

DOCKET: EXAMINER HEARING - THURSDAY - OCTOBER 4, 2012

8:15 A.M. - 1220 South St. Francis

Santa Fe, New Mexico

Docket Nos. 33-12 and 34-12 are tentatively set for October 18, 2012 and November 1, 2012. Applications for hearing must be filed at least 30 days in advance of hearing date. OCD Rule 19.15.4.13.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. The following cases will be heard by an Examiner.

*Locator Key for Cases**Case 14886 - No. 14**Case 14889 - No. 8**Case 14891 - No. 5**Case 14893 - No. 10**Case 14894 - No. 11**Case 14895 - No. 12**Case 14896 - No. 13**Case 14901 - No. 7**Case 14905 - No. 1**Case 14906 - No. 2**Case 14907 - No. 3**Case 14908 - No. 4**Case 14909 - No. 6**Case 14910 - No. 9*

1. CASE 14905: Burlington Resources Oil & Gas Company LP ("Burlington"), pursuant to NMSA 1978, Section 70-2-17.C, seeks an order pooling all mineral interests from the top of the Mesaverde to the base Dakota formation underlying the W/2 of Section 9, T29N, R8W, NMPM, San Juan County, New Mexico, forming a standard 320-acre gas spacing and proration unit for the Mesaverde, Mancos and Dakota formations 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 October 7, 1977 to the extent necessary to comply with the current well spacing and density rules for the Blanco-Mesaverde Gas Pool. Order R-10987-A(1), effective December 2, 2002; for the Basin-Dakota Gas Pool. Order R-10981-B(1), effective January 29, 2002; and for the Basin-Mancos Gas Pool. Order R-12984 effective September 3, 2008. This unit is to be dedicated to its Lively 3N Well (API # 30-045-35221) to be drilled and completed at a standard surface well in Unit N with a bottom hole location in Unit K and downhole commingled wellbore for production from Dakota, Mancos and Mesaverde formations. 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 5-1/2 miles east of the Turley, New Mexico.
2. CASE 14906: Burlington Resources Oil & Gas Company LP ("Burlington"), pursuant to NMSA 1978, Section 70-2-17.C, seeks an order pooling all mineral interests from the top of the Mesaverde to the base Dakota formation underlying the W/2 of Section 14, T29N, R8W, NMPM, San Juan County, New Mexico, forming a standard 320-acre gas spacing and proration units for the Mesaverde, Mancos and Dakota formations 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 September 10, 1951 to the extent necessary to comply with the current well spacing and density rules for the Blanco-Mesaverde Gas Pool. Order R-10987-A(1), effective December 2, 2002; for the Basin-Dakota Gas Pool. Order R-10981-B(1), effective January 29, 2002; and for the Basin-Mancos Gas Pool. Order R-12984 effective September 3, 2008. These units are to be dedicated to its (a) Lively 4N Well (API # 30-045-35193) to be drilled and completed at a standard surface well in Unit D with a bottom hole location in Unit E and downhole commingled wellbore for production from Dakota, Mancos and Mesaverde formations and (b) Lively 4M Well (API # 30-045-35380) to be drilled and completed at a standard surface well in Unit O with a bottom hole location in Unit N and downhole commingled wellbore for production from Dakota, Mancos and Mesaverde formations. 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

4 miles southwest of the Navajo City, New Mexico.

3. **CASE 14907: Application of KC Resources, Inc. for approval of a pressure maintenance project in Eddy County, New Mexico;** Applicant seeks approval to institute a lease pressure maintenance project through its Jones D No.5 well location 2310 FSL, 330 FWL in Unit L of Section 18, Township 18 South, Range 27 East, N.M.P.M., Eddy County, New Mexico. Applicant intends to inject produced water into the San Andres formation at a depth of 1779 to 1934.
4. **CASE 14908: Application of Tarco Energy, L.C. for approval of a pressure maintenance project in Eddy County, New Mexico;** Applicant seeks approval to institute a lease pressure maintenance project in its Russell C #10 well location 660 FSL, 1980 FEL in Unit O of Section 35, Township 17 South, Range 27 East, N.M.P.M., Eddy County, New Mexico. Applicant intends to inject produced water into the Yates and Seven Rivers formations at a depth 380 feet to 540 feet (perforated).
5. **CASE 14891: (Continued from the September 6, 2012 Examiner Hearing.)**
Application of Nadel and Gussman Heyco, LLC for approval of a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Glorieta-Yeso formation comprised of the S/2 N/2 of Section 20, Township 18 South, Range 26 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Glorieta-Yeso formation underlying the non-standard spacing and proration unit (project area) for all pools or formations developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the Cannonball Well No. 1, a horizontal well with a surface location in the SE/4NE/4, and a terminus in the SW/4 NW/4, of Section 20. 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 2-1/2 miles south-southwest of Atoka, New Mexico.
6. **CASE 14909: Application of Diamondback Resources LLC for approval of a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Diamondback Resources LLC seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the N/2 S/2 of Section 1, Township 19 South, Range 34 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the N/2 S/2 of Section 1 to form a non-standard 160 acre oil spacing and proration unit (project area) for all pools or formations developed on 40 or 80 acre spacing within that vertical extent. The unit will be dedicated to the Mongoose Fee Well No. 1, a horizontal well with a surface location in the NW/4 SW/4, and a terminus in the NE/4 SE/4, of Section 1. 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 1.5 miles west-northwest of Monument, New Mexico.
7. **CASE 14901: (Continued from the September 20, 2012 Examiner Hearing.)**
Application of Cimarex Energy Co. of Colorado for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Glorieta-Yeso formation underlying the following described acreage in Section 1, Township 19 South, Range 25 East, NMPM:
 - (a) The NW/4 SW/4 of Section 1 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. The unit will be dedicated to the Montana 1 Fee Well No. 1, to be drilled at an orthodox location.
 - (b) The SW/4 SW/4 of Section 1 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. The unit will be dedicated to the Montana 1 Fee Well No. 3, to be drilled at an orthodox location.Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The units are located approximately 6 miles south-southwest of Atoka, New Mexico.
8. **CASE 14889: (Continued from the September 20, 2012 Examiner Hearing.)**
Application of Roca Production, Inc. 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 non-standard 160-acre, more or less, spacing and proration unit comprised of the W/2 E/2 of Section 22, Township 20 South, Range 33 East, NMPM, Lea County, New Mexico; and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-