

DOCKET: EXAMINER HEARING - THURSDAY - JUNE 7, 2007

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

Docket Nos. 18-07 and 19-07 are tentatively set for June 21, 2007 and July 12, 2007. 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 13927: **Application of Yates Petroleum Corporation for a non-standard gas spacing unit, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks an order approving a 160-acre non-standard gas spacing unit comprised of the SW/4 of Section 28, Township 20 South, Range 28 East, NMPM, to be dedicated to its Hedgerow BFH State Com Well No. 1 (API No. 30-015-33715) to be recompleted from the Morrow formation to the Strawn formation, Saladar-Strawn Gas Pool (84412) at a standard gas well location 660 feet from the South line and 1136 feet from the West line of said Section 28. Said unit is located approximately 9 miles north-northeast of Carlsbad, New Mexico.

CASE 13928: **Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation in the following described spacing and proration units located in the E/2 of Section 34, Township 11 South, Range 31 East, N.M.P.M., Chaves County, New Mexico: the E/2 for all formations and/or pools developed on 320-acre spacing within this vertical extent; the NE/4 for all formations and/or pools developed on 160-acre spacing within this vertical extent; and the NE/4 NE/4 for all formations and/or pools developed on 40-acre spacing within this vertical extent. Said units are to be dedicated to its Tillis BJZ Well No. 1 to be drilled at a location 990 feet from the North line and 660 feet from the East line of Section 34, Township 11 South, Range 31 East, NMPM, Chaves County, New Mexico to an approximate depth of 11350 feet to test any and all formations from the surface to the base of the Mississippian 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 actual operating costs and charges for supervision, designation of Yates Petroleum Corporation as operator of the well and a charge for risk involved in drilling said well. Said area is located 5 miles southwest of Caprock, New Mexico

CASE 13908: *(Continued from the May 24, 2007, Examiner Hearing.)*

Application of OXY USA WTP, Limited Partnership, for authorization to simultaneously dedicate a standard spacing and proration unit in the Wolfcamp formation to a horizontal well and two vertical wells, Eddy County, New Mexico. Applicant seeks authorization to dedicate a standard 320-acre spacing and proration unit comprised of the S/2 of Section 15, Township 20 South, Range 28 East, NMPM, Eddy County, New Mexico in the Wolfcamp formation, North Burton Flat-Wolfcamp Gas Pool, to the following three wells:

1. The Government AC Com Well No. 1 (API No. 30-015-21432) drilled as a vertical well located 660 feet from the South Line and 1980 feet from the West Line of said Section 15;
2. The Government AA Com Well No. 2 (API No. 30-015-33283) that has been drilled as a dual lateral horizontal wellbore (directional well) from a surface location 190 feet from the North line and 350 feet from the West line of Section 23 to a bottom hole location 675 feet from the North Line and 261 feet from the East Line of Section 15 and a second lateral with a bottom hole location 678 feet from the South Line and 237 feet from the West line of Section 23; and
3. The Government AC Com Well No. 4 (API No. 30-015-32655) drilled as a vertical well located 660 feet from the South and East Lines of Section 15.

This acreage is located approximately 10 miles northeast of Carlsbad, New Mexico.

CASE 13916: *(Continued from the May 24, 2007, Examiner Hearing.)*

Application of Parallel Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant in

the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation in the following described spacing and proration units located in the S/2 of Section 28, Township 15 South, Range 25 East, NMPM, Chaves County, New Mexico: the S/2 for all formations and/or pools developed on 320-acre spacing. Said unit is to be dedicated to its Unbridled 1525-28 Well No. 1 to be drilled at a surface location 1880 feet from the South line and 237 feet from the East line and a bottomhole location 1880 feet from the South line and 660 feet from the East line of Section 28, Township 15 South, Range 25 East, NMPM, Chaves County, New Mexico to an approximate depth of 4750 feet to test any and 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 actual operating costs and charges for supervision, designation of Parallel Petroleum Corporation as operator of the well and a charge for risk involved in drilling said well. Said area is located 5 miles southwest of Lake Arthur, New Mexico.

CASE 13865 (Reopened): (Continued from the May 24, 2007 Examiner Hearing)

Application of Versado Gas Producers, LLC operated by Targa Resources, LLC for approval of an acid gas injection well, Lea County, New Mexico. Applicant seeks an order authorizing it to utilize its proposed Versado AGI Well No. 1, to be drilled 1200 feet from the West line and 2580 feet from the South line of Section 27, Township 22 South, Range 37 East, NMPM, to inject up to 2500 barrels of acid gas per day, at a maximum pressure of 2000 psi, into the San Andres Formation, at an approximate depth of 4500 feet to 5000 feet. This proposed well will replace Eunice Gas Plant SWD Well No. 1 (**API No. 30-025-21497**) at this location. Versado may be contacted through its representative, Mr. Alberto Gutierrez, 500 Marquette Ave., N.W., Suite 1350, Albuquerque, New Mexico 87102 or (505) 842-8000. This well is located approximately 5 miles south of Eunice, New Mexico.

CASE 13891 (Reopened): (Continued from the May 24, 2007 Examiner Hearing)

Application of Petrohawk Energy Corporation for authorization to reactivate a waterflood project, Lea County, New Mexico. Applicant seeks approval of a waterflood project, including the reactivation of a previously approved waterflood (OCD Orders WFX-518 and WFX-530) in Sections 8 and 9, Township 22 South, Range 36 East, NMPM, to inject up to a total of 2000 barrels per day, at a maximum injection pressure of 750 psi, into the Queen Formation, at an approximate depth of 3790 feet to 3890 feet. The proposed waterflood involves the activation of five existing, temporarily plugged injection wells (State A/AC #61, #64, #65, #68, and #71). Petrohawk may be contacted through its representative, Mr. Alberto Gutierrez, 500 Marquette Ave., N.W., Suite 1350, Albuquerque, New Mexico 87102 or (505) 842-8000. These wells are located 5 miles southwest of Eunice, New Mexico.

CASE 13911 (reopened): Application of Apache Corporation to amend the special rules and regulations for the South Eunice-San Andres Pool, Lea County, New Mexico. Applicant seeks an order amending the special rules and regulations for the South Eunice-San Andres Pool to allow two wells to be located on each quarter-quarter section. The current pool rules, established by Order Nos. R-3706 and R-4193, as amended, provide for (i) 80-acre well units, (ii) wells to be located no closer than 330 feet to a quarter-quarter section line, (iii) one well per quarter-quarter section, and (iv) a limiting gas:oil ratio of 6000 cubic feet of gas for each barrel of oil produced. The pool includes all or parts of Section 35, Township 21 South, Range 37 East, N.M.P.M., and Sections 1, 2, 10, 11, 12, and 14, Township 22 South, Range 37 East, N.M.P.M. The pool is centered approximately 2-1/2 miles southeast of Eunice, New Mexico.

CASE 13899: (Continued from the May 24, 2007, Examiner Hearing.)

Application of Devon Energy Production Company, L.P. for approval of five non-standard gas spacing and proration units, San Juan and Rio Arriba Counties, New Mexico. Applicant seeks approval of the following non-standard gas spacing and proration units for production from the Basin-Dakota Gas Pool:

- (a) Township 31 North, Range 7 West, N.M.P.M.
Section 19: Lots 5-8 and E/2 W/2
Section 30: Lot 5 and NE/4 NW/4

Containing 259.82 acres.

- (b) Township 31 North, Range 7 West, N.M.P.M.
Section 30: Lots 6, 9, 10, SE/4 NW/4, and E/2 SW/4
Section 31: Lots 7, 8, and E/2 NW/4

Containing 250.65 acres.