

Examiner Hearing – November 12, 2009
Docket No. 40-09
Page 2 of 5

LEA L STATE #001	30-025-01881	33.0188914253532, -103.479397762811 (approx 8 mi NW Lovington. 6 mi N junct. Highways 83/82 & 238)
MAXWELL #001	30-025-21186	33.2224276278113, -103.138759509919 (approx 18 mi SE Tatum, 10 mi W NM/TX border)
MAXWELL #002	30-025-23089	33.2215150893864, -103.142011562128 (same approx area as Maxwell #001, above)
NEW MEXICO X STATE #001	30-025-03941	32.8258445586223, -103.374749323026 (approx 8 mi SSW Lovington. 2 mi W highway 483)
NEW MEXICO X STATE #002	30-025-03942	32.8222164520395, -103.37473455633 (same approx area as NM X State #001, above)
NM DE STATE #001	30-025-21618	32.8368089645864, -103.293127712051 (approx 7 mi SE Lovington. 2 mi W N.Lovington Highway. 12 mi NW Hobbs)
NM DE STATE #002	30-025-21763	32.8367913663128, -103.297187271554 (same approx area as NM DE State #001, above)
NM DE STATE #003	30-025-21813	32.8404371099360, -103.293130642161 (same approx area as NM DE State #001, above)
PEERLESS ET AL COM #001	30-025-09007	32.3827440578113, -103.255159648353 (approx 12 mi SW Eunice, 10 mi S highway 8)
SOUTH CAPROCK QUEEN UNIT #003	30-005-00674	32.9789278860920, -103.857967448178 (approx 30 mi NE Artesia, 10 mi NW Maljamar)
SOUTH CAPROCK QUEEN UNIT #003	30-005-01190	33.0658694673017, -103.834342114387 (approx 15 mi NNW Maljamar, 25 mi NW Lovington)
SOUTH CAPROCK QUEEN UNIT #005	30-005-00670	32.9879543159149, -103.866552853205 (same approx area as S.Caprock Qun #015, below)
SOUTH CAPROCK QUEEN UNIT #010	30-005-00658	32.9852773140005, -103.85911425957 (same approx area as S.Caprock Qun #015, below)
SOUTH CAPROCK QUEEN UNIT #011	30-005-00657	32.9852782251265, -103.863365418553 (same approx area as S.Caprock Qun #015, below)
SOUTH CAPROCK QUEEN UNIT #012	30-005-01180	33.0567995477906, -103.832178624299 (same approx area as S.Caprock Queen #003, above)
SOUTH CAPROCK QUEEN UNIT #014	30-005-01163	33.0676989588541, -103.828929908646 (same approx area as S.Caprock Queen #003, above)
SOUTH CAPROCK QUEEN UNIT #014X	30-005-01193	33.0540864213152, -103.828932250121 (same approx area as S.Caprock Queen #003, above)
SOUTH CAPROCK QUEEN UNIT #015	30-005-00662	32.9825562925791, -103.859111565689 (approx 10 mi NW Maljamar, 12 mi N highway 82/83)
SOUTH CAPROCK QUEEN UNIT #015	30-005-01161	33.0677110981310, -103.824686808912 (same approx area as S.Caprock Queen #003, above)
SOUTH CAPROCK QUEEN UNIT #016	30-005-00661	32.9825552242302, -103.855867593483 (same approx area as S.Caprock Qun #017, below)
SOUTH CAPROCK QUEEN UNIT #017	30-005-21000	32.9870631417701, -103.856986131522 (approx 10 mi NW Maljamar, 25 mi WNW Lovington)
STATE 32 #001	30-025-26065	32.8763764669655, -103.68770580173 (approx 5 mi NE Maljamar, 1 mi SE highway 82/53, 20 mi SW Lovington)
STATE LAND 76 #001	30-025-00376	32.9557800, -103.734210 (approx 7 mi NE Maljamar, 18 mi W Lovington)
STATE LAND 76 #003	30-025-29066	32.9560400000000, -103.729900 (approx 20 mi W Lovington, 6 mi N highway 82/83)
STATE LAND 76 #004	30-025-29067	32.95937000, -103.726670 (same approx area as State Land 76#003, above)
STATE LAND 76 #005	30-025-29208	32.9548700000000, -103.733130 (same approx area as State Land 76#003, above)
STATE R #001	30-025-01155	33.0737802718568, -103.604422400147 (approx 15 mi NW Lovington. 10 mi N highway 83/82)
STATE R #003	30-025-01157	33.0810313113126, -103.600204692167 (same approx area as State R #001, above)
V E RODDY #001	30-025-29869	32.9123091733285, -103.111624006688 (approx 10 mi ESE Lovington, 5 mi W NM/TX border)

2. **CASE 14054:** (Continued from the October 15, 2009 Examiner Hearing.)
Application of the New Mexico Oil Conservation Division for a Compliance Order against Kimlar Oil Company, Eddy County, New Mexico. Division examiners will hear the Oil Conservation Division's motion to re-open Case 14054, which seeks an Order finding that Operator Kimlar Oil Company is in violation of an Order requiring corrective action.

