

**DOCKET: EXAMINER HEARING - THURSDAY - MARCH 17, 2011**

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

Docket Nos. 8-11 and 9-11 are tentatively set for March 31, 2011 and April 14, 2011. 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.

***Locator Key for Cases***

*Case 14415 – No. 6*  
*Case 14416 – No. 7*  
*Case 14524 – No. 9*  
*Case 14551 – No. 13*  
*Case 14565 – No. 5*  
*Case 14566 – No. 8*  
*Case 14569 – No. 11*  
*Case 14570 – No. 12*  
*Case 14583 – No. 14*  
*Case 14593 – No. 2*  
*Case 14600 – No. 1*  
*Case 14602 – No. 4*  
*Case 14609 – No. 10*  
*Case 14611 – No. 3*

1. ***CASE 14600:*** (Continued from the February 17, 2011 Examiner Hearing.) ***Application of Devon Energy Production Company, L.P. for approval of a water disposal well, Lea County, New Mexico.*** Applicant seeks an order approving water disposal into the Devonian formation (Northeast Bell Lake Devonian Pool) at a depth of 14500-14553 feet subsurface in the Rio Blanco 4 Fed. Com. Well No. 3, located 1650 feet from the south line and 1650 feet from the east line of Section 4, Township 23 South, Range 34 East, NMPM. The well is located approximately 17 miles Southwest of Oil Center, New Mexico.
2. ***CASE 14593:*** ***Second Amended Application of Chevron U.S.A., Inc. for approval of a salt water disposal well, Eddy County, New Mexico.*** Applicant seeks approval to utilize its Skelly Unit No. 902 Well (API No. 30-015-29322), located 1650 feet from the North line and 990 feet from the West line (Unit E) of Section 15, Township 17 South, Range 31 East, NMPM, to inject up to 10,000 barrels of water per day, at a maximum pressure of 1684 psi, into the Wolfcamp and Cisco formations in a lateral open-hole interval from 8418 feet to 10,534 feet and the perforated interval from 8552 feet to 9766 feet. This well is located approximately 8 miles Northeast of Loco Hills, New Mexico.
3. ***CASE 14611:*** ***Application of Alamo Permian Resources, LLC for Reinstatement of a Waterflood Project for its West Artesia Grayburg Waterflood Unit Area and Qualification of said Project for the Recovered Oil Tax Rate Pursuant to the Enhanced Oil Recovery Act, Eddy County, New Mexico.*** Applicant in the above-styled cause, seeks approval of its West Artesia Grayburg Unit Waterflood Project comprised of 640 acres, more or less of State and Fee lands located in Eddy County, New Mexico, more particularly described as follows:

**TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM**

Section 7: E/2 SE/4, SE/4 NE/4  
 Section 8: NW/4, S/2 NE/4, W/2 SW/4,  
 NE/4 SW/4, N/2 SE/4  
 Section 17: N/2 NW/4

Applicant seeks authorization to inject water into the Grayburg formation, Artesia Queen Grayburg San Andres Pool, through the following injection wells: (1) West Artesia Grayburg Unit #1, API # 3001502645, 990 FNL & 2,310 FWL (Unit C), Section 8, T18S, R28E, Injection Interval (Perforations) 1,982'-2,264'; (2) West Artesia Grayburg Unit #4, API #

3001502648, 2,310 FNL & 990 FWL (Unit E), Section 8, T18S, R28E, Injection Interval (Perforations) 1,966'-2,270'; (3) West Artesia Grayburg Unit #6, API # 3001510328, 2,310 FNL & 1,980 FEL (Unit G), Section 8, T18S, R28E, Injection Interval (Perforations) 2,114'-2,277'; (4) West Artesia Grayburg Unit #12, API # 3001502649, 1,650 FSL & 990 FWL (Unit L), Section 8, T18S, R28E, Injection Interval (Perforations) 2,114'-2,253'; (5) West Artesia Grayburg Unit #13, API # 3001502636, 2,310 FSL & 330 FEL (Unit I), Section 7, T18S, R28E, Injection Interval (Perforations) 1,932'-2,208'; (6) West Artesia Grayburg Unit #18, API # 3001501899, 330 FNL & 990 FWL (Unit D), Section 17, T18S, R28E, Injection Interval (Perforations) 2,009'-2,279'. Applicant further proposes to inject at maximum rates of 1,000 barrels of water per day at a maximum pressure of 1275 psi, into the Grayburg formation. The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the project area without the necessity of further hearings and the adoption of such other provisions as are necessary for said waterflood operations. Applicant further seeks to qualify the project area for the Recovered Oil Tax Rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said unit is located approximately 12.5 miles East/Southeast of Artesia, New Mexico.

