

DOCKET: EXAMINER HEARING - THURSDAY – APRIL 12, 2007**8:15 A.M. - 1220 South St. Francis****Santa Fe, New Mexico**

Docket Nos. 13-07 and 14-07 are tentatively set for April 26, 2007 and May 10, 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. 13845: Continued from the February 1, 2007 Examiner Hearing. (This Case will be dismissed.)

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 13894: *Application of Coleman Oil & Gas, Inc. for simultaneous dedication, San Juan County, New Mexico.* Applicant seeks an order granting an exception to Rule 7(d)(1) of the Special Pool Rules and Regulations for the Basin-Fruitland Coal Gas Pool to authorize the simultaneous dedication of the S/2 of Section 18, Township 26 North, Range 11 West, NMPM, San Juan County, New Mexico to the following four existing coal gas wells:

1. **Ricky Well No. 1** (API No. 30-045-25976) located 790 feet from the North line and 875 feet from the West line (Unit D);
2. **Ricky Well No. 1R** (API No. 30-045-31165) located 765 feet from the North line and 830 feet from the West line (Unit D);
3. **Ricky Well No. 2** (API No. 30-045-25977) located 1850 feet from the South line and 790 feet from the West line (Unit L); and
4. **Ricky Well No. 2R** (API No. 30-045-31166) located 1845 feet from the South line and 745 feet from the West line (Unit L).

Said spacing unit is located approximately 30 miles southeast of Farmington, New Mexico

CASE 13814 (Reopen and Re-advertise):

Amended Application of Chi Operating, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause 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 E/2 of Section 4, Township 22 South, Range 26 East, N.M.P.M., Eddy County, New Mexico: the E/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Happy Valley-Morrow Gas Pool and the Happy Valley-Atoka Gas Pool; the NE/4 for all formations and/or pools developed on 160-acre spacing within this vertical extent; and the SE/4 NE/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated West Carlsbad-Delaware Pool. Said units are to be dedicated to its WC "4" Well No. 4 to be horizontally drilled from a non-standard surface location 1100 feet from the North line and 990 feet from the East line (Unit A) and a bottomhole location 1600 feet from the North line and 660 feet from the East line (Unit H) of said Section 4 to an approximate depth of 11,500 feet. 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 Chi Operating, Inc. as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 1 mile west of Carlsbad, New Mexico.

CASE 13895: *Application of Parallel Petroleum Corporation for approval of a Unit*

Agreement, Eddy County, New Mexico.. Applicant seeks approval of the Paris Draw State Exploratory Unit from the surface to the base of the Wolfcamp formation in an area comprising 6833.48 acres of State of New Mexico lands in all or portions of Sections 13, 23, 24, 25 and 36 in Township 16 South, Range 23 East, NMPM, and Sections 16, 17, 19 through 21 and 28 through 30 in Township 16 South, Range 24 East, NMPM, which is located approximately 12

miles Northwest of Artesia, New Mexico.

CASE 13896: *Application of Cimarex Energy Co. for compulsory pooling, Eddy County, New Mexico.*
Cimarex Energy Co. seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 15, Township 16 South, Range 28 East, NMPM, and in the following manner: The W/2 to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the Crow Flats-Morrow Gas Pool; and the SW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical extent. The units are to be dedicated to the Crow Flats 15 State Com. Well No. 1, to be drilled at an orthodox location 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 Cimarex Energy Co. of Colorado as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The units are located approximately 13 miles northwest of Loco Hills, New Mexico.

CASE 13897: *Application of Cimarex Energy Co. of Colorado for pool creation, a discovery allowable, and special pool rules, Eddy County, New Mexico.* Applicant seeks an order (i) creating a new pool for production of oil from the Wolfcamp formation, to be named the Northeast Loco Hills-Wolfcamp Pool, comprising the NE/4 of Section 26, Township 17 South, Range 29 East, N.M.P.M., (ii) granting applicant a discovery allowable, and (iii) establishing special rules and regulations for the pool, including a limiting gas:oil ratio of 6000 cubic feet of gas for each barrel of oil produced, effective as of the date of first production from the discovery well. The discovery well for the pool is the Keely 26 Fed. Well No. 1, located 1980 feet from the North line and 1550 feet from the East line of Section 26. The proposed pool is located approximately 5 miles west-northwest of Loco Hills, New Mexico.

CASE 13898: *Application of COG Operating LLC for approval of a waterflood project and to qualify the project for the Recovered Oil Tax Rate, Eddy County, New Mexico.* Applicant seeks approval to institute a waterflood (secondary recovery) project in the Loco Hills-Paddock Pool by the injection of water into eight wells located on federal lands covering the NW/4 of Section 20, Township 17 South, Range 30 East, N.M.P.M. Applicant further seeks to qualify the project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1-5). The project is located approximately 1 mile west of Loco Hills, New Mexico.

CASE 13899: *Application of Devon Energy Production Company, L.P. for approval of five non-standard gas spacing and proration units, San Juan and Rio Arriba Counties, New Mexico.* Applicant seeks approval of the following non-standard gas spacing and proration units for production from the Basin-Dakota Gas Pool:

- (a) Township 31 North, Range 7 West, N.M.P.M.
Section 19: Lots 5-8 and E/2 W/2
Section 30: Lot 5 and NE/4 NW/4

Containing 259.82 acres.

- (b) Township 31 North, Range 7 West, N.M.P.M.
Section 30: Lots 6, 9, 10, SE/4 NW/4, and E/2 SW/4
Section 31: Lots 7, 8, and E/2 NW/4

Containing 250.65 acres.

- (c) Township 31 North, Range 7 West, N.M.P.M.
Section 31: Lots 11, 12, and E/2 SW/4

Township 30 North, Range 7 West, N.M.P.M.
Section 6: Lots 10, 11, 12, 17, 18, 19, SE/4 NW/4, NE/4 SW/4, and
6.58 acres out of Tract 40

Containing 296.02 acres.