

SUPPLEMENT DOCKET: EXAMINER HEARING - THURSDAY – AUGUST 19, 20108:15 A.M. - 1220 South St. Francis
Santa Fe, New Mexico

Docket Nos. 29-10 and 30-10 are tentatively set for September 2, 2010 and September 16, 2010. Applications for hearing must be filed at least 30 days in advance of hearing date. OCD Rule 19.15.4.13 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.

Locator Key for Cases

Case 8352 – No. 11
Case 14387 – No. 1
Case 14413 – No. 17
Case 14489 – No. 10
Case 14504 – No. 5
Case 14505 – No. 6
Case 14509 – No. 8
Case 14510 – No. 9
Case 14512 – No. 14
Case 14514 – No. 15
Case 14515 – No. 16
Case 14520 – No. 12
Case 14522 – No. 3
Case 14524 – No. 13
Case 14526 – No. 2
Case 14527 – No. 4
Case 14528 – No. 7

1. **CASE 14387:** (Continued from the June 10, 2010 Examiner Hearing.) (This case will be dismissed.) **Application of the New Mexico Oil Conservation Division for a Compliance Order against Dennis Langlitz.** The Applicant seeks an order revoking Operator's authority to inject into his wells and pursuant to NMSA 1978, Section 70-2-14(B), an order requiring Operator to plug and abandon all the wells he operates in New Mexico and authorizing Applicant to plug and abandon the wells and forfeit the applicable financial assurance in the event of non-compliance. The affected wells are:

● Saladar Unit #001	30-015-02451	L-33-20S-28E
● Saladar Unit #002	30-015-02450	L-33-20S-28E
● Saladar Unit #003	30-015-02447	F-33-20S-28E
● Saladar Unit #004	30-015-02446	K-33-20S-28E
● Saladar Unit #005	30-015-02444	K-33-20S-28E
● Saladar Unit #006	30-015-02448	K-33-20S-28E
● Saladar Unit #007	30-015-10468	N-33-20S-28E
● Saladar Unit #008	30-015-02449	N-33-20S-28E
● Saladar Unit #010	30-015-10365	O-33-20S-28E
● Saladar Unit #011	30-015-24178	L-33-20S-28E
● Saladar Unit #012	30-015-24179	K-33-20S-28E

The wells are located approximately 11 miles Northeast of Carlsbad, in Eddy County, New Mexico.

2. **CASE 14526:** **Burlington Resources Oil & Gas Company LP ("Burlington") pursuant to NMSA 1978, Section 70-2-17.C, seeks an order pooling all mineral interests in the Mesaverde and Dakota formations underlying the N/2 of Section 2, T29N, R8W, NMPM, San Juan County, New Mexico, forming a standard 326.92-acre gas spacing and proration unit for the Mesaverde and Dakota formation spaced on 320-acre spacing.** In addition, Burlington, pursuant to NMSA 1978, Sec 70-2-17.E, requests that the Division invoke the Division's authority to modify the terms of an existing Joint Operating Agreement. dated May 19, 1952 to the extent necessary to comply with the well density rules for the

Blanco-Mesaverde Gas Pool. Order R-10987-A(1), effective December 2, 2002, and for the Basin-Dakota Gas Pool. Order R-10981-B(1), effective January 29, 2002. This unit is to be dedicated to its (i) State Com SRC Well No. 1B (API # 30-045-35038) to be drilled and completed at a standard surface well in Unit A with a bottom hole location in Unit B and downhole commingled wellbore for production from Dakota and Mesaverde formations and (ii) its State Com SRC Well No. 1C (API # 30-045-35061) to be drilled and completed at a standard well location as a downhole commingled wellbore for production from Dakota and Mesaverde formations in Unit F of this section. Also to be considered will be the costs of drilling and completing said wells and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the wells and, pursuant to Commission Order R-11992, a charge 200% charge for the risk involved in these wells. This unit is located approximately 6 miles East of the Turley, New Mexico.

3. **CASE 14522:** (Continued from the August 5, 2010 Examiner Hearing.)
Application of Approach Operating, LLC for designation of a non-standard spacing unit, Rio Arriba County, New Mexico. Applicant seeks an order approving the formation of a non-standard oil well spacing and proration unit comprised of 31.7 + acres located in the NW/4 SW/4 of projected Section 21, T28N, R4E in Rio Arriba County, New Mexico. The proposed non-standard unit will be dedicated to the following well to be drilled to the Mancos Shale formation, WC Tierra Amarilla Mancos Oil Pool (97767): Avella Sultemeier No. 2, API No. 30-39-30857, 1662' FSL and 6' FWL (L), Projected Section 21, T28N, R4E, Rio Arriba County, New Mexico. The well and lands are located approximately four miles South of Tierra Amarilla, New Mexico.
4. **Case 14527:** ***Application of Mewbourne Oil Company for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.*** Applicant in the above-styled cause seeks an order (1) creating a 160-acre non-standard spacing unit comprised of the S/2 N/2 of Section 17, Township 19 South, Range 33 East, NMPM, and (2) pooling all mineral interests in the Bone Spring formation, Tonto Bone Spring Pool (Pool Code 59475), in this non-standard spacing and proration unit which spacing unit will be the project area for its Spyglass "17" Federal Well No. 1H to be drilled from a surface location 2135 feet from the North line and 330 feet from the West line (Unit E) and then in an easterly direction in the Bone Spring formation to a terminus 2135 feet from the North line and 330 feet from the East line (Unit H) of said Section 17. 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 Mewbourne Oil Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 19 miles Southeast of Maljamar, New Mexico.
5. **CASE 14504:** (Continued from the August 5, 2010 Examiner Hearing.)
Application of Celero Energy II, LP to amend the Unit Agreement and the Unit Operating Agreement for the Rock Queen Unit, and for statutory unitization, Chaves and Lea Counties, New Mexico. Applicant seeks an order amending the Unit Agreement and Unit Operating Agreement, and statutorily unitizing all mineral interests in, the Queen formation in the previously approved Rock Queen Unit underlying 4939.77 acres of federal, state, and fee lands covering all or parts of Sections 22-27 and 34-36 of Township 13 South, Range 31 East, N.M.P.M., and Sections 19, 30, and 31 of Township 13 South, Range 32 East, N.M.P.M. 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 working interest 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 17 miles South-Southwest of Caprock, New Mexico.
6. **CASE 14505:** (Continued from the August 5, 2010 Examiner Hearing.)
Application of Celero Energy II, LP to expand the waterflood project and institute a tertiary recovery project for the Rock Queen Unit, and to qualify the project for the recovered oil tax rate, Chaves and Lea Counties, New Mexico. Applicant seeks approval to expand the waterflood project, and for a tertiary recovery project, in the Rock Queen Unit by the injection of water and carbon dioxide into the Queen formation in approximately 42 wells located on 4939.77 acres of federal, state, and fee lands covering all or parts of Sections 22-27 and 34-36 of Township 13 South, Range 31 East, N.M.P.M., and Sections 19, 30, and 31 of Township 13 South, Range 32 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 unit area is centered approximately 17 miles South-Southwest of Caprock, New Mexico.
7. **Case 14528:** (This case will be continued and readvertised for the September 2, 2010 Examiner Hearing.)
Application of Devon Energy Production Company, L.P. for a non-standard gas spacing and proration unit, an unorthodox oil well location, and compulsory pooling, Chaves County, New Mexico. Devon Energy Production Company, L.P. seeks an order approving a 320-acre non-standard gas spacing and proration unit (project area) in the