

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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REPORTER'S TRANSCRIPT OF PROCEEDINGS
PRE-HEARING REPORT

BEFORE: DAVID K. BROOKS, Legal Examiner
 WILLIAM JONES, Technical Examiner

DATE: June 23, 2011
 Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID K. BROOKS, Legal Examiner, and WILLIAM JONES, technical Examiner, on Thursday, June 23, 2011, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South St. Francis Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: Irene Delgado
 Paul Baca Professional Court Reporters
 500 Fourth Street, NW, Suite 105
 Albuquerque, NM 87103

1 EXAMINER JONES: Okay. If everyone is ready.
2 This morning we'll go on the record, and this is Docket
3 Number 16-11. This is Thursday, June 23, 2011. I'm
4 William D. Jones. This is David Brooks. He will be
5 the legal examiner. And we'll first call continuances
6 and dismissals, as I know them.

7 On the first page, Case 14663, continued to
8 July the 7th, and Case 14665 is dismissed.

9 And on Page 2, Cases 14651 and 14652 are
10 dismissed.

11 And on Page 3, Case 14667, Case 14668 are
12 both continued. And Case 14667 is continued to July
13 the 7th. Case 14668 is continued to July 21.
14 Case 14602 is dismissed. Case 14671, the bottom of the
15 page, is continued to July the 7th.

16 On Page 4, Case 14658 is continued to July
17 the 21st. And Case 14672 is continued to July the 7th.

18 And on Page 5, Case 14659 is continued to July
19 the 21st, and Case 14633 and Case 14634 are dismissed.

20 On Page 6, Case 14677 and Case 14551 are
21 dismissed. And Case 14627 is continued to July the
22 7th. Case 14628 is continued to July the 7th.

23 And on Page 7, Case 14629 is continued to
24 July the 7th.

25 Any other continuances or dismissals?

1 MR. HALL: Mr. Examiner, on page -- Case
2 14563, Energen Resources case, please continue that to
3 July 7.

4 EXAMINER JONES: Case 14653 is continued to
5 July 7.

6 MR. BRUCE: Mr. Examiner, on Page 4 toward
7 the bottom, Case ~~14560~~, please continue that one to
8 July 7.

9 EXAMINER JONES: Case 14660 is continued to
10 July the 7th. Any others?

11 (No response.)

12 (Docket hearings held.)

13 EXAMINER JONES: Back on the record. Will
14 the record reflect that we are going to continue Cases
15 14673 and 14674 until July 23 -- 21.

16 MR. BRUCE: 21

17 EXAMINER JONES: 21.

18 EXAMINER BROOKS: I won't be here then.
19 That's the day of the Rocky Mountain Mineral Foundation
20 Institute, I believe.

21 MR. BRUCE: I will be attending absentia.

22 EXAMINER BROOKS: You will, of course,
23 certify that you listened to the tapes.

24 MR. BRUCE: Possibly.

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. _____,
heard by me on _____
_____, Examiner
Oil Conservation Division

REPORTER'S CERTIFICATE

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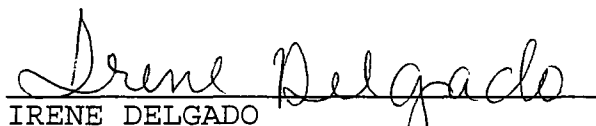
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I, IRENE DELGADO, NM CCR 253, DO HEREBY CERTIFY
that on June 23, 2011, I did, in stenographic shorthand
transcribe the proceedings set forth herein, and that
the foregoing pages are a true and correct
transcription to the best of my ability.

I FURTHER CERTIFY that I am neither employed by
nor related to nor contracted with (unless excepted by
the rules) any of the parties or attorneys in this
matter, and that I have no interest whatsoever in the
final disposition of this matter.


IRENE DELGADO
New Mexico CCR 253
License Expires: 12-31-11

north-northwest of Tatum, New Mexico.

15. **CASE 14658:** (Continued from the June 9, 2011 Examiner Hearing.) *Application of Mewbourne Oil 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 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the S/2 N/2 of Section 35, Township 19 South, Range 29 East, NMPM. Applicant further seeks the pooling of all mineral interests (i) from the surface to the top of the Bone Spring formation underlying the SW/4NW/4 of Section 35 to form a standard 40 acre oil spacing and proration unit, and (ii) the Bone Spring formation underlying the S/2 N/2 of Section 35 to form a non-standard 160 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 Four Peaks 35 Fed. Com. Well No. 2, a horizontal well with a surface location in the SW/4NW/4, and a terminus in the SE/4 NE/4, of Section 35. 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 19 miles East-Southeast of Lakewood, New Mexico.
16. **CASE 14672:** *Application of Devon Energy Production Company, L.P. for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.* Devon Energy Production Company, L.P. seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the N/2 N/2 of Section 20, 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 the N/2 N/2 of Section 20 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 unit is to be dedicated to the Rigel 20 Fed. Com. Well No. 1, a horizontal well to be drilled at a surface location in the NW/4 NW/4, with a terminus in the NE/4 NE/4, of Section 20. 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 12-1/2 miles South-Southeast of Loco Hills, New Mexico.
17. **CASE 14673:** *Application of Burnett Oil Co., Inc. for compulsory pooling, Eddy County, New Mexico.* Applicant seeks an order pooling all mineral interests from 4230 feet subsurface to the base of the Glorieta-Yeso formation underlying the SE/4 SE/4 of Section 24, Township 17 South, Range 31 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. The unit is to be dedicated to the proposed Nosler Fed. Well No. 3, to be drilled at an orthodox location in the SE/4 SE/4 of Section 24. 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 9-1/2 miles East of Loco Hills, New Mexico.
18. **CASE 14674:** *Application of Burnett Oil Co., Inc. for compulsory pooling, Eddy County, New Mexico.* Applicant seeks an order pooling all mineral interests from 4230 feet subsurface to the base of the Glorieta-Yeso formation underlying the SE/4 SE/4 of Section 13, Township 17 South, Range 31 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. The unit is to be dedicated to the proposed Partition Fed. Well No. 2, to be drilled at an orthodox location in the SE/4 SE/4 of Section 13. 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 9-1/2 miles East of Loco Hills, New Mexico.
19. **CASE 14660:** (Continued from the June 9, 2011 Examiner Hearing.) *Application of OGX Resources LLC for approval of a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.* OGX Resources LLC seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the S/2 N/2 of Section 25, Township 24 South, Range 28 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit (project area) for all pools or formations developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the Mongo 25 Fed. Com. Well No. 2, a horizontal well with a surface location in the SE/4 NE/4, and a terminus in the SW/4 NW/4, of Section 25. 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 miles Southeast of Malaga, New Mexico.
20. **CASE 14661:** (Continued from the June 9, 2011 Examiner Hearing.) *Application of OGX Resources LLC for approval of a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.* OGX Resources LLC seeks an order approving a 183.57-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of Lots 1 and 2 of Section 31 and Lots 2-4 of Section 30, Township 26 South, Range 29 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit (project area) for all pools or formations developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the Copperhead 31 Fee A Com. Well No. 1, a horizontal well with a surface location in Lot 2 of Section