

**DOCKET: EXAMINER HEARING - THURSDAY – OCTOBER 27, 2011**

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

Docket Nos. 32-11 and 33-11 are tentatively set for November 10, 2011 and December 1, 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.

<b>Locator Key</b>
<b>Case 14629 – No. 14</b>
<b>Case 14671 – No. 1</b>
<b>Case 14729 – No. 3</b>
<b>Case 14730 – No. 5</b>
<b>Case 14736 – No. 8</b>
<b>Case 14737 – No. 15</b>
<b>Case 14741 – No. 12</b>
<b>Case 14745 – No. 2</b>
<b>Case 14746 – No. 4</b>
<b>Case 14747 – No. 6</b>
<b>Case 14748 – No. 7</b>
<b>Case 14749 – No. 9</b>
<b>Case 14750 – No. 10</b>
<b>Case 14751 – No. 11</b>
<b>Case 14752 – No. 13</b>

1. **CASE 14671:** *(amended and readvertised) (Continued from the September 29, 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.
2. **CASE 14745:** **Application of Nearburg Producing Company for Designation of a Non-standard Spacing Unit, an Unorthodox Surface Location and Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order consolidating the 40-acre spacing units within the S/2 SW/4 & SW/4 SE/4 of Section 34, Township 19 South Range 25 East, NMPM and designating the consolidated units as a 120-acre± non-standard oil spacing and proration unit in the Glorieta-Yeso formation, North Seven Rivers-Yeso pool (97565), for Applicant's horizontal drilling project area. Applicant further seeks the compulsory pooling of all interests in the Glorieta-Yeso formation underlying the S/2 SW/4 & SW/4 SE/4 of Section 34 to be dedicated to its Irami MO Fed Com No. 1-H Well to be drilled horizontally from a surface location 330' from the South line and 10' from the West line to a standard bottom hole location 330' from the South line and 1650' from the East line of Section 34, to a depth sufficient to test the Glorieta-Yeso formation. 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 Nearburg Producing Company as operator and a charge for risk involved in drilling the well. The proposed well and lands are located approximately one mile northwest of Seven Rivers, New Mexico.
3. **CASE 14729:** *(Continued from the October 13, 2011 Examiner Hearing.)*  
**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.

4. **CASE 14746: Application of Strata Production Company for approval of a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Strata Production Company seeks an order approving a 320-acre non-standard oil spacing and proration unit (project area) in the Delaware formation comprised of the SE/4 of Section 14, E/2NE/4 of Section 23, and W/2NW/4 of Section 24, Township 23 South, Range 30 East, NMPM. Applicant further seeks the pooling of all mineral interests (i) from the surface to the base of the Delaware formation underlying the SW/4NW/4 of Section 24 to form a standard 40 acre oil spacing and proration unit, and (ii) the Delaware formation underlying the SE/4 of Section 14, E/2NE/4 of Section 23, and W/2NE/4 of Section 24 to form a non-standard 320 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 Sandy Fed. Well No. 2, a horizontal well with a surface location in the SW/4NW/4 of Section 24, and a terminus in the NW/4SE/4 of Section 14. 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 15 miles east of Loving, New Mexico.
5. **CASE 14730: (Continued from the October 13, 2011 Examiner Hearing.)**  
**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.
6. **CASE 14747: 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 126-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the north 126 acres of the N/2N/2 of Section 32, 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 Sidewinder Well No. 2, a horizontal well with a surface location in NW/4NW/4, and a terminus in the NE/4NE/4, of Section 32. 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 1-1/2 mile east of the intersection of U.S. Highway 285 with the Texas state line.
7. **CASE 14748: Application of Devon Energy Production Company, L.P. to expand the Cotton Draw Unit, Eddy and Lea Counties, New Mexico.** Applicant seeks approval to expand the Cotton Draw Unit to include the S/2 of Section 11, Township 25 South, Range 31 East, NMPM. The unit area, as expanded, will contain 9944.90 acres, more or less, of state and federal lands in all or parts of: Sections 25, 26, and 33-36 in Township 24 South, Range 31 East, NMPM; Sections 33 and 34 in Township 24 South, Range 32 East; NMPM, Sections 1-3 and 11-13 in Township 25 South, Range 31 East, NMPM; and Sections 3, 4, 7, 9, 10, 15, 16, 18, 20-22, 28, and 29 in Township 25 South, Range 32 East, NMPM. The unit area is centered approximately 22-1/2 miles east-southeast of Malaga, New Mexico.
8. **CASE 14736: Amended Application of Mewbourne Oil Company for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order: (i) approving a 160-acre non-standard oil spacing and proration unit ("project area") in the Bone Spring formation, comprised of the N½N½ of Section 11, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, and (ii) pooling all mineral interests from the base of the Second Bone Spring Carbonate to the base of the Bone Spring formation underlying the non-standard 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 Tamano 11 Fed. Com. Well No. 1-H, a horizontal well with a surface location in the NE¼NE¼, 400 feet from the north line and 330 feet from the east line, and a bottom-hole location in the NW¼NW¼, 400 feet from the north line and 330 feet from the westline, of Section 11. Also to be considered will be