

**PRELIMINARY DOCKET: COMMISSION MEETING –THURSDAY – NOVEMBER 4, 2010**

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.

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**Notice:** The minutes of the October 7, 2010 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.

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**Locator Key for Cases**

Case 10693 – No. 7  
Case 11724 – No. 8  
Case 11954 – No. 9  
Case 11987 – No. 10  
Case 12276 – No. 11  
Case 12277 – No. 12  
Case 13048 – No. 13  
Case 14411 – No. 4  
Case 14418 – No. 2  
Case 14472 – No. 5  
Case 14480 – No. 3  
Case 14521 – No. 1  
Case 14547 – No. 6

1. **CASE 14521:** (Reopened)  
*Application of Williams Production Co. LLC for approval of a closed loop system for the Rosa SWD Well No. 2 and for in-place burial of drilling wastes at another well location, Rio Arriba County, New Mexico.* This case is being reopened for the purpose of adopting a substitute order.
2. **CASE 14418: De Novo** (Continued from the September 9, 2010 Commission Meeting.)  
*Application of Cimarex Energy Co. for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.* Cimarex Energy Co. seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the W/2 W/2 of Section 21, Township 19 South, Range 31 East, NMPM. Applicant further seeks the pooling of all mineral interests from the surface to the base of the Bone Spring formation underlying (i) the NW/4 NW/4 of Section 21 to form a standard 40 acre oil spacing and proration unit, and (ii) the W/2 W/2 of Section 21 to form a non-standard 160 acre oil spacing and proration unit (project area), for any formations and/or pools developed on 40 acre spacing within that vertical extent. The units are to be dedicated to the Penny Pincher 21 Fed. Well No. 1, a horizontal well to be drilled at an orthodox surface location in the NW/4 NW/4, with a terminus at an orthodox location in the SW/4 SW/4, of Section 21. 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 Cimarex Energy Co. of Colorado as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The units are located approximately 13 miles South-Southeast of Loco Hills, New Mexico. Upon application of Lynx Petroleum Consultants, Inc., this case will be heard De Novo pursuant to the provisions of Division Rule 19.15.4.23.
3. **CASE 14480: Reopened**  
*Application of Cimarex Energy Co. for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.* Cimarex Energy Co. seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the E/2 W/2 of Section 21, Township 19 South, Range 31 East, NMPM. Applicant further seeks the pooling of all mineral interests from the surface to the base of the Bone Spring formation underlying (i) the NE/4 NW/4 of Section 21 to form a standard 40 acre oil spacing and proration unit, and (ii) the E/2 W/2 of Section 21 to form a non-standard 160 acre oil spacing and proration unit (project area), for any formations and/or pools developed on 40 acre spacing within that vertical extent. The units are to be dedicated to the Penny

Pincher 21 Federal Com No. 2 Well, a horizontal well to be drilled at an orthodox surface location in the NE/4 NW/4 with a terminus at an orthodox location in the SE/4 SW/4 of Section 21. 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 Cimarex Energy Co. of Colorado as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The units are located approximately 13 miles south-southeast of Loco Hills, New Mexico.

