

FINAL DOCKET: COMMISSION MEETING - Thursday - May 18, 2006

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

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

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.

CASE NO. 13492: Application for Hearing De Novo. This case will be continued to the August 10, 2006 Commission Meeting.

Application of Samson Resources Company, Kaiser-Francis Oil Company, and Mewbourne Oil Company for cancellation of two drilling permits and approval of a drilling permit, Lea County, New Mexico. Applicants seek an order canceling two drilling permits issued to Chesapeake Operating, Inc. covering (i) the S/2 of Section 4, Township 21 South, Range 35 East, and (ii) Lots 9-16 of said Section 4, and requiring the Division's Hobbs District office to approve a drilling permit filed by Mewbourne Oil Company covering Lots 9, 10, 15, 16, and the SE/4 of Section 4, to form a standard 320-acre gas spacing and proration unit in the South Osudo-Morrow Gas Pool. The units are located approximately 6-1/2 miles west of Oil Center, New Mexico. Upon application of Samson Resources Company and Kaiser-Francis Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1221.

CASE NO. 13493: Application for Hearing De Novo. This case will be continued to the August 10, 2006 Commission Meeting.

Application of Chesapeake Permian, L.P. for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the S/2 of Irregular Section 4, Township 21 South, Range 35 East, forming a standard 320-acre gas spacing and proration unit for any production from any and all formations/pools developed on 320-acre gas spacing within that vertical extent, including but not limited to the South Osudo Morrow Pool. This unit is to be dedicated to its KF 4 State Well No. 1 (API #30-025-37129) that is being drilled at a standard well location in Unit X of this section. Also to be considered will be the costs of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Chesapeake Operating, Inc. as the operator of the well and, pursuant to Commission Order R-11992, a risk charge of 200% for the risk involved in this well. This unit is located approximately 6 miles west from Oil Center, New Mexico. Upon application of Samson Resources Company and Kaiser-Francis Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1221.

CASE NO. 13586: Continued from April 20, 2006, Commission Meeting.

Application of the New Mexico Oil Conservation Division for Repeal of Existing Rules 709, 710 and 711 Concerning Surface Waste Management and Adoption of new Rules Governing Surface Waste Management. The New Mexico Oil Conservation Division hereby gives notice that the Oil Conservation Commission will conduct a public hearing at 9:00 A.M. on **Thursday, April 20, 2006**, in Porter Hall at 1220 South St. Francis Drive, Santa Fe, New Mexico, concerning the adoption of amendments to 19.15.1, 19.15.2 and 19.15.9 NMAC. The proposed amendments will amend Section 7 of 19.15.1 NMAC to change the definition of "oil field wastes," and the definition of "watercourse," and to adopt of new definitions of "biopile," "soil" and "surface waste management facility." The proposed amendments will also amend 19.15.9 NMAC by removing Sections 709 (concerning transportation of produced water), 710 (concerning disposition of produced water) and 711 (concerning surface waste management facilities) to 19.15.2 NMAC, where these sections will become new Sections 51 (Transportation of Produced Water, Drilling Fluids and Other Liquid Oil Field Waste), 52 (Disposition of Produced Water and Other Oil Field Wastes) and 53 (Surface Waste Management Facilities) of 19.15.2 NMAC. These sections [19.15.2.51, 19.15.2.52 and 19.15.2.53 NMAC] will be substantially re-written to provide revised permitting requirements for transporters of produced water and oil field wastes, to revise rules for disposition of produced water and other oil field wastes, and to revise permitting requirements and procedures and siting, design, construction and operational requirements for surface waste management facilities. Copies of the text of the proposed amendments 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/rules.htm>. Proposed alternative rule amendments must be received by the division no later than 5:00 P.M. on Thursday, April 6, 2006. Written comments on the proposed amendments must be received no

later than 5:00 P.M. on Thursday, April 13, 2006. Proposed alternative rule amendments and written comments may be hand-delivered or mailed to Ms. Davidson at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, or may be faxed to Ms. Davidson at 476-3462.