

**DOCKET: EXAMINER HEARING - THURSDAY – AUGUST 3, 2006**

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

Docket Nos. 27-06 and 28-06 are tentatively set for August 17, 2006 and August 31, 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 NO. 13754:** *Application of CDX Rio, L.L.C. for an unorthodox gas well location within both the Blanco-Mesaverde and Basin-Dakota Pools and an exception to the well density provisions of the special rules governing the Basin-Dakota Pool, Rio Arriba County, New Mexico.* Applicant proposes to drill its Jicarilla "A" Well No. 4-M at an unorthodox gas well location 1780 feet from the South line and 580 feet from the West line (Lot 3/Unit L) of Section 19, Township 26 North, Range 5 West, as the: (i) third Dakota gas well within an existing standard 319.16-acre stand-up gas spacing and proration unit ("GPU") comprising Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of Section 19; and (ii) initial Mesaverde gas well within this same 319.16-acre stand-up GPU. Further, applicant seeks an exception to Rule II.B (1) (e) of the "Special Rules for the Basin-Dakota Pool," as promulgated by Division Order No. R-10987-B, issued in Case No. 12290 and dated June 30, 2000, as amended by Division Orders No. R-10987-B (1), dated August 10, 2000, and R-10987-B (2), dated January 29, 2002, in order to drill and complete its proposed Jicarilla "A" Well No. 4-M within the same quarter section (SW/4 equivalent) as its two existing: (i) Jicarilla "A" Well No. 4 (API No. 30-039-08062), located at a standard Dakota gas well location 1850 feet from the South and West lines (Unit K) of Section 19; and (ii) Jicarilla "A" Well No. 4-E (API No. 30-039-22292), located at a standard Dakota infill gas well location 950 feet from the North line and 1075 feet from the West line (Lot 4/Unit M) of Section 19. This GPU is located approximately 18 miles North-Northeast of Counselor, New Mexico.

**CASE NO. 13747:** *Continued from July 20, 2006 Examiner Hearing.*  
*Application of Cimarex Energy Co. for compulsory pooling, Lea County, New Mexico.* Cimarex Energy Co. seeks an order pooling all mineral interests in the Wolfcamp formation underlying the SW/4 NW/4 and NW/4 SW/4 of Section 21, Township 15 South, Range 36 East, NMPM, to form an 80-acre oil spacing unit (project area) for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Caudill-Permo Upper Penn Pool. The unit is to be dedicated to the Caudill South "21" Fee Well No. 2H, a horizontal well to be drilled at a surface location 2000 feet from the south line and 940 feet from the west line with a terminus located 1650 feet from the North line and 940 feet from the West line of Section 21. 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 4-1/2 miles North-Northeast of Lovington, New Mexico.

**CASE NO. 13748:** *Continued from July 20, 2006 Examiner Hearing.*  
*Application of Murchison Oil & Gas, Inc. for compulsory pooling and approval of an unorthodox surface location, Eddy County, New Mexico.* Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W/2 of Section 11, Township 17 South, Range 28 East, NMPM, to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the Undesignated North Empire-Atoka Gas Pool and South Empire-Morrow Gas Pool. The unit is to be dedicated to the Bobcat Fed. Com. Well No. 1, to be directionally drilled from an unorthodox surface location 107 feet from the South line and 704 feet from the West line of Section 11 to an orthodox bottom hole location in the SW/4 SW/4 of Section 11. 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 10 miles West-Northwest of Loco Hills, New Mexico.

**CASE NO. 13738:** *Continued from July 20, 2006 Examiner Hearing.*  
*Application of Devon Energy Production Company, L.P. for Compulsory Pooling, Eddy County, New Mexico.* Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 3, 4, S. 2 NW/4, and SW/4 (the W/2) Section 2, Township 22 South, Range 26 East, NMPM, to form a standard 320.63-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that

vertical extent, including the Undesignated Happy Valley-Strawn Gas Pool, Undesignated Happy Valley-Atoka Gas Pool, and Undesignated Happy Valley-Morrow Gas Pool. The unit will be dedicated to the Perfecto 2 State Com. Well No. 1, to be drilled in the SW/4 NW/4 of Section 2. 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 West of Carlsbad, New Mexico.