4. **CASE 14602:** (Continued from the March 3, 2011 Examiner Hearing.)  
**Application of COG Operating, LLC for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order: (1) creating a non-standard spacing unit comprised of the W/2 E/2 of Section 29 and the W/2 E/2 of Irregular Section 32, Township 26 South, Range 28 East, NMPM and (2) pooling all mineral interests in the Bone Spring formation in the non-standard spacing unit which will be the project area for the Honey Graham State Com No. 3H to be drilled from a surface location 330 feet from the North line and 1980 feet from the East line of Section 29 and a bottomhole location 330 feet from the South line and 2310 feet from the East line of Section 32. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of COG Operating, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 15 miles North of Malaga, New Mexico.
5. **CASE 14565:** (Continued from the February 3, 2011 Examiner Hearing.)  
**Application of Mewbourne Company for approval of a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Mewbourne Oil Company seeks an order approving an 80-acre non-standard oil spacing and proration unit (project area) in the Yeso formation comprised of the N/2 NW/4 of Section 10, Township 20 South, Range 25 East, NMPM. Applicant further seeks the pooling of all mineral interests (i) from the surface to the top of the Yeso formation underlying the NW/4 NW/4 of Section 10 to form a standard 40-acre oil spacing and proration unit, and (ii) the Yeso formation underlying the N/2 NW/4 of Section 10 to form a non-standard 80-acre oil spacing and proration unit (project area), for all pools or formations developed on 40-acre spacing within that vertical extent. The units are to be dedicated to the Long Draw 10 DC Fed. Well No. 1, a horizontal well with a surface location in the NE/4 NE/4 of offsetting Section 9, and a terminus in the NE/4 NW/4 of Section 10. 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 units are located approximately 3 miles West of Seven Rivers, New Mexico.
6. **CASE 14415 (REOPENED):** (Continued from the March 3, 2011 Examiner Hearing.)  
**Application of the heirs of H. N. Smith, deceased, to reopen Oil Conservation Division Case No. 14415, the application of Cimarex Energy Co. for a non-standard oil spacing proration unit and compulsory pooling, to amend Order No. R-13287 to clarify the status of the interests or parties not properly pooled by said order, Chaves County, New Mexico.** Applicant in the above-styled cause seeks an order (1) declaring the provisions in Division Order No. R-13287 that pool the W/2 E/2 of Section 18, Township 15 South, Range 31 East, N.M.P.M., void as to the interests of the Applicants, and (2) amending Order No. R-13287 to clarify the status of the interests of the parties who were not properly pooled by this Order. Said area is located approximately 14 miles North-Northeast of Loco Hills, New Mexico.
7. **CASE 14416 (REOPENED):** (Continued from the March 3, 2011 Examiner Hearing.)  
**Application of the heirs of H. N. Smith, deceased, to reopen Oil Conservation Division Case No. 14416, the application of Cimarex Energy Co. for a non-standard oil spacing proration unit and compulsory pooling, to amend Order No. R-13221 to clarify the status of the interests or parties not properly pooled by said order, Chaves County, New Mexico.** Applicant in the above-styled cause seeks an order (1) declaring the provisions in Division Order No. R-13221 that pool the E/2 E/2 of Section 18, Township 15 South, Range 31 East, N.M.P.M., void as to the interests of the Applicants, and (2) amending Order No. R-13221 to clarify the status of the interests of the parties who were not properly pooled by this Order. Said area is located approximately 14.5 miles North-Northeast of Loco Hills, New Mexico.
8. **CASE 14566:** (Continued and Readvertised) (Continued from the February 17, 2011 Examiner Hearing.)  
**Application of Cimarex Energy Co. for approval of a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Cimarex Energy Co. of Colorado seeks an order approving a 201.99-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of Lot 4 of Section 3 and Lots