

DOCKET: EXAMINER HEARING - THURSDAY – AUGUST 18, 2011

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

Docket Nos. 24-11 and 25-11 are tentatively set for September 1, 2011 and September 15, 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.

<i>Locator Key</i>
<i>Case 8352 – No. 8</i>
<i>Case 14161 – No. 1</i>
<i>Case 14629 – No. 9</i>
<i>Case 14671 – No. 6</i>
<i>Case 14672 – No. 7</i>
<i>Case 14721 – No. 2</i>
<i>Case 14722 – No. 3</i>
<i>Case 14723 – No. 4</i>
<i>Case 14724 – No. 5</i>

1. **CASE 14161: (Reopened)**

Application of Targa Midstream Services LP to Amend Order No. R-13502.

Applicant seeks an order amending Order No. R-13052, concerning the proposed Monument Acid Gas Injection well (API 30-025-40002), to (1) delete the requirement to re-enter and replug NMGSAU Well No. 285 (API 30-025-12481), and (2) retain the Graham State NCT-F Well No. 7 (API 30-025-12482) as an active saltwater disposal well into the San Andres per SWD-561 and SWD-561-A. The proposed Monument AGI well is located 662 feet from South Line and 2513 feet from East Line of Section 36, Township 19 South, Range 36 East, NMPM (Unit O), Lea County, New Mexico. The NMGSAU Well No 285 is located 1830 feet from North Line and 1980 feet from West Line (Unit F) of Section 36, Township 19 South, Range 36 East. NMGSA Well No. 285 is un-plugged within the Drinkard, Abo, Wolfcamp, Pennsylvanian, Miss, Devonian, Fusselman, and Montoya (at depths from 6300 to 9750 feet).

2. **CASE 14721: 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 W/2 W/2 of Section 22, Township 26 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 Diamondback 22 State Com. Well No. 2, a horizontal well with a surface location in the NW/4 NW/4, and a terminus in the SW/4 SW/4, of Section 22. 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 northwest of the intersection of U.S. Highway 285 with the Texas state line.

3. **CASE 14722: Application of EOG Resources, Inc. for approval of a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.**

Applicant 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 23, Township 19 South, Range 29 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the N/2 N/2 of Section 23 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 Parkway 23 State Com. Well No. 2, 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 NE/4 NE/4, of Section 23. Also to be considered will be the designation of applicant as operator of the well. The unit is located approximately 12-1/2 miles south-southwest of Loco Hills, New Mexico.

4. **CASE 14723: Application of EOG Resources, Inc. for approval of a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.**

Applicant 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 NE/4 of Section 17 and the S/2 NW/4 of Section 16, Township 18 South, Range 30 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the S/2 NE/4 of Section 17 and the S/2 NW/4 of Section 16 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 Sand Tank 17 Fed. Com. Well No. 3, a horizontal well to be drilled at an orthodox surface location in the SW/4 NE/4 of Section 17, with a terminus at an orthodox location in the SE/4 NW/4 of Section 16. 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 4-1/2 miles south of Loco Hills, New Mexico.

5. ***CASE 14724: Application of EOG Resources, Inc. for approval of a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.*** Applicant 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 23, Township 19 South, Range 29 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the S/2 N/2 of Section 23 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 Parkway 23 State Com. Well No. 3, a horizontal well to be drilled at an orthodox surface location in the SW/4 NW/4, with a terminus at an orthodox location in the SE/4 NE/4, of Section 23. Also to be considered will be the designation of applicant as operator of the well. The unit is located approximately 12-1/2 miles south-southwest of Loco Hills, New Mexico.
6. ***CASE 14671: (amended and readvertised) (Continued from the August 4, 2011 Examiner Hearing.)***
Application of Apache Corporation for approval of a unit agreement, Lea County, New Mexico: Applicant seeks approval of the Unit Agreement for the South Pacific State Exploratory Unit Area, comprising 2560 acres of state lands covering all or part of Sections 5, 8, 9, 16, and 17, Township 12 South, Range 36 East, NMPM. The proposed unit area is centered approximately 2 miles North-Northwest of Tatum, New Mexico.
7. ***CASE 14672: (Continued from the July 21, 2011 Examiner Hearing.)***
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.
8. ***CASE 8352: (Reopened) (Continued from the July 7, 2011 Examiner Hearing.)***
Application of OXY USA, Inc. to reopen Case No. 8352 to contract the West Bravo Dome Carbon Dioxide Gas Area to exclude acreage in the Bravo Dome Carbon Dioxide Gas Unit and for the adoption of permanent Special Rules and Regulations for the acreage excluded from the West Bravo Dome Carbon Dioxide Gas Area including provisions for 160-acre spacing units, Harding County, New Mexico. Applicant seeks to reopen Case No. 8352 to contract the West Bravo Dome Carbon Dioxide Gas Area to exclude the following acreage in the Bravo Dome Carbon Dioxide Gas Unit (“Bravo Dome Temporary Spacing area”):

Township 18 North, Range 30 East, NMPM

Sections 1 and 2:	All
Section 3:	E/2 E/2, SW/4 SE/4
Section 10:	E/2 NE/4
Section 11:	N/2
Sections 12 – 14:	All
Section 23:	E/2, E/2 W/2
Section 24:	All
Section 25:	E/2, E/2 W/2, W/2 NW/4, NW/4 SW/4
Section 26:	NE/4, E/2 NW/4, N/2 S/2