

DOCKET: EXAMINER HEARING - THURSDAY - APRIL 3, 2008

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

Docket Nos. 12-08 and 13-08 are tentatively set for April 17, 2008 and May 1, 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. 8</i>
<i>Case 14051</i>	<i>- No. 2</i>
<i>Case 14054</i>	<i>- No. 3</i>
<i>Case 14085</i>	<i>- No. 6</i>
<i>Case 14092</i>	<i>- No. 10</i>
<i>Case 14097</i>	<i>- No. 11</i>
<i>Case 14098</i>	<i>- No. 7</i>
<i>Case 14099</i>	<i>- No. 9</i>
<i>Case 14103</i>	<i>- No. 1</i>
<i>Case 14104</i>	<i>- No. 4</i>
<i>Case 14105</i>	<i>- No. 5</i>

1. ***CASE 14103: Application of the New Mexico Oil Conservation Division for a Compliance Order against C W Trainer.*** Applicant seeks an order pursuant to NMSA 1978, Section 70-2-14(B) requiring operator to plug and abandon all its wells in New Mexico by a date certain and authorizing the Division to plug said wells and forfeit the applicable financial assurance in the event of non-compliance. The wells at issue are: Barbara Federal #001, I-6-22S-34E, 30-025-24598; Grama Ridge 8 State #001, H-8-22S-34E, 30-025-30046; Gulf Deep #001, C-34-14S-31E, 30-005-01210; Gulf State Com #001, 1-4-15S-35E, 30-025-23525; Harris Federal #001, O-5-22S-34E, 30-025-28551; Hope State #001, P-22-12S-33E, 30-025-01059; Lea DS State #001, E-36-19S-34E, 30-025-23611; M&G Medlin #001, D-8-15S-31E, 30-005-00588; Morse #001, E-27-10S-37E, 30-025-04991; Morse #001, A-28-10S-37E, 30-025-04995; Nancy #001, F-5-15S-34E, 30-025-24582; Thistle Unit #002, E-28-23S-33E, 30-025-33424; Tower #002, M-23-12S-33E, 30-025-35093. The Morse wells are located approximately 5 miles northeast of Tatum in Lea County, New Mexico. The Lea DS State #1, Harris Federal #001, Grama Ridge 8 State #001, Barbara Federal #001, and Thistle Unit #002 are located 6 to 9 miles west of Eunice. The Tower #002, Nancy #001, M&G Medlin #001, Hope State #001, Gulf Deep #001 and Gulf State Com #001 are located approximately 2 to 10 miles northwest of Lovington. The Gulf Deep #001 is located in Chaves County, New Mexico; the remaining wells are located in Lea County, New Mexico.

2. ***CASE 14051:*** *(Continued from the February 21, 2008 Examiner Hearing.)*
Application of the New Mexico Oil Conservation Division for a Compliance Order against Reubin Collins d/b/a RCJ Enterprises. The Applicant seeks an Order finding that operator violated 19.15.13.1115 NMAC; as to active wells violated 19.15.9.701 NMAC and 19.15.13.1104 NMAC, or in the alternative, violated 19.15.4.201 NMAC; requiring operator to return the wells into compliance with OCD rules by a date certain and authorizing the Division to plug the wells in the event of non-compliance; and assessing penalties. The affected wells are:
 - Buffalo Unit No. 008; H-34-18S-33E; API No. 30-025-21846
 - Buffalo Unit No. 010; A-34-18S-33E; API No. 30-025-21957
 - Buffalo Unit No. 011; L-35-18S-33E; API 30-025-22598

These wells are located approximately 20 miles southwest of Lovington, in Lea County, New Mexico.

- Cockburn Federal No. 004; K-34-17S-33E; API No. 30-025-01391

- Cockburn Federal No. 006; J-34-17S-33E; API No. 30-025-01392

These wells are located approximately 13 miles southwest of Lovington, in Lea County, New Mexico.

- Wallen Bass No. 002; N-21-20S-34E; API No. 30-025-26458
- Wallen Bass No. 004; O-21-20S-34E; API No. 30-025-26288

These wells are located approximately 10 miles southwest of Monument, New Mexico, Lea County.

3. **CASE 14054:** (Continued from the March 20, 2008 Examiner Hearing.)
Application of the New Mexico Oil Conservation Division for a Compliance Order against Kimlar Oil Company. The Applicant seeks an order finding operator in violation of 19.15.3.116 and 19.15.9.703 NMAC; requiring operator to bring the wells into compliance with 19.15.3.116 and 19.15.9.703 by a date certain; and assessing penalties. The affected wells are:

- Gourley Federal No. 003; API No. 30-015-22660; A-31-22S-28E
- Gourley Federal No. 004; API No. 30-015-22661; J-31-22S-28E

The wells are located approximately 9 miles southeast of Carlsbad, in Eddy County, New Mexico.

4. **CASE 14104: Application of Trilogy Operating, Inc. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the SE/4 SE/4 of Section 24, Township 19 South, Range 38 East, NMPM, to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Undesignated South Nadine Yates-Seven Rivers Pool, Undesignated Northeast Nadine-San Andres Pool, East Nadine-Blinebry Pool, and Nadine Drinkard-Abo Pool. The unit will be dedicated to the Allar Well No. 1, to be drilled at an orthodox oil well location in the SE/4 SE/4 of Section 24. 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 miles northeast of Nadine, New Mexico. APPLICANT REQUESTS THAT, IN THE ABSENCE OF OBJECTION, THIS MATTER BE TAKEN UNDER ADVISEMENT.

5. **CASE 14105: Application of Trilogy Operating, Inc. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Yates/Seven Rivers formation underlying the NE/4 NW/4 of Section 25, Township 19 South, Range 38 East, NMPM, to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Undesignated South Nadine Yates-Seven Rivers Pool. The unit will be dedicated to the Topaz Well No. 1, to be re-entered at an orthodox oil well location in the NE/4 NW/4 of Section 25. Also to be considered will be the cost of re-entering 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 re-entering and completing the well. The unit is located approximately 1-1/2 miles northeast of Nadine, New Mexico. APPLICANT REQUESTS THAT, IN THE ABSENCE OF OBJECTION, THIS MATTER BE TAKEN UNDER ADVISEMENT.

6. **CASE 14085:** (Continued from the March 20, 2008 Examiner Hearing.)
Application of Cimarex Energy Co. for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Cimarex Energy Co. seeks an order approving a non-standard oil spacing and proration unit (project area) comprised of the W/2 SW/4 of Section 13, Township 15 South, Range 37 East, NMPM, to form a non-standard 80-acre oil spacing and proration unit (project area) for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Denton-Wolfcamp Pool, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit. The unit is to be dedicated to the Sunshine Well No. 1, a horizontal well drilled at a surface location 2235 feet from the South line and 660 feet from the West line of Section 13, with a terminus 379 feet from the South line and 664 feet from the West line of Section 13. 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