

DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 15, 2005

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

Santa Fe, New Mexico

Docket Nos. 1-06 and 2-06 are tentatively set for January 5, 2006 and January 19, 2006. 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 or dismissed by order of the examiner. If a protesting party fails to submit a timely pre-hearing statement, the hearing may be continued at the applicant's request. The following cases will be heard by an Examiner.

CASE 13601: *Application of Fasken Oil and Ranch, Ltd. for a salt water disposal wellbore, Lea County, New Mexico.* Applicant seeks an order approving three possible salt water disposal wellbores ("SWDs") and authority to utilize only one among these three for actual injection: (a) the Denton Well No. 1 (API No. 30-025-05288) located 1980 feet FNL and 1988 feet FWL (Unit F) of Section 11, T15S, R37E; (b) the Denton Well No. 5 (API No. 30-025-05292) located 658 FNL and 662 feet FEL (Unit A) of Section 11, T15S, R37E, and (c) the Denton 11 (API No. 30-025-05298) located 660 feet FNL and 1815 feet FEL (Unit B) of Section 11, T15S, R37E, for disposal of produced water into the Pennsylvanian formation thorough perforations or open hole at a depth from approximately 9506 feet to 10950 feet. This hearing was set based upon an objection filed by AmeriCo Energy Resources, LLC on October 13, 2005. These proposed SWD wells are located approximately 18 miles southeast of Tatum, New Mexico.

CASE 13602: *Application of Benson-Montin-Greer Drilling Corp. for a non-standard gas spacing unit, Rio Arriba County, New Mexico.* Applicant seeks to establish a non-standard 186.76-acre gas spacing unit for both the Basin-Fruitland Coal (Gas) Pool (71629) and the Pictured Cliffs formation, within either the Undesignated South Blanco-Pictured Cliffs Pool (72439), the Undesignated Tapacito-Pictured Cliffs Pool (85920), or the Undesignated Gavilan-Pictured Cliffs Pool (77360) comprising all of Irregular Section 19, Township 25 North, Range 2 West, being approximately 5 miles north-northwest of Lindrith, New Mexico. This unit to be dedicated to BMG's existing Page Well No. 1 (API No. 30-039-27810), located at a standard gas well location for both gas zones 1980 feet from the South line and 665 feet from the East line Lot 3/Unit I) of Irregular Section 19. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 13603: *Application of Devon Energy Corporation for compulsory pooling, Eddy County, New Mexico.* Applicant seeks an order pooling all mineral interests from the surface through the base of the Wolfcamp formation in the following described acreage in Section 6, Township 17 South, Range 25 East: the W/2 to form a standard 320-acre spacing and proration unit for all formations developed on 320-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated West Cottonwood Creek-Wolfcamp Gas Pool, and the NW/4 to form a standard spacing and proration unit for all formations developed on 160-acre spacing within that vertical extent. Said spacing and proration units are to be dedicated to the 1725 Federal Com Well No. 61 (API No. 30-015-34340) currently being drilled from a surface location 660 feet from the North line and 760 feet from the West line of said Section 6 to an appropriate depth to be horizontally drilled in a southerly direction in the Wolfcamp formation for a sufficient distance to enable the well to effectively drain the W/2 of Section 6 and test all formations from the surface to the base of the Wolfcamp 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 operating costs and charges for supervision, designation of Devon Energy Corporation as operator of the well and imposition of a 200% penalty on any working interest owner's share of the costs of drilling and completing the well incurred by Devon, if any, against any working interest owner who does not voluntarily participate in the well. Said area is located approximately 7 miles west of Artesia, New Mexico.

CASE 13591: *Continued from November 17, 2005, Examiner Hearing*
Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico. Applicant seeks approval of the Milsap State Exploratory Unit from the surface to the base of the Mississippian formation in an area comprising 2240 acres of State of New Mexico lands in Sections 25 and 36 in Township 12 South, Range 33 East, Section 31 in Township 12 South, Range 34 East, and in Section 6 in Township 13 South, Range 34 East, which is located approximately 10 miles west of Tatum, New Mexico.