah unit #037x	D-12-17N-09W 1280-W 1280-N
30-031-20151	south hospah unit #038	2-12-17N-09W 660-E 660-N

Commission Meeting – April 8, 2010

Docket No. 12-10

Page 4

30-031-20152	south hospah unit #039	3-12-17N-09W 660-E 2180-N
30-031-20360	south hospah unit #046	E-12-17N-09W 700-W 1700-N
30-031-20361	south hospah unit #047	3-12-17N-09W 1775-W 785-N
30-031-20362	south hospah unit #048	G-12-17N-09W 2817-E 1485-N
30-031-20363	south hospah unit #049	B-12-17N-09W 2117-E 885-N
30-031-20364	south hospah unit #050	2-12-17N-09W 900-E 950-N
30-031-20242	south hospah unit #051	E-12-17N-09W 620-W 1775-N
30-031-20243	south hospah unit #052	C-12-17N-09W 1850-W 720-N
30-031-20278	south hospah unit #053	1-12-17N-09W 330-E 950-N
30-031-20407	south hospah unit #054	1-12-17N-09W 5-E 1319-N
30-031-20408	south hospah unit #057	E-12-17N-09W 110-W 2290-N
30-031-20409	south hospah unit #058	F-12-17N-09W 1640-W 2580-N
30-031-20410	south hospah unit #059	G-12-17N-09W 2500-E 2340-N
30-031-20411	south hospah unit #060	8-12-17N-09W 1300-E 2210-N
30-031-20546	south hospah unit #061	B-12-17N-09W 2510-E 1120-N
30-031-20545	south hospah unit #062	B-12-17N-09W 1770-E 650-N
30-031-20544	south hospah unit #063	1-12-17N-09W 1325-E 710-N
30-031-20547	south hospah unit #064	3-12-17N-09W 900-E 1360-N

Upon application of Nacogdoches Oil and Gas, Inc., this case will be heard De Novo pursuant to the provisions of Division Rule 19.15.4.23.

2. **CASE 14055: Application of the New Mexico Oil Conservation Division for a Compliance Order against C&D Management Company d/b/a Freedom Ventures Company.** The Oil Conservation Commission will hear the Division's Motion to Re-Open Case No. 14055 to Clarify Order. The Motion requests that the Commission clarify the Order and require C&D to plug and abandon its wells by a date certain for C&D's non-compliance with 19.15.7.24 NMAC and 19.15.8 NMAC, and in the event of C&D's non-compliance with the Order, Division authorization to plug and abandon the wells and forfeit any applicable financial assurance.

The affected wells are:

- | | | |
|-------------------------|--------------|--------------|
| • Amoco No. 001 | L-13-17S-27E | 30-015-24738 |
| • Michael State No. 001 | H-25-17S-27E | 30-015-24877 |
| • Schneider No. 001 | J-24-17S-27E | 30-015-22907 |

These wells are located approximately 10 miles west of Loco Hills, in Eddy County, New Mexico.

- | | | |
|------------------|--------------|--------------|
| • Hastie No. 016 | 4-18-17S-28E | 30-015-22371 |
| • Hastie No. 017 | 3-18-17S-28E | 30-015-22852 |
| • Hastie No. 018 | N-18-17S-28E | 30-015-22848 |
| • Hastie No. 019 | 2-18-17S-28E | 30-015-23186 |
| • Hastie No. 020 | 1-18-17S-28E | 30-015-23516 |
| • Hastie No. 021 | C-18-17S-28E | 30-015-23821 |

These wells are located approximately 8 miles west of Loco Hills, in Eddy County, New Mexico.

- | | | |
|-----------------------------------|--------------|--------------|
| • Shearn Samantha Federal No. 001 | G-14-17S-27E | 30-015-31059 |
| • Shearn Shilo Federal No. 001 | B-14-17S-27E | 30-015-31061 |

These wells are located approximately 11 miles west of Loco Hills, In Eddy County, New Mexico.