

DOCKET: EXAMINER HEARING - WEDNESDAY – JANUARY 4, 2007

8:15 A.M. - 1220 South St. Francis

Santa Fe, New Mexico

Docket Nos. 02-07 and 03-07 are tentatively set for January 18, 2007 and February 01, 2007. 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 or dismissed by order of the examiner. If a protesting party fails to submit a timely pre-hearing statement, the hearing may be continued at the applicant's request. The following Cases will be heard by an Examiner.

CASE NO. 13844: *Application of the New Mexico Oil Conservation Division for a Compliance Order against Thornton Hopper.* The Applicant seeks an order finding that operator is in violation of 19.15.4.201 NMAC as to five wells, requiring operator to bring the five wells into compliance with 19.15.4.201 NMAC by a date certain and authorizing the division to plug said wells in the event of non-compliance. The affected wells are: Bradley Federal #001, D-13-24S-26E, 30-015-00391; Bradley Federal #002, P-11-24S-26E, 30-015-00387; Bradley Federal #005, P-11-24S-26E, 30-015-00382; Bradley Federal #006, I-11-24S-26E, 30-015-00386; Bradley Federal #008, K-11-24S-26E, 30-015-00383. The wells are located approximately 5 miles northeast of Whites City in Eddy County, New Mexico.

CASE NO. 13845: *Application of the New Mexico Oil Conservation Division for a Compliance Order.* The Applicant seeks an order 1) finding that Platinum Exploration Inc., OGRID 227103, knowingly and willfully violated 19.15.4.201 NMAC as to four wells and imposing penalties for those violations; 2) requiring the operator to return said wells to compliance with 19.15.4.201 NMAC by a date certain; and 3) in the event of non-compliance, authorizing the Division to plug said wells and forfeit the operator's financial assurance. The affected wells are: Shelton #001, F-26-14S-37E, 30-025-05128; Shelton #004, E-26-14S-37E, 30-025-05131; TD Pope 26 #012, K-26-14S-37E, 30-025-05146; TD Pope 35 #006, P-35-14S-37E, 30-025-05189. The wells are located approximately 15-20 miles northeast of Lovington, in Lea County, New Mexico.

CASE NO. 13846: *Application of the New Mexico Oil Conservation Division for a Compliance Order.* The Applicant seeks an order 1) finding that C W Trainer, OGRID 3474, knowingly and willfully violated 19.15.4.201 NMAC as to four wells and imposing penalties for those violations; 2) requiring the operator to return said wells to compliance with 19.15.4.201 NMAC by a date certain; and 3) in the event of non-compliance, authorizing the Division to plug said wells and forfeit the operator's financial assurance. The affected wells are: Gulf State Com #001, 1-4-15S-35E, 30-025-23525; Harris Federal #001, O-5-22S-34E, 30-025-28551; Morse #001, E-27-10S-37E, 30-025-04991; State GB #001, C-16-15S-36E, 30-025-03689. The wells are located in Lea County, New Mexico.

CASE NO. 13847: *Application of Encore Operating, L.P. 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 underlying Section 27, Township 21 South, Range 25 East, NMPM, to form a 640-acre gas spacing and proration unit for all formations and/or pools developed on 640 acre spacing within that vertical extent, including the Catclaw Draw-Morrow Gas Pool. The unit is to be dedicated to the plugged and abandoned Catclaw Draw Unit Well No. 10, located 1650 feet from the South and East lines of Section 27, which is to be re-named the Encore 27 Catclaw Com. Well No. 1. A completion will be attempted in the Morrow formation. 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 re-entering and completing the well. The unit is located approximately 12 miles West of Carlsbad, New Mexico.

CASE NO. 13841: *Continued from the December 13, 2006 Examiner Hearing.*
Application of Koch Exploration Company, LLC for an order authorizing increased well density and simultaneous dedication on certain non-standard spacing units in the Basin-Fruitland Coal Gas Pool, San Juan County, New Mexico. Applicant seeks authorization to drill an additional coal gas well at a standard location in each of three existing non-standard gas spacing units in the Basin-Fruitland Coal Gas Pool. These three GPU's comprise the following acreage located in the narrow sections along the west side of Township 31 North, Range 8 West:

- A. W/2 equivalent of Section 6 and the NW/4 equivalent of Section 7
(The additional well is proposed at a standard location in the NW/4 of Section 6);
- B. SW/4 equivalent of Section 7 and W/2 equivalent of Section 18

- (the additional well is proposed at a standard location in the NW/4 of Section 18); and
- C. W/2 equivalent of Section 19 and the NW/4 equivalent of Section 30
(the additional well is proposed at a standard location in the NW/4 of Section 19).

