

DOCKET: EXAMINER HEARING - THURSDAY – NOVEMBER 18, 2010

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

Docket Nos. 38-10 and 39-10 are tentatively set for December 2, 2010 and December 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. 14
Case 13940 – No. 15
Case 14413 – No. 1
Case 14438 – No. 5
Case 14524 – No. 16
Case 14544 – No. 7
Case 14546 – No. 6
Case 14551 – No. 17
Case 14560 – No. 2
Case 14565 – No. 3
Case 14566 – No. 4
Case 14567 – No. 8
Case 14568 – No. 9
Case 14569 – No. 10
Case 14570 – No. 11
Case 14571 – No. 12
Case 14572 – No. 13

1. **CASE 14413:** *(Continued from the September 2, 2010 Examiner Hearing.)*
Application of the New Mexico Oil Conservation Division for a Compliance Order against BTA Oil Producers LLC. The application affects the salt water disposal facility associated with the Pardue C 8808 JVP #001, 30- 015-26341, located in Unit "A," Section 11, Township 23 South, Range 28 East in Eddy County, New Mexico. The facility is located less than five miles Northeast of Loving, New Mexico on the Pecos River. The Applicant seeks an order finding the operator in violation of Order No. R-9147-C, 19.15.26.10.B NMAC, 19.15.34 NMAC, 19.15.17 NMAC and 19.15.29 NMAC; requiring the operator to submit a delineation report and complete remediation by dates certain; if operator fails to meet those deadlines ordering the operator to plug and abandon the well and remediate the site by a date certain and authorizing the Division to plug the well, remediate the site and forfeit the applicable financial assurance if the operator fails to meet that deadline; and holding the operator in violation of 19.15.5.9 NMAC or issue an equivalent order, to be kept in place until the operator completes the required corrective action or reimburses the Division for its costs in excess of the forfeited financial assurance to complete the required corrective action.
2. **CASE 14560:** *(Continued from the October 28, 2010 Examiner Hearing.)*
Application of the New Mexico Oil Conservation Division for a Compliance Order against Corinne Grace. The Applicant seeks an order finding that operator is in violation of 19.15.25.8 NMAC as to one well, requiring operator to plug and abandon the well by a date certain and authorizing the Division to forfeit the financial assurance and plug said well in the event of non-compliance. The affected well is: Cueva Unit #1, 30-015-21362, K-6-23S-26E. The well is located approximately 6 miles Southwest of Carlsbad, in Eddy County, New Mexico.
3. **CASE 14565:** **Application of Mewbourne Company for approval of a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Mewbourne Oil Company seeks an order approving an 80-acre non-standard oil spacing and proration unit (project area) in the Yeso formation comprised of the N/2 NW/4 of Section 10, Township 20 South, Range 25 East, NMPM. Applicant further seeks the pooling of all mineral interests (i) from the surface to the top of the Yeso formation underlying the NW/4 NW/4 of Section 10 to form a standard 40-acre oil spacing and proration unit, and (ii) the Yeso formation underlying the N/2 NW/4 of Section 10 to form a non-standard 80-acre oil

spacing and proration unit (project area), for all pools or formations developed on 40-acre spacing within that vertical extent. The units are to be dedicated to the Long Draw 10 DC Fed. Well No. 1, a horizontal well with a surface location in the NE/4 NE/4 of offsetting Section 9, and a terminus in the NE/4 NW/4 of Section 10. 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 units are located approximately 3 miles West of Seven Rivers, New Mexico.

4. **CASE 14566: Application of Cimarex Energy Co. for approval of a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Cimarex Energy Co. of Colorado seeks an order approving a 161.53-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of Lot 4 of Section 3 and Lots 1-3 of Section 4, Township 19 South, Range 30 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying Lot 4 of Section 3 and Lots 1-3 of Section 4 to form a non-standard 161.53 acre oil spacing and proration unit (project area) for any pools or formations developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the Intrepid 3 Fed. Well No. 1, a horizontal well to be drilled at a surface location in Lot 3 of Section 3, with a terminus in Lot 3 of Section 4. 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 8-1/2 miles South of Loco Hills, New Mexico.
5. **CASE 14438: (Continued from the October 14, 2010 Examiner Hearing.)**
Application of Devon Energy Production Company, L.P. for pool creation, a discovery allowable, and special pool rules, Eddy County, New Mexico. Applicant seeks an order (a) creating a new pool for production of oil from the Bone Spring formation, to be named the Angell Ranch-Bone Spring Pool, comprising the NW/4 of Section 25, Township 19 South, Range 27 East, N.M.P.M., (b) granting applicant a discovery allowable, and (c) establishing special rules and regulations for the pool, including (i) spacing of 80 acres, (ii) wells to be located no closer than 330 feet to a quarter-quarter section line, and (iii) a gas:oil ratio of 10,000 cubic feet of gas for each barrel of oil produced. The discovery well for the pool is the Guardian 25 State Com. Well No. 1 (API No. 30-015-36577), which was drilled at a location 1980 feet from the north line and 1980 feet from the west line of Section 25. Applicant requests that the pool rules be made effective retroactive to the date of first Bone Spring production from the discovery well. The proposed pool is located approximately 7-1/2 miles East of Lakewood, New Mexico.
6. **CASE 14546: (Continued from the October 14, 2010 Examiner Hearing.)**
Application of Devon Energy Production Company, L.P. for approval of a pilot infill drilling project in the Pictured Cliffs formation in a portion of the Northeast Blanco Unit, and for special well location requirements, Rio Arriba and San Juan Counties, New Mexico. Applicant seeks approval to institute a pilot infill drilling project in the Pictured Cliffs formation in a portion of the Northeast Blanco Unit. Applicant further seeks to approval of two wells in a standard 160 acre gas spacing unit in the project area, and for special well location requirements within the Northeast Blanco Unit Pictured Cliffs Participating Area, which is within the proposed project area. The project area comprises all of Sections 6, 7, 18-20, and 30 in Township 31 North, Range 6 West, N.M.P.M., and all of Section 1, the N/2 of Section 10, and all of Sections 11-15, 22-27, and 34-36, Township 31 North, Range 7 West, N.M.P.M. The project area is centered approximately 12 miles Northeast of Archuleta, New Mexico.
7. **CASE 14544: (continued and readvertised) (Continued from the October 28, 2010 Examiner Hearing.)**
Application of Devon Energy Production Company, L.P. for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Devon Energy Production Company, L.P. seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Delaware formation comprised of the N/2 NE/4 and NE/4 NW/4 of Section 24, Township 18 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests from the surface to the base of the Delaware formation underlying the N/2 NE/4 and NE/4 NW/4 of Section 24, and in the following manner: (i) the NE/4 NE/4 to form a standard 40 acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent; and (ii) the N/2 NE/4 and NE/4 NW/4 to form a non-standard 160 acre oil spacing and proration unit (project area) for any formations and/or pools developed on 40 acre spacing within that vertical extent. The units are to be dedicated to the New Mexico 24 Fed. Com. Well No. 3, a horizontal well to be drilled at a surface location in the NE/4 NE/4, with a terminus in the NE/4 NW/4, of Section 24. 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 units are located approximately 12 miles Southeast of Maljamar, New Mexico.
8. **CASE 14567: Application of Endurance Resources, LLC for approval of a salt water disposal well, Lea County, New Mexico.** Applicant seeks approval to utilize its Marshall Well No. 2 (API No. 30-025-08359), located 1980 feet from the South line and 1910 feet from the West line of Section 19, Township 23 South, Range 33 East, NMPM, to inject up to 1000