

**PRELIMINARY DOCKET: COMMISSION MEETING – THURSDAY – SEPTEMBER 15, 2005**

9:00 A.M. – Porter Hall  
 1220 South St. Francis Drive  
 Santa Fe, New Mexico

Land Commissioner, Patrick H. Lyons, may designate Jami Bailey as his representative for this hearing, or may participate himself.

**Notice:** The minutes of the August 15, 2005, Commission meeting will be adopted.

**Notice:** During this meeting, the Commission may conduct a closed executive session during which it will deliberate in connection with an administrative adjudicatory proceeding pending before the Commission or consult with Commission counsel under the attorney-client privilege concerning threatened or pending litigation in which the Commission is or may become a participant.

*Final Action May be Taken in the Following:*

**CASE 13482:**

*In the matter of the Proposal of the Oil Conservation Commission, On Its Own Motion, To Amend Oil Conservation Division Rules 1201, 1203 Through 1205, 1207, 1208, 1211, 1212, 1214 and 1220.*

**CASE 13555:** *Application of the New Mexico Oil Conservation Division for Adoption of a new rule Concerning Infill Wells in Compulsory-Pooled Units.* Applicant proposes amendment of Rules 7.W of the rule of the Division (defining “working interest”) and adoption of a new Rule 36 providing for proposal and drilling of infill wells within spacing units pooled by order of the Division or of the Commission. The application of the proposed new rules will be statewide. Copies of the text of the proposed amendment and new rule are available from Division Administrator Florene Davidson at (505) 476-3458 or from the Division’s web site at <http://www.emnrd.state.nm.us/ocd/whatnew.htm>. Written comments on the proposals must be received no later than 5:00 P.M. on Thursday, September 8, 1005. Written comments may be hand-delivered or mailed to the Division office at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, or may be faxed to Ms. Davidson at (505) 576-3462.

**CASE 13274:** *De Novo - Readvertised*

*Application of Arch Petroleum Inc. for Approval of Two Non-Standard Gas Spacing and Proration Units in the Jalmat Gas Pool, Lea County, New Mexico.* Applicant seeks approval of (i) a non-standard gas spacing and proration unit comprised of the SW/4 of Section 20, Township 23 South, Range 37 East, to be dedicated in the Jalmat Gas Pool to the Steeler “A” Well No. 1, located in the NW/4 SW/4 of the section, to be operated by Westbrook Oil Corporation, and (ii) a non-standard gas spacing and proration unit comprised of the SE/4 of Section 20, in said township and range, to be dedicated in the Jalmat Gas Pool to the Resler “B” Well No. 1, located in the NW/4 SE/4 of the section, to be operated by applicant. The units are located approximately 10-½ miles south-southwest of Eunice, New Mexico. Upon the application of Arch Petroleum Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 13504:** *De Novo*

*Application of Apache Corporation for statutory unitization, Lea County, New Mexico.* Applicant seeks an order unitizing, for the purpose of establishing an enhanced oil recovery project, all mineral interest in the unitized formations the vertical limits of which extend from an upper limit being 75 feet above the stratigraphic Blinebry marker to a lower limit at the top of the Abo formation as seen on the type log from the Continental Lockhart B-11 #17 well located 1980 feet from the North line and 1980 feet from the East line, Section 11, Township 21 South, Range 37 East and is that interval which is correlative to the interval from 5615 feet to 6795 feet below the surface measured from the derrick floor as shown on this type log. The Blinebry marker has been defined by the NMOCD at a depth of 5457 feet (elevation 3380, sub-sea datum 2077) in Exxon State S#30 well located in the SW/4 NW/4 of Section 2, Township 22 South, Range 37 East. The proposed unit consists of 2080.00 acres, more or less, of Federal and Fee lands in the following acreage:

Township 21 South, Range 37 East, NMPM

Section 1: Lots 11 thru 15, SW/4 and W/2SE/4  
Section 11: E/2 and NW/4  
Section 12: W/2NE/4, NW/4, W/2SE/4, SW/4  
Section 13: W/2, W/2NE/4 and NW/4SE/4  
Section 14: NE/4 and E/2SE/4

This unit is to be designated as the East Blinbry-Drinkard Unit. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the designation 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 a participation formula, capital investment to each of the various tracts in the unit area; the determination of credit and charges to be made among the various owners in the unit area for their investment in wells and equipment and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a non-consent penalty for risk to be charged against carried working interest owners within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. This Unit is located approximately 4 miles Northeast of Eunice, New Mexico. Upon application of BP America Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

***CASE 13486: De Novo – Continued from August 18, 2005, Commission Meeting***

***Application of Synergy Operating, LLC for compulsory pooling, San Juan County, New Mexico.*** Applicant seeks an order pooling all mineral interests from the surface to the base of the Fruitland Coal formation underlying the following described acreage in Section 8, Township 29 North, Range 11 West, and in the following manner: The W/2 to form a standard 320-acre gas spacing and proration unit for any pools or formations developed on 320-acre spacing within that vertical extent, including the Basin-Fruitland Coal Gas Pool; and the SW/4 to form a standard 160-acre gas spacing and proration unit for any pools or formations developed on 160-acre spacing within that vertical extent, including the Undesignated Bloomfield-Farmington Pool. The units are to be dedicated to the Duff 29-11-8 Well No. 104, to be drilled at an orthodox location in the NW/4 of Section 8, and the Duff 29-11-8 Well No. 105, to be drilled at an orthodox location in the SW/4 of Section 8. 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 Aztec, New Mexico. Upon applications of Edwin Smith, LLC and Jerry Walmsley, Trustee, Bypass Trust U/W June H. Walmsley, this case will be heard De Novo pursuant to the provisions of Rule 1220.