Applicant also seeks authorization to simultaneously dedicate each of these units to the three coal gas wells located thereon. This area is located approximately 6.5 miles West of the Los Pinos arm of the Navajo Reservoir approximately 30.66 miles North of Aztec, New Mexico.

CASE NO. 13848: *Application of COG Operating LLC for the Approval of the Third Amendment of the Grayburg-Jackson West Cooperative Unit Agreement Extending the Vertical Limits of the Unitized Formation to Include the Blinebry, Tubb and Drinkard Intervals of the Yeso Formation, to Amend Order No. R-3127-B to Correct Certain Findings and to Include Commingled Production, and for Extension of the Grayburg Jackson-Seven Rivers-Queen-Grayburg San Andres-Glorieta-Yeso (Paddock) Pool to Include the Blinebry, Tubb and Drinkard Intervals of the Yeso Formation, Eddy County, New Mexico.* Applicant seeks an order amending Division Order R-3127-B, dated June 13, 2006, for the Grayburg-Jackson West Cooperative Unit Agreement to extend the vertical limits of the Unitized Formation to include all formations from the top of the Seven Rivers formation to the top of the Abo formation and for approval of production that has been commingled from the expanded Unitized Formation. Applicant also seeks the commensurate extension of the vertical limits of the Grayburg Jackson-Seven Rivers-Queen-Grayburg San Andres-Glorieta-Yeso (Paddock) Pool (97558) and contraction of the East Empire Yeso Pool to delete the Blinebry, Tubb and Drinkard intervals of the Yeso formation. Applicant further seeks to correct Finding (10)(b) and (c) and (12) of Order R-2137-B. The Grayburg-Jackson West Cooperative Unit is comprised of approximately 2,400 acres of State of New Mexico and fee lands in the following area:

Township 17 South, Range 29 East, NMPM

Section 15:	W1/2SW1/4
Section 16:	All
Section 21:	All
Section 22:	W1/2W1/2, E1/2NW1/4, NE1/4SW1/4, NW1/4NE1/4
Section 27:	W1/2SW1/4
Section 28:	All

The subject lands are located in the immediate vicinity of Loco Hills, New Mexico.

CASE NO. 13843: *Continued from the December 13, 2006 Examiner Hearing.*

Application of Parallel Petroleum Corporation for compulsory pooling and unorthodox well location, 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 N/2 of Section 19, Township 19 South, Range 21 East, N.M.P.M., Eddy County, New Mexico: the N/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Gardner Draw-Morrow Gas Pool. Said unit is to be dedicated to its Drewford's Boombox 1921-19 Com Well No. 1 to be drilled at an unorthodox surface location 165 feet from the East line and 760 feet from the North line, and will penetrate the top of the Wolfcamp formation at a point 660 feet from the East line and 760 feet from the North line and a bottomhole location of 660 feet from the West line and 760 feet from the North line of Section 19, Township 19 South, Range 21 East to an approximate depth of 4350 feet to test any and all formations from the surface to the base of the Wolfcamp. 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 Parallel Petroleum Corporation as operator of the well and a charge for risk involved in drilling said well. Said area is located 12 miles southwest of Hope, New Mexico.

CASE NO. 13813: *Reopened and Re-advertised, continued from the November 9, 2006 Examiner Hearing.:*

Amended Application of OXY USA WTP Limited Partnership 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 9, Township 17 South, Range 29 East, N.M.P.M., Eddy County, New Mexico: the S/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated South Empire-Morrow Gas Pool and the Undesignated North Grayburg-Atoka Gas Pool; and the SW/4 for all formations and/or pools developed on 160-acre spacing. OXY proposes to dedicate the above-referenced spacing or proration units to its Oxy Flameskimmer State Well No. 1 to be drilled at a