

DOCKET: EXAMINER HEARING - THURSDAY – MAY 16, 2013

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

Docket Nos. 17-13 and 18-13 are tentatively set for May 30, 2013 and June 13, 2013. 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. A party who plans on using projection equipment at a hearing must contact Florene Davidson seven (7) business days prior to the hearing requesting the use of the projection equipment. Wireless internet is available; however, the party must provide its own laptop computer. The following cases will be heard by an Examiner.

<p><i>Locator Key for Cases</i></p> <p><i>Case 14953 – No. 4</i></p> <p><i>Case 14954 – No. 5</i></p> <p><i>Case 14962 – No. 11</i></p> <p><i>Case 14967 – No. 7</i></p> <p><i>Case 14970 – No. 3</i></p> <p><i>Case 14982 – No. 1</i></p> <p><i>Case 14983 – No. 2</i></p> <p><i>Case 14984 – No. 6</i></p> <p><i>Case 14985 – No. 8</i></p> <p><i>Case 14986 – No. 9</i></p> <p><i>Case 14987 – No. 10</i></p>
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1. ***CASE 14982: Application of Sundown Energy LP for Statutory Unitization, Lea County, New Mexico.*** Applicant seeks an order for the consolidation by statutory unitization of all mineral interests in the San Andres formation, West Arkansas Junction San Andres Pool (2503) for the Bobbi State Waterflood Unit. The Unit Area of the Bobbi State Waterflood Unit is comprised of approximately 1,120 acres of state land in Lea County, described as follows:

Township 18 South, Range 36 East, NMPM

Section 20: All

Section 29: N/2

Section 28: NW/4

Among the matters to be considered at the hearing will be the necessity of unit operations; designation of the unit operator; designation of the horizontal and vertical limits of the unit area; the determination of the fair, reasonable and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area, the determination of credits and charges to be made among the working interest owners in the unit area for their investment in wells and equipment; a non-consent penalty for risk to be charged against carried working interests in the unit; and such other matters as may be appropriate. The unit area is located approximately two miles northwest of Arkansas Junction, New Mexico.

2. ***CASE 14983: Application of Sundown Energy LP for Authorization to Inject for Waterflood Project Operations, Lea County, New Mexico.*** Applicant seeks an order authorizing the injection of salt water into the San Andres formation, West Arkansas Junction San Andres Pool (2503) through the following wells:

State of New Mexico W No. 2

API No. 30-025-26605

660' FNL and 660' FWL (Unit D)

Section 28

T-18-S, R-36-E, NMPM

Bobbi No. 4

API No. 30-025-27586
1650' FSL and 990' FWL (Unit L)
Section 20
T-18-S, R-36-E, NMPM

Applicant proposes to conduct waterflood operations to support production from its Bobbi State Waterflood Unit by converting the two wells and utilizing them for the injection of water through a closed system into the San Andres formation through perforations in each of the wells at depths of 5,230' – 5,584' and 5,286' – 5,572', respectively. Injection operations will be conducted at an anticipated average daily injection pressure of 1,057 psi with a maximum surface injection pressure of 2,500 psi or as permitted by the Division. Applicant proposes injection of water at average daily rates of approximately 500 bbls and at maximum daily rates of approximately 1,500 bbls. The lands and wells are located approximately two miles northwest of Arkansas Junction, New Mexico.

3. **CASE 14970:** *(Continued from the May 2, 2013 Examiner Hearing.)*
Application of Devon Energy Production Company, L.P. for special rules and regulations for the Scanlon Draw-Bone Spring Pool, Turkey Track-Bone Spring Pool, and Winchester-Bone Spring Pool, Eddy County, New Mexico. Applicant seeks an order establishing special rules and regulations for the Scanlon Draw-Bone Spring Pool, Turkey Track-Bone Spring Pool, and Winchester-Bone Spring Pool, including a gas:oil ratio of 10,000 cubic feet of gas for each barrel of oil produced. The Scanlon Draw-Bone Spring Pool includes part of Section 19, Township 19 South, Range 29 East, NMPM; the Turkey Track-Bone Spring Pool includes parts of Sections 26 and 29, Township 19 South, Range 29 East, NMPM; and the Winchester-Bone Spring Pool includes part of Section 36, Township 19 South, Range 28 East, NMPM, parts of Sections 31 and 32, Township 19 South, Range 29 East, NMPM, and part of Section 5, Township 20 South, Range 29 East, NMPM. The Scanlon Draw-Bone Spring Pool is centered 15 miles east-northeast of Lakewood, New Mexico; the Turkey Track-Bone Spring Pool is centered approximately 17-1/2 miles east of Lakewood, New Mexico; and the Winchester-Bone Spring Pool is centered approximately 15 miles east-southeast of Lakewood, New Mexico.

4. **CASE 14953:** *(Continued from the April 30, 2013 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. Applicant seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Yeso formation comprised of the S/2 N/2 of Section 14, Township 17 South, Range 32 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Yeso formation underlying the non-standard oil spacing and proration unit (project area) for any formations and/or pools developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the BAE 14 Fed. Com. Well No. 3H, a horizontal well to be drilled at a surface location in the SE/4 NE/4, with a terminus in the SW/4 NW/4, of Section 14. 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 southeast of Maljamar, New Mexico.

5. **CASE 14954:** *(Continued from the April 30, 2013 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. Applicant seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Yeso formation comprised of the S/2 N/2 of Section 14, Township 17 South, Range 32 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Yeso formation underlying the non-standard oil spacing and proration unit (project area) for any formations and/or pools developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the BAE 14 Fed. Com. Well No. 4H, a horizontal well to be drilled at a surface location in the SE/4 NE/4, with a terminus in the SW/4 NW/4, of Section 14. 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