

PRELIMINARY DOCKET: COMMISSION MEETING - Thursday – July 13, 2006

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

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

Notice: The minutes of the June 15, 2006 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.

Final action may be taken on the following:

CASE NO. 13367: De Novo

Application of Bass Enterprises Production Co. for an order Authorizing the Drilling of a Well in the Potash Area, Eddy County, New Mexico.

CASE NO. 13368: De Novo.

Application of Devon Energy Production Company, L.P. for an order Authorizing the Drilling of a Well in the Potash Area, Eddy County, New Mexico.

CASE NO. 13372: De Novo

Application of Devon Energy Production Company, L.P. for Approval of an Unorthodox Well Location and Authorization to Drill a Well in the Potash Area, Eddy County, New Mexico.

CASE NO. 13586: Continued from June 5, 2006, Commission Meeting.

Application of the New Mexico Oil Conservation Division for Repeal of Existing Rules 709, 710 and 711 Concerning Surface Waste Management and Adoption of new Rules Governing Surface Waste Management. The New Mexico Oil Conservation Division hereby gives notice that the Oil Conservation Commission will conduct a public hearing at 9:00 A.M. on **Thursday, April 20, 2006**, in Porter Hall at 1220 South St. Francis Drive, Santa Fe, New Mexico, concerning the adoption of amendments to 19.15.1, 19.15.2 and 19.15.9 NMAC. The proposed amendments will amend Section 7 of 19.15.1 NMAC to change the definition of "oil field wastes," and the definition of "watercourse," and to adopt of new definitions of "biopile," "soil" and "surface waste management facility." The proposed amendments will also amend 19.15.9 NMAC by removing Sections 709 (concerning transportation of produced water), 710 (concerning disposition of produced water) and 711 (concerning surface waste management facilities) to 19.15.2 NMAC, where these sections will become new Sections 51 (Transportation of Produced Water, Drilling Fluids and Other Liquid Oil Field Waste), 52 (Disposition of Produced Water and Other Oil Field Wastes) and 53 (Surface Waste Management Facilities) of 19.15.2 NMAC. These sections [19.15.2.51, 19.15.2.52 and 19.15.2.53 NMAC] will be substantially re-written to provide revised permitting requirements for transporters of produced water and oil field wastes, to revise rules for disposition of produced water and other oil field wastes, and to revise permitting requirements and procedures and siting, design, construction and operational requirements for surface waste management facilities. 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/rules.htm>.

CASE NO. 13274: De Novo Continued from April 20, 2006 Commission Meeting

Application of Arch Petroleum Inc. for Approval of Two Non-Standard Gas Spacing and Proration Units in the Jalmat Gas Pool, Lea County, New Mexico. Applicant seeks approval of (i) a non-standard gas spacing and proration unit comprised of the SW/4 of Section 20, Township 23 South, Range 37 East, to be dedicated in the Jalmat Gas Pool to the Steeler "A" Well No. 1, located in the NW/4 SW/4 of the section, to be operated by Westbrook Oil Corporation, and (ii) a non-standard gas spacing and proration unit comprised of the SE/4 of Section 20, in said township and range, to be

dedicated in the Jalmat Gas Pool to the Resler “B” Well No. 1, located in the NW/4 SE/4 of the section, to be operated by applicant. The units are located approximately 10-½ miles south-southwest of Eunice, New Mexico. Upon the application of Arch Petroleum Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE NO. 13531: *Application of Yates Petroleum Corporation for and Order (1) directing Pride Energy Company to reimburse Yates for the well costs incurred by Yates in its attempt to re-enter the State “X” Well No. 1 (API No. 30-025-01838) located in Section 12, Township 12 South, Range 34 East, NMPM, prior to the time Pride Energy Company assumed operations of the well, (2) directing Pride Energy Company to account for and pay all sums it is now improperly holding pursuant to expired orders of the Division and Commission, and (3) requiring Pride Energy Company to plug and abandon the State “X” Well No. 1, Lea County, New Mexico.* Applicant seeks (1) an order directing Pride Energy Company (“Pride”) to reimburse Yates for the costs Yates incurred in its re-entry operations on the State “X” Well No. 1 (API No. 30-025-01838) located 1980 feet from the North line and 660 feet from the West line (Unite E) of Section 12, Township 12 South, Range 34 East, prior to the time Pride assumed operations of the well, (2) an order directing Pride to account to and refund to Yates all of the portion of the estimated share of well costs for the State “X” Well now improperly held by Pride pursuant to expired orders of the Division and Commission, and (3) an order directing Pride to plug and abandon the State “X” Well. Said well and spacing unit are located approximately 12 miles West Northwest of Tatum, New Mexico. Upon application of Pride Energy Company, this case will be heard DeNovo pursuant to the provision of Rule 1221.