

DOCKET: EXAMINER HEARING - THURSDAY – FEBRUARY 17, 2011

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

Docket Nos. 6-11 and 7-11 are tentatively set for March 3, 2011 and March 17, 2011. Applications for hearing must be filed at least 30 days in advance of hearing date. OCD Rule 1211.B requires parties who intend to present evidence at an adjudicatory hearing to file a pre-hearing statement no later than the Thursday before the hearing, and serve a copy on opposing counsel of record. If the OCD does not receive a pre-hearing statement from the applicant by the close of business on the Thursday before the hearing, the hearing may be continued at the applicant's request. The following cases will be heard by an Examiner.

Locator Key for Cases

Case 14329 – No. 4
Case 14524 – No. 12
Case 14551 – No. 13
Case 14566 – No. 10
Case 14581 – No. 11
Case 14583 – No. 14
Case 14594 – No. 1
Case 14595 – No. 2
Case 14596 – No. 3
Case 14597 – No. 5
Case 14598 – No. 6
Case 14599 – No. 7
Case 14600 – No. 8
Case 14601 – No. 9

1. ***CASE 14594: Application of Keystone Petroleum NM LLC for approval of a Unit Agreement, Chaves County, New Mexico.*** Applicant seeks approval of the West Newmill 4-26 Exploratory Unit from the surface to the base of the Fusselman-Montoya formation in an area comprising 4960 acres of State of New Mexico and Fee lands in Sections 9, 14, 15, 16, 21, 22, 23, 26, 27 and 28 in Township 4 South, Range 26 East, NMPM, which is located approximately 45 miles South-Southeast of Elkins, New Mexico.
2. ***CASE 14595: Application of Mewbourne Oil Company for a non-standard spacing and proration unit unorthodox well location, and compulsory pooling, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks an order creating a non-standard spacing unit comprised of the SE/4 SE/4 of Section 5 and the E/2 NE/4 of Section 8, of Township 20 South, Range 25 East, NMPM; and pooling all mineral interests in the Undesignated Yeso formation, in this non-standard spacing and proration unit which spacing unit will be the project area for its proposed West Draw “5/8” PH Fed Com Well No. 1-H to be horizontally drilled from a surface location 1500 feet from the South line and 350 feet from the East line (Unit I) of said Section 5, and then in a southerly direction in the Yeso formation to a bottom hole terminus at a point 2310 feet from the North line and 350 feet from the East line (Unit H) of said Section 8. This well will penetrate the Yeso formation at an unorthodox location 1195 feet from the South line and 350 feet from the East line of Section 5, however, the producing interval in the wellbore is within the well’s “producing area.” 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 4 miles Northwest of Lakewood, New Mexico.
3. ***CASE 14596: Application of Mewbourne Oil Company for a non-standard spacing and proration unit, unorthodox well location, and compulsory pooling, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks an order creating a non-standard spacing unit comprised of the E/2 NW/4 and the NE/4 SW/4 of Section 24, of Township 19 South, Range 25 East, NMPM; and pooling all mineral interests in the Undesignated Yeso formation, in this non-standard spacing and proration unit which spacing unit will be the project area for its proposed Wyatt Draw “24” KC Well No. 1- H to be horizontally drilled from a surface location 990 feet from the South line and 1650 feet from the West line of said Section 24 and then in a northerly direction in the Undesignated Yeso formation, to a bottom hole terminus at a location 330 feet from the North line and 1650 feet from the West line of said Section 24. This well will penetrate the Yeso formation at an unorthodox location 1295 feet from the South line and 1650 feet from the West line of Section 24, however, the producing interval in the wellbore is within the well’s “producing area.” 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 6 miles North of Lakewood, New Mexico.

