

PRELIMINARY DOCKET: COMMISSION MEETING – THURSDAY – APRIL 14, 2005

9:00 A.M. – Porter Hall
1220 South St. Francis Drive
Santa Fe, New Mexico

Land Commissioner, Patrick H. Lyons, may designate Jami Bailey as his representative for this hearing, or may participate himself.

Notice: The minutes of the March 8, 2005, 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.

Order Instituting Rulemaking: The Commission will consider entry of an Order Instituting Rulemaking to propose amendments to Rules 1201, 1203 through 1209, 1211, 1212 and 1220, in accordance with the recommendations of the committee heretofore appointed to review the procedural rules of the Commission and Division.

Final Action May be Taken in the Following:

CASE 13351: De Novo

Application of Edge Petroleum Exploration Company to Restrict the Effect of the Special Rules and Regulations for the Dos Hermanos-Morrow Gas Pool, Eddy County, New Mexico.

CASE 13357: De Novo

Application of Matrix New Mexico Holdings, LLC, for Compulsory Pooling, Lea County, New Mexico.

CASE 13453: ***Order of the New Mexico Oil Conservation Commission Instituting Rulemaking, Proposing Amendments to OCD Rules 104 (Well Spacing and Location) and 701 (Injection of Fluids into Reservoirs).*** The Oil Conservation Commission on its own motion proposes to amend Rule 104 [10.15.3.104 NMAC] and Rule 701 [19.15.9.701 NMAC] to authorize the operation of infill wells within a spacing or proration unit by an operator other than the operator of an existing well in the same unit, subject to certain provisions and exceptions. Copies of the text of the proposed amendments are available from Division Administrator Florene Davidson at (505)-476-3458 or from the Division's web site at <http://www.emnrd.state.nm.us/ocd/whatsnew.htm>. Written comments on the proposed amendments must be received no later than 5:00 P.M. on Thursday, April 7, 2004. Written comments may be hand-delivered or mailed to the Division office at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, or may be faxed to Ms. Davidson at 476-3462. The application of the proposed rule amendments is STATEWIDE.

CASE 13348: De Novo - Continued from March 8, 2005, Commission Meeting.

Application of Marbob Energy Corporation for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the S/2 of Section 12, Township 17 South, Range 31 East: the S/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Undesignated Fren-Morrow Gas Pool; the SW/4 for all formations and/or pools developed on 160-acre spacing; and the NE/4 SW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated Grayburg-Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool and the Undesignated East Fren-Paddock Pool. Said units are to be dedicated to its Knockabout Federal Well No. 1 to be drilled at a standard gas well location 1830 feet from the South line and 1980 feet from the West line (Unit K) of said Section 12. 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 Hudson Oil Company of Texas as operator of the well and a charge for risk involved in

drilling said well. Said area is located approximately 3 miles East of Maljamar, New Mexico. Upon application of Mary T. Ard, Trustee of the Edward R. Hudson Trust 4, Ard Energy Group, Ltd. and Ard Oil, Ltd., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 13402: *Continued from March 8, 2005, Commission Meeting.*

Consolidated Application of Loco Hills GSF for an Exemption to the Liner and Leak Detection Requirements of 19.15.2.50.C NMAC and Approval of Stage 1 and 2 Abatement Plans, with Provisional Alternate Abatement Standards, Eddy County, New Mexico. Applicant seeks an order granting an exemption to the liner and leak detection requirements of 19.15.2.50.C NMAC to allow a clay-lined storage pond for saturated brine, with monitoring devices to detect designed leakage, at the Loco Hills LPG storage facility located in Section 22, Township 17 South, Range 29 East.

Applicant also seeks approval of its proposed Stage 1 and 2 abatement plans to restore groundwater quality at the site to background concentrations or to an alternate abatement standard of 5000/mg/l TDS through a pump and use strategy. The site is located on the south side of New Mexico State Highway 82 between Loco Hills and Artesia, just west of where Bear Grass Draw crosses the highway.

CASE 13359: *De Novo*

Application of Mewbourne Oil Company for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 9, Township 21 South, Range 35 East, and in the following manner: The N/2 to form a standard 320-acre gas spacing and proration unit for any and all formations developed on 320-acre spacing within that vertical extent, including the Undesignated South Osudo-Morrow Gas Pool; the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations developed on 160-acre spacing within that vertical extent, including the Undesignated South Osudo-Wolfcamp Gas Pool; and the SE/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations developed on 40-acre spacing within that vertical extent, including the Undesignated Osudo-Wolfcamp Pool and Undesignated Osudo-Strawn Pool. The units are to be dedicated to the proposed Osudo "9" State Com. Well No. 1, to be drilled at an orthodox location in the SE/4 NE/4 (Unit H) of Section 9. 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 said well. Upon application of Finley Resources, Inc. and Chesapeake Operating Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.