

PRELIMINARY DOCKET: COMMISSION MEETING - THURSDAY - JANUARY 12, 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 November 10, 2005, and December 8, 2005 Commission meetings 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

CASE 13586: *Continued from the December 8, Commission Meeting.*

In the matter of the Application of the New Mexico Oil Conservation Division for Removal of Existing Rules 709 and 710 and Adoption of New Rules Governing Surface Waste Management. The Oil Conservation Division proposes the removal of existing rules 709 and 710 (19.15.9.709 and 19.15.9.710 NMAC) that presently govern transportation and disposition of produced water and adoption of new rules to govern the transportation and surface disposition of produced water and other oilfield wastes and the permitting and operation of surface waste management facilities. The proposed amendments will extend permitting requirements for carriers of produced water and rules concerning surface disposition of produced water so that they will apply to all oilfield wastes, change the procedures for permitting new surface waste management facilities or modifications of existing facilities, prohibit disposal of salt-contaminated wastes in landfarms, and adopt other detailed rules concerning surface waste management facilities, including standards for operation and closure of such facilities. In addition, the Oil Conservation Division proposes the amendment of the definition of oil field waste and new definitions for soil and biopiles. Copies of the text of the proposed new rules 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/rules.htm>. Proposals for changes to the amendments must be submitted in writing and received by the Division not later than 5:00 PM on Wednesday, December 28, 2005. Written comments on the proposals must be received no later than 5:00 P.M. on Thursday, January 5, 2006. Written comments and proposed changes may be hand-delivered or mailed to the Division office at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, faxed to Ms. Davidson at 476-3462 or e-mailed to Ms Davidson at florene.davidson@state.nm.us. The application of the proposed new rules will be STATEWIDE.

CASE 13587: *Continued from December 8, 2005 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 13589: *Continued from the December 8, 2005, Commission Meeting.*

Application of Duke Energy Field Services, LP for approval of an acid gas injection well, Lea County, New Mexico. Applicant seeks approval to utilize its proposed Linam AGI Well No. 1, to be drilled 1980 feet from the South and West lines of Section 30, Township 18 South, Range 37 East, to inject up to 2300 barrels of acid gas per day, at a maximum pressure of 2800 psi, into the lower Bone Spring Formation, at an approximate depth of 8700 feet to 9100 feet. Applicant will also test the Brushy Canyon Member of the Delaware Group at a depth of approximately 5000 feet for consideration as a potential secondary injection target. This well is located approximately 4.5 miles west of Hobbs, New Mexico.