

DOCKET: EXAMINER HEARING - THURSDAY – DECEMBER 13, 2007

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

Docket Nos. 1-08 and 2-08 are tentatively set for January 10, 2008 and January 24, 2008. 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.

<i>Locator Key for Cases</i>	
<i>Case 13960</i>	<i>- No. 5</i>
<i>Case 13990</i>	<i>- No. 1</i>
<i>Case 14016</i>	<i>- No. 6</i>
<i>Case 14017</i>	<i>- No. 7</i>
<i>Case 14018</i>	<i>- No. 8</i>
<i>Case 14025</i>	<i>- No. 23</i>
<i>Case 14026</i>	<i>- No. 24</i>
<i>Case 14027</i>	<i>- No. 25</i>
<i>Case 14028</i>	<i>- No. 13</i>
<i>Case 14031</i>	<i>- No. 15</i>
<i>Case 14032</i>	<i>- No. 18</i>
<i>Case 14033</i>	<i>- No. 19</i>
<i>Case 14036</i>	<i>- No. 10</i>
<i>Case 14037</i>	<i>- No. 11</i>
<i>Case 14039</i>	<i>- No. 26</i>
<i>Case 14040</i>	<i>- No. 3</i>
<i>Case 14041</i>	<i>- No. 2</i>
<i>Case 14042</i>	<i>- No. 4</i>
<i>Case 14043</i>	<i>- No. 9</i>
<i>Case 14044</i>	<i>- No. 12</i>
<i>Case 14045</i>	<i>- No. 14</i>
<i>Case 14046</i>	<i>- No. 15</i>

1. **CASE 13990:** *(Continued from the November 29, 2007 Examiner Hearing.)*
Application of the New Mexico Oil Conservation Division for a Compliance Order. The Applicant seeks an order finding that Pogo Producing Company knowingly and willfully violated Rule 104, Order R-12366, Rule 1115.A, NMSA 1978, Section 70-2-31(B) and NMSA 1978, Section 70-2-31(D) and imposing penalties for those violations, requiring the operator to file corrected reports, requiring operator to plug and abandon a well, and for such other relief as the Director deems appropriate. The affected well is the Resler B #001, 30-025-36573, Unit Letter J, Section 20, Township 23 South, Range 37 East, in Lea County, New Mexico. The well is located less than five miles north of Teaque.

2. **CASE 14041:** ***Application of the New Mexico Oil Conservation Division for a Compliance Order against MARKS AND GARNER PRODUCTION LTD. CO.*** The Applicant seeks an order finding that operator is in violation of 19.15.4.201 NMAC as to twenty-three (23) wells, or, alternatively, that Operator is in violation of 19.15.13.1115 NMAC; requiring operator to plug and abandon the twenty-three (23) wells by a date certain and/or to file any delinquent production reports relating to the subject wells by a date certain, thus bringing them into compliance with 19.15.4.201 and 19.15.13.1115 NMAC, and authorizing the division to plug said wells in the event of non-compliance. The twenty-three (23) affected wells are:

30-025-08154 BRADLEY FEDERAL #001, 30-025-08156 BRADLEY FEDERAL #003, 30-015-02897 CAVE POOL UNIT #027, 30-015-02915 CAVE POOL UNIT #036, 30-025-23551 CITIES SERVICE STATE #001, 30-025-27992 COQUINA STATE #001, 30-025-08163 ERNEST FEDERAL #001, 30-025-28655 GRAHAM FEDERAL #003, 30-025-08149 JENNINGS FEDERAL #002, 30-025-24979 JULIA CULP #001, 30-025-02703 WM SNYDER #001, 30-015-24732 THEOS STATE #001, 30-025-28767 KEMNITZ 17 STATE #001, 30-025-28484 LEA/UA/STATE #001, 30-015-02787 LEVERS #003Y, 30-

025-21291 NORTHEAST MALAJMAR UNIT #001, 30-015-25059 RED TWELVE FEDERAL #002, 30-015-25090 RED TWELVE LEVERS FED #008Q, 30-015-25152 RED TWELVE LEVERS FED#012, 30-015-24989 RED TWELVE STATE #003, 30-015-25055 RED TWELVE STATE #006, 30-015-02888 STATE #001, 30-015-02889 STATE #002

State Wells #001 and #002, Cave Pool Units #27 and #36, Theos State #001, Levers #003Y, Red Twelve Federal #002, Red Twelve Levers Federal #012 and #008Q, and Red Twelve State #003 and #006 are all located in Eddy County, New Mexico, approximately sixteen (16) miles East of Artesia. The remainder of the subject wells are located in Lea County, New Mexico, with three wells (the Julia Culp #001, Wm Snyder #001 and Cities Service State #001) being located Northwest of Lovington, two (the Northeast Malajmar Unit #001 and Kemnitz 17 State #001) being located Northeast of Malajmar, and the remainder being located Southwest of Hobbs.

3. **CASE 14040:** *Application of Parallel Petroleum Corporation to re-instate Division Order R-12798 (for compulsory pooling), Chaves County, New Mexico.* Applicant seeks to re-instate Order R-12798 that pooled all mineral interests from the surface to the base of the Wolfcamp formation underlying the following described acreage in Section 29, T15S, R25E, 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 bottom hole 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. IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.

4. **CASE 14042:** *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 21, T15S, R25E, 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 Noor 1525-21 Federal Com Well No. 1 (API#30-005-63935) which will be located at an unorthodox surface location 1880 feet FSL and 208 feet FWL (Unit L) and deviated so that when the wellbore penetrates the Wolfcamp formation it will be at a standard subsurface location, 1880 feet FSL and 660 feet FWL Unit L) then drilled horizontally in an easterly direction staying within a producing area 660 feet from each of the end and side boundaries of this spacing unit and ending at a standard bottom hole location 1880 feet FSL and 660 feet FEL (Unit I). 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 west of Lake Arthur, New Mexico. IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT

5. **CASE 13960:** *(Reopened)*
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 S/2 of Section 9, Township 15 South, Range 25 East, NMPM, to form a standard 320-acre gas spacing and proration unit for all formations developed on 320 acre spacing within that vertical extent, including the Undesignated Walnut Creek-Wolfcamp Gas Pool. The unit is to be dedicated to the proposed War Emblem 1525-9 Fed. Com. Well No. 1H, to be drilled at a surface location 1880 feet from the south line and 190 feet from the east line of Section 8, Township 15 South, Range 25 East, N.M.P.M., with a penetration point 1880 feet from the south line and 660 feet from the west line of Section 9 and a terminus 1880 feet from the south line and 660 feet from the east line of Section 9. 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 5 miles northwest of Lake Arthur, New Mexico.