3. **CASE 14393:** (Continued from the October 29, 2009 Examiner Hearing.)
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 as to 11 wells the operator (1) has violated OCD Rules 19.15.2.8, 19.15.29.6, 19.15.29.9, 19.15.29.10 NMAC and (2) is currently in violation of OCD Rules 19.15.29.11 and 19.15.30.9(A); finding that as to 4 of those 11 wells, (3) operator is currently additionally in violation of OCD rules

19.15.29.9 and 19.15.29.10 NMAC; (4) requiring the operator to bring all 11 wells into compliance with OCD Rules 19.15.29.9, 19.15.29.10 and 19.15.29.11 NMAC by a date certain and (5) ordering that in the event it fails to do so, the operator shall either plug and abandon or transfer all wells it currently operates in New Mexico by a date certain, or the wells shall be deemed abandoned and the Division authorized to plug the wells. The 11 wells specifically addressed by the Application are all located in Eddy County and are as follows:

•Levers Federal 007; 30-015-25091 •Levers 003y; 30-015-02787 •Red Twelve Federal 001; 30-015-25058 •Cave State 004; 30-015-24742 •Red Twelve State 002; 30-015-24966 •Red Twelve State 003; 30-015-24989 •Red Twelve State 004; 30-015-24991 •Diamond State 002; 30-015-24760 •Red Twelve State 001; 30-015-24962 •Red State 001; 30-015-24855 •Mosley Spring 32 State Com 002; 30-015-23341

With the exception of the Mosley Spring 32 State Com) 002, which is located approximately 14 miles SW of Carlsbad, NM, the wells are all located between approximately 16 and 19 miles E/ESE of Artesia, NM.

4. **CASE 14396:** (Continued from the October 29, 2009 Examiner Hearing.)
Application of OGX Resources, LLC for approval of a salt water disposal well, Lea County, New Mexico. Applicant seeks an order approving disposal of produced salt water into the Delaware formation in the Turquoise 30 Fed. Well No. 1, located 1930 feet from the North line and 1980 feet from the West line of Section 30, Township 24 South, Range 32 East, NMPM, at depths of 4700-5975 feet subsurface. The well is located approximately 31 miles West-Northwest of Jal, New Mexico.
5. **CASE 14400:** ***Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.*** Applicant seeks an order pooling all mineral interests from the surface to the base of the Yeso formation underlying the NE/4 SW/4 of Section 15, Township 20 South, Range 25 East, NMPM, to form a standard 40-acre oil spacing and proration unit for all pools or formations developed on 40-acre spacing within that vertical extent, including the Undesignated North Seven Rivers Glorieta-Yeso Pool. The unit will be dedicated to the proposed Limousine "15" K Well No. 1, to be drilled at an orthodox location in the NE/4 SW/4 of Section 15. 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 3-1/2 miles Southwest of Seven Rivers, New Mexico.
6. **CASE 14282:** (Continued from the October 29, 2009 Examiner Hearing.)
Application of Synergy Operating, LLC for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Fruitland Coal formation underlying the W/2 of Section 8, Township 29 North, Range 13 West, NMPM, to form a standard 320-acre gas spacing and proration unit for all pools or formations developed on 320 acre spacing within that vertical extent, including the Basin-Fruitland Coal Gas Pool. The unit is to be dedicated to the Airport 29-13-8 Well No. 113, to be located at an orthodox location in the NW/4 NW/4 of Section 8. 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 1/2 mile West of Farmington, New Mexico.
7. **CASE 14401:** ***Application of Chevron U.S.A. Inc. for amendment of Division Order No. R-5530-E to revise the injection well completion requirements and to change the basis for the calculation of the authorized injection pressure for carbon dioxide from surface pressure to the average reservoir pressure in its previously approved tertiary recovery project in the Central Vacuum Unit EOR Project Area, Lea County, New Mexico.*** The Central Vacuum Unit EOR Project Area encompasses portions of Sections 25 and 36 of Township 17 South, Range 34 East, Sections 30 and 31 of Township 17 South, Range 35 East, and portions of Section 6 of Township 18 South Range 35 East, N.M.P.M. Said unit is located approximately 22 miles Northwest of Hobbs, New Mexico.
8. **CASE 14402:** ***Application of Chevron U.S.A. Inc. for amendment of Division Order No. R-4442, as amended, to revise the injection well completion requirements and to change the basis for the calculation of the authorized injection pressure for carbon dioxide from surface pressure to the average reservoir pressure in its previously approved tertiary recovery project in the Vacuum Grayburg-San Andres Pressure Maintenance Project, Lea County, New Mexico.*** The Vacuum Grayburg-San Andres Tertiary Recovery Project encompasses portions of Section 35 of Township 17 South, Range 34 East and portions of Sections 1, 2, 11 and 12 of Township 18 South Range 34 East, N.M.P.M. Said unit is located approximately 22 miles Northwest of Hobbs, New Mexico.
9. **CASE 14372:** (Continued from the October 15, 2009 Examiner Hearing.)
Application of Cimarex Energy Co. for a non-standard oil spacing and proration unit and compulsory pooling, Chaves County, New Mexico. Cimarex Energy Co. seeks an order approving a non-standard oil spacing and proration unit (project area) in the Abo/Wolfcamp formation comprised of the N/2 N/2 of Section 20, Township 15 South, Range 31 East, NMPM,