

DOCKET: EXAMINER HEARING - THURSDAY – JULY 26, 2007

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

Docket Nos. 21-07 and 22-07 are tentatively set for August 9 and 23, 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 13942: (Continued from June 21, 2007 Examiner Hearing) (This case will be continued to the August 23, 2007 Examiner Hearing.)

Application of Encore Acquisition Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Morrow formation underlying the N/2 of Section 22, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico. Applicant proposes to drill its Encore 22 State Com. Well No. 1 to be located at a standard gas well location 1730 feet from the North line and 1000 feet from the East line of said Section 22. Applicant seeks to dedicate the N/2 of Section 22 to the well to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Morrow 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 the applicant as operator of the well and a charge for risk involved in drilling said well. The subject lands are located approximately 3 miles east of Buckeye, New Mexico.

CASE NO. 13955: Application of OGX Production Ltd. 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 the E/2 of Section 17, T24S, R28E, NMPM, Eddy County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any production for any and all formations/pools developed on 320-acre spacing within that vertical extent, including but not limited to the Malaga-Morrow Gas Pool. This unit is to be dedicated to its Browning Federal Com Well No. 1 (API No 30-015-35638) which will be drilled at a standard well location in Unit J of this section. Also to be considered will be the costs of the drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of OGX Resources LLC 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 2 miles West of Malaga, New Mexico. IN THE ABSENCE OF OBJECTION, THIS MATTER WILL BE TAKEN UNDER ADVISEMENT

CASE 13919: (Continued from May 24, 2007 Examiner Hearing)

Application of Parallel Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the following described acreage in Section 29, Township 15 South, Range 25 East, NMPM, in the following manner: the S/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within that vertical extent. This unit is to be dedicated to its John Town 1525-29 Well No. 1 (API # 30-005-63880) which will be located at an unorthodox surface location 1880 feet FSL and 255 feet FEL (Unit I) and when the vertical wellbore penetrates the Wolfcamp formation then drilled horizontally in a westerly direction staying within a producing area 660 feet from each of the end and side boundaries of this spacing unit and ending at a bottomhole location 1880 feet FSL and 660 feet FWL (Unit L). 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 the applicant as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 4 miles southwest of Lake Arthur, New Mexico.

CASE NO. 13956: Application of COG Operating LLC for Exception to the Well Density Limitations of Rule 104B(1) and for Simultaneous Dedication Within the Unit Area of the Grayburg-Jackson West Cooperative Unit, Eddy County, New Mexico: Applicant seeks an order pursuant to Division Rule 104D(3) providing for a blanket exception to the well developmental density limitations of Rule 104B(1) and for simultaneous dedication for wells developed in the Unit Area of the Grayburg-Jackson West Cooperative Unit within all formations from the top of the Seven Rivers formation to the top of the Abo formation, Grayburg-Jackson Seven Rivers-Queen-Grayburg-Glorieta-Yeso Pool. The Grayburg-Jackson West Cooperative Unit is comprised of approximately 2,400 acres of State of New Mexico

and fee lands in the following area:

Township 17 South, Range 29 East, NMPM

Section 15:	W/2 SW/4
Section 16:	All
Section 21:	All
Section 22:	W/2 W/2, E/2 NW/4, NE/4 SW/4, NW/4 NE/4
Section 27:	W/2 SW/4
Section 28:	All

The subject lands are located in the immediate vicinity of Loco Hills, New Mexico.

CASE 13946: *(Continued from July 12, 2007 Examiner Hearing)*

Application of Energen Resources Corporation for Compulsory Pooling, Rio Arriba County, New Mexico. Applicant seeks an order pooling all mineral interests in the Fruitland Coal formation, (Basin-Fruitland Coal Gas Pool) underlying the W/2 of Section 13, Township 32 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, forming a standard 320-acre spacing and proration unit to be dedicated to the Navajo Lake Well No. 103. The well will be directionally drilled from surface location 780 feet from the North line and 2,600 feet from the East line of adjoining Section 24, penetrating the Fruitland Coal formation at a point no closer than 660 feet from the South line and 1,980 feet from the West line in the SW/4 of Section 13, with a bottom hole location in Section 13, 2,300 feet from the North line and 1,200 feet from the West line, all in Township 32 North, Range 6 West, NMPM, Rio Arriba County, New Mexico. 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 Energen Resources Corporation as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 4 miles south of Arboles, Colorado.

CASE NO. 13957: **Amended Application of Energen Resources Corporation to Amend the Cost Recovery Provisions of Compulsory Pooling Order No. R-1960, To Determine Reasonable Costs, and for Authorization To Recover Costs From Production Of Pooled Mineral Interests, Rio Arriba County, New Mexico.** Applicant seeks an order amending the cost recovery provisions of Order No. R-1960 pooling all interests in the Pictured Cliffs formation, (Tapacito-Pictured Cliffs Gas Pool) underlying the SW/4 of Section 2, Township 25 North, Range 3 West, forming a standard 160-acre spacing and proration unit. Applicant proposes the amendment of the cost recovery provisions under the original version of Order No. R-1960 to reflect the current custom and practice of the industry and the Division which allows well operators to recover the reasonable costs of operations and supervision. Applicant also seeks authorization to sell a portion or all of the pooled working interest share of production of a non-selling mineral interest owner and to obtain reimbursement of costs therefrom. The lands that are the subject of the application are located approximately one mile west of Ojito, New Mexico.

CASE 13900: *(Continued from the June 21,, 2007, Examiner Hearing.)*

Application of El Paso E&P Company, L.P. for an exception to NMAC 19.15.3.104.C(3) to allow infill drilling and simultaneous dedication, Colfax County, New Mexico. Applicant seeks approval to drill its VPR B Well No. 300 as an infill well in an existing 160-acre gas spacing unit in the Vermejo and Raton formations comprising the SW/4 of Section 30, Township 30 North, Range 19 East, N.M.P.M. Applicant further seeks to simultaneously dedicate production from the Vermejo and Raton formations in the SW/4 of Section 30 to the VPR B Well No. 300, to be located in Unit N of Section 30, and to the existing VPR B Well No. 22, located in Unit L of Section 30. The unit is located approximately 29 miles west-southwest of Raton, New Mexico.

CASE 13901: *(Continued from the June 21, 2007, Examiner Hearing.)*

Application of El Paso E&P Company, L.P. for an exception to NMAC 19.15.3.104.C(3) to allow infill drilling and simultaneous dedication, Colfax County, New Mexico. Applicant seeks approval to drill its VPR B Well No. 301 as an infill well in an existing 160-acre gas spacing unit in the Vermejo and Raton formations comprising the SE/4 of Section 25, Township 30 North, Range 18 East, N.M.P.M. Applicant further seeks to simultaneously dedicate production from the Vermejo and Raton formations in the SE/4 of Section 25 to the VPR B Well No. 301, to be located in Unit P of Section 25, and to the existing VPR B Well No. 21, located in Unit I of Section 25. The unit is located approximately 30 miles west-southwest of Raton, New Mexico.

CASE 13902: *(Continued from the June 21, 2007, Examiner Hearing.)*

Application of El Paso E&P Company, L.P. for an exception to NMAC 19.15.3.104.C(3) to allow infill drilling and