

DOCKET: EXAMINER HEARING - THURSDAY – SEPTEMBER 15, 2011

9:00 A.M. - 1220 South St. Francis
Santa Fe, New Mexico

Docket Nos. 27-11 and 28-11 are tentatively set for September 29, 2011 and October 13, 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. 9</i>
<i>Case 13940 – No. 10</i>
<i>Case 14623 – No. 11</i>
<i>Case 14624 – No. 12</i>
<i>Case 14625 – No. 13</i>
<i>Case 14626 – No. 14</i>
<i>Case 14627 – No. 15</i>
<i>Case 14628 – No. 16</i>
<i>Case 14629 – No. 19</i>
<i>Case 14655 – No. 17</i>
<i>Case 14656 – No. 18</i>
<i>Case 14661 – No. 5</i>
<i>Case 14672 – No. 8</i>
<i>Case 14721 – No. 6</i>
<i>Case 14728 – No. 1</i>
<i>Case 14729 – No. 2</i>
<i>Case 14730 – No. 3</i>
<i>Case 14731 – No. 4</i>
<i>Case 14732 – No. 7</i>

1. **CASE 14728:** *Application of Cimarex Energy Co. of Colorado for a Non-Standard Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico.* Applicant seeks an order consolidating the four 40-acres spacing units within the W/2 E/2 of Section 25, Township 19 South, Range 28 East and designating the consolidated units as a 160-acre non-standard oil spacing and proration unit for a well locations in the Bone Springs formation for Applicant's horizontal drilling project area. Applicant further seeks the compulsory pooling of all interests in the Bone Springs formations, including the Winchester-Bone Springs Pool (code 65010), underlying the W/2 E/2 of this section to be dedicated to its Exxon State Well No. 3-H to be drilled horizontally from a surface location (Unit O) 330 feet FSL and 1980 feet FEL to a bottom hole location (Unit B) 330 feet FNL and 1980 feet FEL within this section and to a depth sufficient to test the Bone Springs formation, NMPM, Eddy County, New Mexico. Also to be considered will be the costs of the drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Cimarex Energy Co. of Colorado as the operator of the well a risk charge of 200% for the risk involved in this well. This unit is located approximately thirteen miles East of Lakewood, New Mexico.
2. **CASE 14729:** *Application of Nadel and Gussman Heyco, L.L.C. 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 Glorieta-Yeso formation comprised of the N/2 N/2 of Section 20, Township 18 South, Range 26 East, NMPM. Applicant further seeks the pooling of all mineral interests (i) from the surface to the top of the Glorieta-Yeso formation in the NE/4 NE/4 of Section 20, and (ii) the Glorieta-Yeso 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 units are to be dedicated to the Wabash 20 Fed. Com. Well No. 1, a horizontal well with a surface location in the NE/4 NE/4, and a terminus in the NW/4 NW/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 units are located approximately 2 miles south of Atoka, New Mexico.
3. **CASE 14730:** *Application of Cimarex Energy Co. for a non-standard oil spacing and proration unit and compulsory pooling, Chaves County, New Mexico.* Cimarex Energy Co. seeks an order approving a 160.00-acre non-standard oil spacing and proration unit (project area) in the Abo/Wolfcamp formation comprising the S/2 N/2 of Section 3, Township 15 South, Range 31 East, NMPM. Applicant further seeks the pooling of all mineral interests (i) from the surface to the top of the Abo/Wolfcamp formation underlying the SE/4 NE/4 of Section 3 to form a standard 40.00 acre oil spacing and proration unit, and (ii) in the Abo/Wolfcamp formation underlying the S/2 N/2 of Section 3 to form a non-standard 160.00 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 Boxer 3 Fed. Com. Well No. 1, a horizontal well to be drilled at a surface location in the SE/4 NE/4, with a terminus in the SW/4 NW/4, of Section 3. 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 17-1/2 miles north-northeast of Loco Hills, New Mexico.

4. **CASE 14731:** *Application of EOG Resources, Inc. for approval of additional horizontal wells in the Bone Spring formation within the Potash Area, Eddy County, New Mexico.* Applicant seeks approval to drill its proposed Parkway 23 State Com Well Nos. 5H and 6H, and it proposed Parkway 23 State Well No. 7H, as additional horizontal wells in the Bone Spring formation within the Potash Area underlying Section 23, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico. This area was the subject of Order No. R-13354 entered in Case No. 14584, which approved the Parkway 23 State Com Well Nos. 2H and 3H, and the Parkway 23 State Well No. 4H, as horizontal wells in the Bone Spring formation at similar surface locations. The proposed additional horizontal wells will likewise be drilled to an approximate depth of 8400 feet in the Turkey Track Bone Spring Pool. Said location is within the Potash Area and located approximately 17 miles northeast of Carlsbad, New Mexico.
5. **CASE 14661:** *(Reopened) (Continued from the September 1, 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 31, and a terminus in Lot 2 of Section 30. 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 1/2 mile North of the intersection of U.S. Highway 285 with the Texas state line.
6. **CASE 14721:** *(Continued from the September 1, 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 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.
7. **CASE 14732:** *(This case will be continued to the September 29, 2011 Examiner Hearing.)*
Application of Southwest Royalties for Approval of a Remediation Plan Pursuant to 19.15.29.11 NMAC for the Arco Federal Well No. 1 Tank Battery, Eddy County, New Mexico. Applicant seeks approval of a remediation plan to address a release of produced water at the ARCO Federal Well No. 1, Section 17, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico. Said area is located approximately 1 mile north of Loco Hills, New Mexico.
8. **CASE 14672:** *(Continued from the August 18, 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.
9. **CASE 8352:** *(Reopened) (Continued from the August 18, 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"):