

DOCKET: EXAMINER HEARING - THURSDAY – DECEMBER 13, 2012

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

Docket Nos. 01-13 and 02-13 are tentatively set for January 24, 2013 and February 7, 2013. Applications for hearing must be filed at least 30 days in advance of hearing date. OCD Rule 19.15.4.13.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. The following cases will be heard by an Examiner.

Locator Key for Cases

***Case 14907 – No. 1
Case 14921 – No. 11
Case 14922 – No. 12
Case 14923 – No. 13
Case 14934 – No. 9
Case 14935 – No. 10
Case 14937 – No. 2
Case 14938 – No. 3
Case 14939 – No. 4
Case 14940 – No. 5
Case 14941 – No. 6
Case 14942 – No. 7
Case 14943 – No. 8***

1. **CASE 14907:** *(Continued from the November 29, 2012 Examiner Hearing.)*
Application of KC Resources, Inc. for approval of a pressure maintenance project in Eddy County, New Mexico;
Applicant seeks approval to institute a lease pressure maintenance project through its Jones D No.5 well location 2310 FSL, 330 FWL in Unit L of Section 18, Township 18 South, Range 27 East, N.M.P.M., Eddy County, New Mexico. Applicant intends to inject produced water into the San Andres formation at a depth of 1779 to 1934.
2. **CASE 14937:** ***Application of Cimarex Energy Co. for designation of a non-standard oil spacing and proration unit and for compulsory pooling, Lea County, New Mexico.*** Applicant seeks an order consolidating the 40-acre spacing units within the E/2 W/2 of Section 25, Township 23 South, Range 32 East, NMPM and designating the consolidated units as a 160-acre± non-standard oil spacing and proration unit for a well location in the Bone Spring formation for Applicant's horizontal drilling project area. Applicant further seeks the compulsory pooling of all interests in the Bone Spring formation underlying the E/2 W/2 of Section 33 to be dedicated to its Triste Draw 25 Fed. Com. Well No. 3 to be drilled horizontally from a surface location 330' from the South line and 1980' from the West line (Unit N) to a bottom hole location 330' from the North line and 1980' from the West line (Unit C), to a depth sufficient to test the Bone Spring formation underlying the proposed project area in Section 25. 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 Cimarex Energy Co. as operator and a charge for risk involved in drilling the well. The proposed well and lands are located approximately 4 miles east of Bootleg Ridge, New Mexico.
3. **CASE 14938:** ***Application of Cimarex Energy Co. for designation of a non-standard oil spacing and proration unit and for compulsory pooling, Lea County, New Mexico.*** Applicant seeks an order consolidating the 40-acre spacing units within the E/2 E/2 of Section 33, Township 24 South, Range 32 East, NMPM and designating the consolidated units as a 160-acre± non-standard oil spacing and proration unit for a well location in the Bone Spring formation for Applicant's horizontal drilling project area. Applicant further seeks the compulsory pooling of all interests in the Bone Spring formation underlying the E/2 E/2 of Section 33 to be dedicated to its North Paduca Federal Well No. 1 to be drilled horizontally from a surface location 330' from the North line and 660' from the East line (Unit B) to a bottom hole location 330' from the South line and 660' from the East line (Unit P), to a depth sufficient to test the Bone Spring formation underlying the proposed project area in Section 33. 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

Cimarex Energy Co. as operator and a charge for risk involved in drilling the well. The proposed well and lands are located approximately 4 miles southwest of Cotton Place, New Mexico.

4. **CASE 14939: Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) creating a non-standard 160-acre, more or less, oil spacing and proration unit in the Upper Pennsylvanian formation, comprised of the N/2 N/2 of Section 36, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Upper Pennsylvanian formation underlying this proposed non-standard spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the Chicken Dinner 36 State Com Well No. 1H, to be horizontally drilled from a surface location 660 feet from the North line and 180 feet from the East line to a bottomhole location 760 feet from the North line and 660 feet from the West line of Section 36. The completed interval for this well will be within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of COG Operating LLC as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 9 miles Southeast of Loco Hills, New Mexico.
5. **CASE 14940: Application of Nearburg Exploration Company, LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard 160-acre spacing and proration unit comprised of the E/2 W/2 of Section 23, Township 20 South, Range 34 East, NMPM, and (2) pooling all mineral interests in all producing reservoirs within the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed Laguna 23 Fed Com Well No. 1H, to be horizontally drilled from a surface location 330 feet from the South line and 1980 feet from the West line (Unit N) to a bottom hole location 330 feet from the North line and 1980 feet from the West line (Unit C) of Section 23. 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 Exploration Company, LLC as operator of the well and unit and a 200% charge for risk involved in drilling said well. Said area is approximately 30 miles southwest of Hobbs, New Mexico.
6. **CASE 14941: Application of Mewbourne Oil Company for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Mewbourne Oil Company seeks an order approving an 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 15, Township 18 South, Range 31 East, NMPM. Applicant further seeks the pooling of all mineral interests (i) from the surface to the base of the Bone Spring formation underlying the NE/4 NE/4 of Section 15 to form a standard 40 acre oil spacing and proration unit, and (ii) the Bone Spring formation underlying the N/2 N/2 of Section 15 to form a non-standard 160 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 Tamano 15 AD 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 15. 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 8 miles east-southeast of Loco Hills, New Mexico.
7. **CASE 14942: Application of Celero Energy II, LP to expand the waterflood project and tertiary recovery project for the Rock Queen Unit, and to qualify the expanded project for the recovered oil tax rate, Chaves and Lea Counties, New Mexico.** Applicant seeks approval to expand the waterflood project and tertiary recovery project for the Rock Queen Unit by the injection of water and carbon dioxide into the Queen formation into wells located on 4939.77 acres of federal, state, and fee lands covering all or parts of Sections 22-27 and 34-36 of Township 13 South, Range 31 East, N.M.P.M., and Sections 19, 30, and 31 of Township 13 South, Range 32 East, N.M.P.M. Applicant further seeks to qualify the expanded enhanced recovery project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1-5). The unit area is centered approximately 17 miles south-southwest of Caprock, New Mexico.
8. **CASE 14943: Application of Devon Energy Production Company, L.P. for approval of a water disposal well, Lea County, New Mexico.** Applicant seeks an order approving water disposal into the Devonian formation (Northeast Bell Lake-Devonian Pool) at a depth of 14570-14660 feet subsurface in the Rio Blanco 33 Fed. Well No. 2, located 1980 feet from the north line and 1980 feet from the west line of Section 33, Township 22 South, Range 34 East, NMPM. The well is located approximately 16-1/2 miles southwest of Oil Center, New Mexico.
9. **CASE 14934: (Continued from the November 29, 2012 Examiner Hearing.)**
Application of Cimarex Energy Co. for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Cimarex Energy Co. seeks an order approving a 160-acre non-standard oil spacing and proration