**CASE NO. 13749: Continued from July 20, 2006 Examiner Hearing.**

***Application of Magnum Hunter Production, Inc. for cancellation of one drilling permit and approval of a second drilling permit, Lea County, New Mexico.*** Applicant seeks an order canceling a drilling permit issued to Samson Resources Company covering the S/2 of Section 10, Township 20 South, Range 33 East, NMPM, and requiring the Division's Hobbs District Office to approve a drilling permit filed by applicant covering the E/2 of said Section 10, to form a standard 320-acre gas spacing and proration unit in the West Teas-Morrow Gas Pool. Applicant's well unit is located approximately 5 miles Northeast of the intersection of State Highway 176 and U.S. Highway 62/180.

**CASE NO. 13718: (REOPENED AND RE-ADVERTISED)**

***Amended Application of OXY USA WTP Limited Partnership for compulsory pooling, Eddy County, New Mexico.***

Applicant seeks an order pooling all mineral interests from the surface to the base of Morrow formation in the following described spacing and proration units located in the W/2 of Section 4, Township 19 South, Range 28 East, N.M.P.M., Eddy County, New Mexico: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated South Millman-Morrow Gas Pool and the Undesignated Millman-Strawn Gas Pool; the NW/4 for all formations and/or pools developed on 160-acre spacing; and the SW/4 NW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not limited to the Travis-Upper Pennsylvanian Pool and the Travis Wolfcamp Pool. OXY proposes to dedicate the above-referenced spacing or proration units to its Senita State Well No. 1 to be drilled at a standard gas well location 1540 feet from the North line and 1070 feet from the West line (Unit E) of said Section 4. 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 OXY USA WTP Limited Partnership as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 10 miles East of Lakewood, New Mexico.

**CASE NO. 13719: Continued from July 20, 2006 Examiner Hearing.**

***Application of OXY USA WTP Limited Partnership for compulsory pooling, Eddy County, New Mexico.*** Applicant seeks an order pooling all mineral interests from the surface to the base of Morrow formation in the following described spacing and proration units located in the W/2 of Section 24, Township 18 South, Range 27 East, N.M.P.M., Eddy County, New Mexico: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated North Illinois Camp-Morrow Gas Pool, the Undesignated Red Lake-Atoka Gas Pool and the Undesignated Chalk Bluff-Wolfcamp Gas Pool; the NW/4 for all formations and/or pools developed on 160-acre spacing; and the SE/4 NW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not limited to the Chalk Bluff- Wolfcamp Pool. OXY proposes to dedicate the above-referenced spacing or proration units to its Peso State Well No. 1 to be drilled at a standard gas well location 1980 feet from the North line and 1530 feet from the West line (Unit F) of said Section 24. 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 OXY USA WTP Limited Partnership as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 8 miles southeast of Artesia, New Mexico.

**CASE NO. 13711: Continued from July 26, 2006 Examiner Hearing.**

***Application of the New Mexico Oil Conservation Division for an Order Requiring Tempo Energy, Inc. to Plug 1 Well and Ordering Forfeiture of Applicable Financial Assurance in Event of Operator's Non-Compliance, Lea County, New Mexico.*** The Applicant seeks an order requiring Tempo Energy, Inc. to plug the following well and to forfeit applicable security:

<u>Well Name</u>	<u>API No.</u>	<u>Location</u>
San Simon State #6	30-025-29839	2310 FNL/990 FEL H-4-22S-35E

**CASE NO. 13742: Continued from July 20, 2006 Examiner Hearing.**

***Application of OXY USA WTP Limited Partnership for Compulsory Pooling, Lea County, New Mexico.*** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following