

**PRELIMINARY DOCKET: COMMISSION MEETING -THURSDAY – MAY 17, 2007**

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.

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**Notice:** The minutes of the April 19, 2007 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.

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*Final action may be taken on the following:*

**CASE NO. 13274: De Novo**

*Application of Pogo Producing Company (successor to Arch Petroleum Inc.) for approval of two non-standard gas spacing and proration units in the Jalmat Gas Pool, Lea County, New Mexico:*

**CASE 13817: De Novo**

*Application of Harvey E. Yates Company for an exemption from Oil Conservation Commission Rule 19.15.2.50(A)NMAC.*

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**CASE NO. 13531: (Continued from the April 19, 2007 Commission Meeting.)**

*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 (Unit 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.

**CASE NO. 13695: De Novo (Continued from the March 16, 2007 Commission Meeting.)**

*Application of Chaparral Energy, LLC for approval of a salt-water disposal well, Lea County, New Mexico.* Applicant seeks approval to utilize its State K Well No. 1-21 (API No. 30-025-22049) located 1980 feet from the South and West lines (Unit K) of Section 21, Township 11 South, Range 33 East, to dispose of produced water into the San Andres formation from depths of 3,850 feet to 4,469 feet. Upon application of Chaparral Energy, L.L.C., this case will be heard De Novo pursuant to the provisions of Rule 1221.

**CASE NO. 13841: (De Novo)**

*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. Upon application of Koch Exploration Company, LLC, this case will be heard De Novo pursuant to the provisions of Rule 1221.

**CASE NO. 13492: Rehearing**

***Application of Samson Resources Company, Kaiser-Francis Oil Company, and Mewbourne Oil Company for cancellation of two drilling permits and approval of a drilling permit, Lea County, New Mexico.*** Applicants seek an order canceling two drilling permits issued to Chesapeake Operating, Inc. covering (i) the S/2 of Section 4, Township 21 South, Range 35 East, and (ii) Lots 9-16 of said Section 4, and requiring the Division's Hobbs District office to approve a drilling permit filed by Mewbourne Oil Company covering Lots 9, 10, 15, 16, and the SE/4 of Section 4, to form a standard 320-acre gas spacing and proration unit in the South Osudo-Morrow Gas Pool. The units are located approximately 6-1/2 miles west of Oil Center, New Mexico.

**CASE NO. 13493: Rehearing**

***Application of Chesapeake Permian, L.P. for Compulsory Pooling, Lea County, New Mexico.*** Applicant seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the S/2 of Irregular Section 4, Township 21 South, Range 35 East, forming a standard 320-acre gas spacing and proration unit for any production from any and all formations/pools developed on 320-acre gas spacing within that vertical extent, including but not limited to the South Osudo Morrow Pool. This unit is to be dedicated to its KF 4 State Well No. 1 (API #30-025-37129) that is being drilled at a standard well location in Unit X of this section. Also to be considered will be the costs of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Chesapeake Operating, Inc. as the operator of the well and, pursuant to Commission Order R-11992, a risk charge of 200% for the risk involved in this well. This unit is located approximately 6 miles west from Oil Center, New Mexico.

Upon application of Chesapeake Operating, Inc. and Chesapeake Permian, L.P., a rehearing of these cases will be held to take evidence and testimony on 1) why the Oil Conservation Commission should or should not uphold its establishment of a 640-acre proration unit in the southern two thirds of Section 4, Township 21 South, Range 35 East, NMPM, and 2) which entity should be the operator of the KF-4 Well and any future wells in the proration unit.