

PRELIMINARY DOCKET: COMMISSION MEETING - TUESDAY - MARCH 8, 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 February 10, 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.

The committee appointed by Chairman Fesmire to study rules of procedure before the Division and the Commission will present a report to the Commission.

CASE 13351: De Novo - Continued from February 10, 2005, Commission Hearing.

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. Applicant seeks an order limiting the effect of the special rules and regulations for the Dos Hermanos-Morrow Gas Pool, which provide for 640-acre spacing, one well per spacing and proration unit, and special well location requirements, to its current horizontal extent. The pool covers all of Sections 21, 22, 27, and 28, Township 20 South, Range 30 East. The pool is centered approximately 17½ miles northeast of Carlsbad, New Mexico. Upon application of Edge Petroleum Exploration Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 13357: De Novo

Application of Matrix New Mexico Holdings, LLC, for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the bottom of the Wolfcamp formation under the following acreage in Section 10, Township 13 South, Range 38 East, in the following manner: The E/2 of said Section 10 to form a standard 320-acre gas spacing and proration unit for all pools and formations spaced on 320-acre spacing within that vertical extent; The NE/4 of said Section 10 to form a standard 160-acre spacing and proration unit for all pools and formations spaced on 160 acres within that vertical extent; The E/2 NE/4 of said Section 10 to form a standard 80-acre spacing and proration unit for all pools and formations spaced on 80 acres within that vertical extent, including, but not necessarily limited to, the East Stallion-Devonian Oil Pool; and, The NE/4 NE/4 of said Section 10 to form a standard 40-acre spacing and proration unit for all pools and formations spaced on 40-acres within that vertical extent, including, but not necessarily limited to, the Bronco-Mississippian Oil Pool; the Bronco-Siluro Devonian Oil Pool; and the Bronco-Wolfcamp Oil Pool. Applicant proposes to dedicate these pooled units to its proposed Townsend #1-A Well, to be drilled at a standard gas well location in the NE/4 NE/4 of said Section 10. 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 Matrix New Mexico Operating Company, LLC as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 3 miles Southwest of Bronco, Texas. Upon application of Land Services, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 13348: De Novo

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: *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.