4. **CASE 14411: De Novo (Continued from the October 7, 2010 Commission Meeting.)**  
***Application of Agua Sucia, LLC to reinstate Division Administrative Order SWD-559 for a salt water disposal well, Lea County, New Mexico.*** Applicant seeks an order reinstating Division Administrative Order SWD-559 for a salt water disposal well, approving disposal into the Bone Spring formation in the Government E Well No. 1, located 610 feet from the South line and 1880 feet from the West line of Section 25, Township 19 South, Range 34 East, NMPM, at depths of 9716-10240 feet subsurface. The well is located approximately 15 miles West-Northwest of Oil Center, New Mexico. Upon the application of Agua Sucia, LLC, this case will be heard *De Novo* pursuant to the provisions of Division Rule NMAC 19.15.4.23.
5. **CASE 14472: De Novo (Continued from the October 7, 2010 Commission Meeting.)**  
***Application of COG Operating, LLC for Cancellation of Operator's Authority and Termination of Spacing Units, Yeso Energy, Inc. Dow "B" 28 Federal Well No. 1, Eddy County, New Mexico.*** Applicant seeks an order cancelling the authority of Yeso Energy, Inc. as operator of the Dow "B" 28 Federal Well No. 1 and terminating all spacing and proration units at any time dedicated to the well. These include the S/2 (Cedar Lake Morrow-East, Wildcat Cedar Lake Mississippian, and Cedar Lake Morrow pools) and the SE/4 SE/4 (Cedar Lake Devonian pool) in Section 28, Township 17 South, Range 31 East, NMPM, Eddy County. The well is located approximately four miles South of Maljamar, New Mexico and is more particularly described as follows: Dow "B" 28 Federal Well No. 1, API No. 30-015-28676, 1028' FSL & 1227' FEL (Unit P) Section 28, T-17-S, R-31-E, NMPM, Eddy County, New Mexico. Upon application of Yeso Energy, Inc., this case will be heard *De Novo* pursuant to the provisions of Division Rule 19.15.4.23.
6. **CASE 14547: (Continued from the October 7, 2010 Commission Meeting.)**  
***Application of the New Mexico Oil Conservation Division. The Applicant seeks an order authorizing the Oil Conservation Division to recognize an operator of record for wells currently operated by Yeso Energy, Inc., OGRID 221710.*** The affected wells are: Dalton Federal #001, 30-015-25259, H-29-17S-29E (located near Loco Hills in Eddy County); Dow B 28 Federal #001, 30-015-28676, P-28-17S-31E (located approximately 5 miles Southeast of Maljamar in Lea County); Gulf McKay Federal #001, 30-025-25471, N-34-18S-32E (located approximately 12 miles Southeast of Maljamar in Lea County); and Morgan Federal #001, 30-005-20667, 3-6-10S-30E (located approximately 15 miles Northwest of Caprock in Chaves County).
7. **CASE 10693 (De Novo):**  
***Application of Pronghorn SWD System for salt water disposal, Section 7, Township 20 South, Range 33 East, Lea County, New Mexico.*** This case was continued indefinitely on September 22, 1993 and has been pending since that time. The case is being scheduled for hearing in order for the applicant and all interested parties to appear and show cause why the case should not be dismissed given the lengthy time period that this matter has been pending before the Commission.
8. **CASE 11724 (De Novo):**  
***Application of Gillespie-Crow, Inc. for unit expansion, statutory unitization and qualification of the expanded unit area for the recovered oil tax rate and certification of a positive production response pursuant to the "New Mexico Enhanced Oil Recovery Act", Townships 15 and 16 South, Ranges 35 and 36 East, Lea County, New Mexico.*** This case was continued indefinitely on June 17, 1998 and has been pending since that time. The case is being scheduled for hearing in order for the applicant and all interested parties to appear and show cause why the case should not be dismissed given the lengthy time period that this matter has been pending before the Commission.
9. **CASE 11954:**  
***Application of Hanley Petroleum, Inc. and Yates Petroleum Corporation for expansion of the West Lovington Strawn Unit, Townships 15 and 16 South, Ranges 35 and 36 East, Lea County, New Mexico.*** This case was continued indefinitely on June 17, 1998 and has been pending since that time. The case is being scheduled for hearing in order for the applicant and all interested parties to appear and show cause why the case should not be dismissed given the lengthy time period that this matter has been pending before the Commission.
10. **CASE 11987 (De Novo):**  
***Application of EEX Corporation for a unit expansion, statutory unitization, and qualification of the expanded unit area for the recovered oil tax rate and certification of a positive production response pursuant to the "New Mexico Enhanced Oil Recovery Act," Township 16 South, Range 36 East, Lea County, New Mexico.*** This case was continued indefinitely on June 17, 1998 and has been pending since that time. The case is being scheduled for hearing in order for the applicant and all interested parties to appear and show cause why the case should not be dismissed given the lengthy time period that the matter has been pending before the Commission.