4. **CASE 14329: (Re-opened) Application of Anadarko Petroleum Corporation for Approval of an Acid Gas Injection Well, San Juan County, New Mexico.** Applicant requests an amendment to Order No. R-13201 to allow: (1) disposal into the Entrada formation at an approximate depth of 6350 to 6490 feet below the surface and that the packer be located approximately 6285 feet below the surface and (2) the cement must be circulated to at least 1000 feet below the surface or 100 feet above the base of the surface casing. Any questions regarding this application may be directed to Alberto Gutierrez at (505) 842-8000 or 500 Marquette Ave NW, Suite 1350, Albuquerque, New Mexico 87102. This well is located on the Anadarko San Juan River Gas Plant near Kirtland in San Juan County, New Mexico.
5. **CASE 14597: Application of Yates Petroleum Corporation for Compulsory Pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Cisco formation underlying Lots 3, 4, E/2 SW/4, SE/4 (S/2 equivalent) of Section 30, Township 19 South, Range 25 East, N.M.P.M., and in the following manner: Lots 3, 4, E/2 SW/4, SE/4 to form a standard 322.76-acre spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent; the SE/4 to form a standard 160-acre spacing and proration unit for all pools or formations developed on 160-acre spacing within that vertical extent; and the SW/4 SE/4 to form a standard 40-acre spacing and proration unit for all pools or formations developed on 40-acre spacing within that vertical extent. The units are to be dedicated to the Dagger Draw 30SE Federal Com. No. 11 Well (formerly the North Dagger Draw Upper Penn Unit No. 131 Well) located 660 feet from the south line and 1,980 feet from the east line of said Section 30. Also to be considered will be the cost of recompleting, testing and equipping said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Yates Petroleum Corporation as operator of the well and a 200% charge for risk involved in recompleting said well. Said well is located approximately 9 miles West of Lakewood, New Mexico.
6. **CASE 14598: Application of Yates Petroleum Corporation for a Non-Standard Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard spacing unit comprised of S/2 S/2 Section 36, Township 19 South, Range 24 East, N.M.P.M., Eddy County, New Mexico, and (2) pooling all mineral interests in the Cisco formation underlying S/2 S/2 of said Section 36, which will be the project area for its Dee 36SE State Com. No. 7H Well (formerly the Dee 36SW State Com. No. 2 Well), located at an orthodox surface location 940 feet from the south line and 990 feet from the west line (Unit M) of said Section 36. The well will be re-entered, drilled to a true vertical depth of approximately 7,500 feet (estimated measured depth of approximately 11,255 feet), and then in an easterly direction in the Cisco formation to a terminus 940 feet from the south line and 660 feet from the east line (Unit P) of said Section 36. Also to be considered will be the cost of drilling, testing, completing and equipping said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Yates Petroleum Corporation as operator of the well and a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 10 miles West of Lakewood, New Mexico.
7. **CASE 14599: Application of Apache Corporation for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Drinkard formation underlying the NW/4NW/4 of Section 11, Township 20 South, Range 38 East, NMPM, to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the House-Blinebry Pool and House-Tubb Pool. The unit will be dedicated to the Magnolia Well No. 4, to be drilled at an orthodox oil well location in the NW/4NW/4 of Section 11. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 2 miles South of Nadine, New Mexico.
8. **CASE 14600: Application of Devon Energy Production Company, L.P. for approval of a water disposal well, Lea County, New Mexico.** Applicant seeks an order approving water disposal into the Devonian formation (Northeast Bell Lake Devonian Pool) at a depth of 14500-14553 feet subsurface in the Rio Blanco 4 Fed. Com. Well No. 3, located 1650 feet from the south line and 1650 feet from the east line of Section 4, Township 23 South, Range 34 East, NMPM. The well is located approximately 17 miles Southwest of Oil Center, New Mexico.
9. **CASE 14601: Application of Agave Energy Company for authority to inject, Eddy County, New Mexico.** Agave Energy Company requests an order authorizing it to inject acid gas and carbon dioxide (CO₂) from the Dagger Draw Processing Plant into its Metropolis Disposal #001 Well (API No. 30-015-31905). The well is located in Section 36, Township 18 South, Range 25 East, NMPM, in Eddy County, New Mexico. Agave Energy seeks approval to recomplete the Metropolis Disposal #001 Well and inject acid gas and CO₂ into the basal Devonian, Fusselman and Montoya formations in an injection interval from 9,930 feet to 10,500 feet, and approval of a maximum injection pressure of 3,300 psi and a