

DOCKET: EXAMINER HEARING - THURSDAY – JANUARY 7, 2010

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

Docket Nos. 2-10 and 3-10 are tentatively set for January 21, 2010 and February 4, 2010. 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 at the applicant's request. The following cases will be heard by an Examiner.

<i>Locator Key for Cases</i>
<i>Case 14321 – No. 1</i>
<i>Case 14353 – No. 8</i>
<i>Case 14372 – No. 7</i>
<i>Case 14407 – No. 3</i>
<i>Case 14408 – No. 4</i>
<i>Case 14411 – No. 9</i>
<i>Case 14414 – No. 2</i>
<i>Case 14415 – No. 5</i>
<i>Case 14416 – No. 6</i>

1. **CASE 14321** (Continued from the November 12, 2009 Examiner Hearing.)
Application of the New Mexico Oil Conservation Division, Through the Enforcement and Compliance Manager, for a Compliance Order Against KEVIN O. BUTLER AND ASSOCIATES, INC [OGRID 12627], Finding that the Operator is in Violation of 19.15.8.9 & 19.15.25.8 NMAC as to 32 Wells; Requiring Operator to Plug All 39 of its wells Operated in the State of New Mexico By a Date Certain, and in the Event the Operator Fails to Do So, authorizing the Division to do so, forfeiting any applicable bonds, pursuant to Section 70-2-14(B) NMSA 1978, Eddy, Chaves and Lea Counties New Mexico. The Applicant seeks an Order finding that Operator is in violation of OCD Rules 19.15.8.9 & 19.15.25.8 NMAC as to 32 wells, and requiring KOB to plug and abandon each of the 39 wells it operates in the state of New Mexico by a date certain, or in the event that Operator fails to do so, pursuant to Section 70-2-14(B) NMSA 1978, authorizing the Division to plug operator's wells and forfeit any applicable financial assurance.

THE SPECIFIC WELLS INVOLVED IN THIS MATTER INCLUDE THE FOLLOWING:

Well Name:	API No.:	Coordinates: Latitude, Longitude (location approximation)
AETNA EAVES #002	30-025-27789	32.8989288674046, -103.112458881402 (approx 13 mi SE Lovington, 3 mi W TX/NM border, 10 mi NE Hobbs)
ANDERSON #001	30-025-29953	32.9499100000000, -103.302540 (approx 6 mi E Lovington, just N highway 83)
ANDERSON 6 #001	30-025-29748	32.9449800000000, -103.296250 (same approx area as Anderson #001, above)
BYERS #001	30-025-33407	32.8969801818768, -103.068428058588 (approx 16 mi SE Lovington, 1 mi W TX/NM border)
DELMONT L HATFIELD #001	30-025-27487	32.9052851549496, -103.114973264276 (approx 14 mi SE Lovington, 5 mi W NM/TX border)
E B ANDERSON #001	30-025-22340	33.2197061093046, -103.142010761248 (approx 20 mi SE Tatum, 3 mi S of US380)
E B ANDERSON #002	30-025-22454	33.2160782296080, -103.142009205329 (same approx area as EB Anderson #001, above)
E B ANDERSON #003	30-025-29786	33.2142609959531, -103.144176738425 (same approx area as EB Anderson #001, above)
EAST EK UNIT #010	30-025-22766	32.7305343714765, -103.55363175 (approx 20 mi SW Lovington, 2 mi NW highway 529)
GANDHI FEDERAL #001	30-015-26243	32.7376137888976, -103.830519796306 (approx 25 mi SW Lovington, 10 mi I S Maljamar)
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)

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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 14414:** *Application of Pride Energy Company for compulsory pooling, Lea County, New Mexico:* Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the SW/4 of Section 19, Township 16 South, Range 36 East, NMPM, and in the following manner: (i) the NW/4 SW/4 of Section 19 to form a standard 40 acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent, including the Undesignated Shoe Bar-Upper Pennsylvanian Pool; (ii) the W/2 SW/4 of Section 19 to form a standard 80 acre oil spacing and proration unit for any formations and/or pools developed on 80 acre spacing within that vertical extent, including the Undesignated Northeast Shoe Bar-Strawn Pool; and (iii) the SW/4 of Section 19 to form a standard 160 acre oil spacing and proration unit for any formations and/or pools developed on 160 acre spacing within that vertical extent, including the North Shoe Bar-Wolfcamp Pool. The units are to be designated to the Hondo Fee Well No. 1, to be re-entered at a location 1980 feet from the South line and 660 feet from the West line of Section 19. 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 3-1/2 miles South-Southwest of Lovington, New Mexico.