

DOCKET: EXAMINER HEARING - THURSDAY – FEBRUARY 3, 2011

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

Docket Nos. 5-11 and 6-11 are tentatively set for February 17, 2011 and March 3, 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 8352 – No. 15
Case 14413 – No. 1
Case 14415 – No. 4
Case 14416 – No. 5
Case 14522 – No. 2
Case 14524 – No. 10
Case 14551 – No. 16
Case 14565 – No. 12
Case 14566 – No. 8
Case 14569 – No. 13
Case 14570 – No. 14
Case 14576 – No. 3
Case 14581 – No. 9
Case 14583 – No. 11
Case 14585 – No. 7
Case 14593 – No. 6

1. **CASE 14413:** *(Continued from the January 20, 2011 Examiner Hearing.)*
Application of the New Mexico Oil Conservation Division for a Compliance Order against BTA Oil Producers LLC. he 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 14522:** *(Continued from the December 16, 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.
3. **CASE 14576:** *(Continued from the December 16, 2010 Examiner Hearing.)*
Application of Approach Operating, LLC for an unorthodox well location and non-standard oil spacing and proration unit, Rio Arriba County, New Mexico. Applicant seeks an order approving the unorthodox well location and non-standard oil well spacing and proration unit comprised of 52.0 ± acres located in the NW/4 NW/4 of projected Section 3, T27N, R4E in Rio Arriba County, New Mexico. The proposed non-standard unit will be dedicated to the following well to be drilled at an unorthodox well location to the Mancos Shale formation, WC Tierra Amarilla Mancos Oil Pool (97767):

Montano No. 1 Well
API No. 30-39-30858
939' FNL and 207' FWL (D)
Projected Section 3, T27N, R4E
Rio Arriba County, New Mexico

The well and lands are located approximately 1.5 miles Northeast of Las Nutrias, New Mexico.

4. **CASE 14415 (REOPENED): Application of the heirs of H. N. Smith, deceased, to reopen Oil Conservation Division Case No. 14415, the application of Cimarex Energy Co. for a non-standard oil spacing proration unit and compulsory pooling, to amend Order No. R-13287 to clarify the status of the interests or parties not properly pooled by said order, Chaves County, New Mexico.** Applicant in the above-styled cause seeks an order (1) declaring the provisions in Division Order No. R-13287 that pool the W/2 E/2 of Section 18, Township 15 South, Range 31 East, N.M.P.M., void as to the interests of the Applicants, and (2) amending Order No. R-13287 to clarify the status of the interests of the parties who were not properly pooled by this Order. Said area is located approximately 14 miles North-Northeast of Loco Hills, New Mexico.
5. **CASE 14416 (REOPENED): Application of the heirs of H. N. Smith, deceased, to reopen Oil Conservation Division Case No. 14416, the application of Cimarex Energy Co. for a non-standard oil spacing proration unit and compulsory pooling, to amend Order No. R-13221 to clarify the status of the interests or parties not properly pooled by said order, Chaves County, New Mexico.** Applicant in the above-styled cause seeks an order (1) declaring the provisions in Division Order No. R-13221 that pool the E/2 E/2 of Section 18, Township 15 South, Range 31 East, N.M.P.M., void as to the interests of the Applicants, and (2) amending Order No. R-13221 to clarify the status of the interests of the parties who were not properly pooled by this Order. Said area is located approximately 14.5 miles North-Northeast of Loco Hills, New Mexico.
6. **CASE 14593: Amended Application of Chevron U.S.A., Inc. for approval of a salt water disposal well, Eddy County, New Mexico.** Applicant seeks approval to utilize its Skelly Unit No. 902 Well (API No. 30-015-29322), located 1650 feet from the North line and 990 feet from the West line (Unit E) of Section 15, Township 17 South, Range 31 East, NMPM, to inject up to 10,000 barrels of water per day, at a maximum pressure of 1684 psi, into the Lower Abo formation in an open-hole interval from 8418 feet to 8530 feet, into the Undesignated Wolfcamp formation in the perforated interval from 8552 feet to 9134 and into the Cisco formation in the perforated interval from 9700 feet to 9766 feet. This well is located approximately 8 miles Northeast of Loco Hills, New Mexico.
7. **CASE 14585: (Continued from the January 6, 2011 Examiner Hearing Application of McElvain Oil & Gas Properties, Inc. for compulsory pooling, San Juan County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted mineral interests in all formations from the surface to the base of the Fruitland Coal formation underlying the N/2 of Section 32, Township 31 North, Range 13 West, N.M.P.M., San Juan County, New Mexico, for all formations and/or pools developed on 320-acre spacing within this vertical extent including but not limited to the Basin Fruitland Coal Gas Pool. This unit is to be dedicated to the Pepper Well No. 1S, to be completed at a location in the SW/4 NW/4 of said Section 32 to test the Fruitland Coal formation. 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 applicant as operator of the well and the imposition of a 200% risk charge against the working interest of any party that elects not to participate in this project. Said area is located approximately 10 miles North of Farmington, New Mexico.
8. **CASE 14566: (Continued and Readvertised) (Continued from the January 20, 2011 Examiner Hearing.) 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 201.99-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of Lot 4 of Section 3 and Lots 1-4 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 1-4 of Section 4 to form a non-standard 201.99 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 4 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.