

PRELIMINARY DOCKET: COMMISSION MEETING –WEDNESDAY – JULY 30, 2008

**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: The minutes of the June 19, 2008 Commission Meeting will be adopted.

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.

Final action may be taken in the following:

CASE 14000: *De Novo*

Application of Harvey E. Yates Company for expansion of a unit area, Otero County, New Mexico.

CASE 14055: *De Novo (Continued from the June 19, 2008 Commission Meeting)*

Application of the New Mexico Oil Conservation Division for a Compliance Order against C&D Management Company d/b/a Freedom Ventures Company. The Applicant seeks an Order finding that Operator is in violation of 19.15.13.1115 NMAC and 19.15.4.201 NMAC as to seventeen wells, requiring Operator to bring the seventeen wells into compliance with 19.15.13.1115 NMAC and 19.15.4.201 NMAC by a date certain, authorizing the Division to plug said wells and forfeit the applicable financial assurance in the event of non-compliance, and assessing penalties. The affected wells are:

- Amoco No. 001; L-13-17S-27E; 30-015-24738
- Muncy Federal No. 001; F-13-17S-27E; 30-015-23083
- Muncy Federal No. 002; E-13-17S-27E; 30-015-25012
- Saunders No. 012; O-13-17S-27E; 30-015-22348
- Michael State No. 001; H-25-17S-27E; 30-015-24877
- Schneider No. 001; J-24-17S-27E; 30-015-22907
- Scott Federal No. 001; P-12-17S-27E; 30-015-25437

These wells are located approximately 10 miles west of Loco Hills, in Eddy County, New Mexico.

- Hastie No. 016; 4-18-17S-28E; 30-015-22371
- Hastie No. 017; 3-18-17S-28E; 30-015-22852
- Hastie No. 018; N-18-17S-28E; 30-015-22848
- Hastie No. 019; 2-18-17S-28E; 30-015-23186
- Hastie No. 020; 1-18-17S-28E; 30-015-23516
- Hastie No. 021; C-18-17S-28E; 30-015-23821

These wells are located approximately 8 miles west of Loco Hills, in Eddy County, New Mexico.

- Shearn Becky Federal No. 001; B-14-17S-27E; 30-015-34440

- Shearn Freedom Federal No. 002; A-14-17S-27E; 30-015-34454
- Shearn Samantha Federal No. 001; G-14-17S-27E; 30-015-31059
- Shearn Shilo Federal No. 001; B-14-17S-27E; 30-015-31061

These wells are located approximately 11 miles west of Loco Hills, in Eddy County, New Mexico. Upon application of C&D Management Company d/b/a Freedom Ventures Company, this case will be heard *De Novo* pursuant to the provisions of Division Rule 1221.

CASE 14047: De Novo (Continued from the May 9, 2008 Commission Meeting.)

Application of Celero Energy II, L.P. for expansion of a waterflood project, Chaves County, New Mexico. Applicant seeks approval to expand the Caprock-Queen Waterflood Project (Caprock-Queen Pool), originally approved by Oil Conservation Commission Order Nos. R-1456 and R-2470, by the injection of water into twenty wells located on a federal lease covering all of Section 4, the E/2 E/2 of Section 5, and all of Section 9, Township 14 South, Range 31 East, N.M.P.M. The project is located approximately 29 miles east of Hagerman, New Mexico. Upon application of Celero Energy II, L.P., this matter will be heard *De Novo* pursuant to the provisions of Division Rule 1221.

CASE 14001: De Novo

Application of Chesapeake Exploration, LLC for statutory unitization of the Quail Queen Unit Area, Lea County, New Mexico. Applicant seeks an order unitizing all mineral interests in the Queen formation underlying parts of Sections 11, 13, and 14, Township 19 South, Range 34 East, N.M.P.M., comprising 840 acres of land for its proposed Quail Queen Unit. Among the matters to be considered at hearing, pursuant to the New Mexico Statutory Unitization Act, NMSA 1978 §§70-7-1 *et seq.*, will be: The necessity of unit operations; the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investments, to each of the tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate. The unit area is centered approximately 15-1/2 miles west-northwest of Monument, New Mexico. Upon the application of Pintail Production Company, Inc., this matter will be heard *de novo* by the Commission pursuant to the provisions of Rule 1221.

CASE 14002: De Novo

Application of Chesapeake Exploration, L.L.C. for approval of a waterflood project and qualification of the project for the Recovered Oil Tax Rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval to institute a waterflood project in the Queen formation by the injection of water into six wells located on lands covering parts of Sections 11, 13, and 14, Township 19 South, Range 34 East, N.M.P.M. Applicant further seeks to qualify the project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1-5). The project is centered approximately 15-1/2 miles west-northwest of Monument, New Mexico. Upon the application of Pintail Production Company, Inc., this matter will be heard *de novo* by the Commission pursuant to the provisions of Rule 1221.