

**DOCKET: EXAMINER HEARING - THURSDAY - MARCH 29, 2007**

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

Santa Fe, New Mexico

Docket Nos. 11-07 and 12-07 are tentatively set for April 12, 2007 and April 26, 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. 13886:** *Continued from March 15, 2007 Examiner Hearing. Application of the New Mexico Oil Conservation Division for a Compliance Order against Reubin Collins d/b/a RCJ Enterprises, LLC.* The Applicant seeks an Order finding that operator is in violation of 19.15.4.201 NMAC as to 11 wells, requiring operator to bring the 11 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:

- Buffalo Unit # 007, B-34-T8S-33E, 30-025-21604
- Buffalo Unit # 008, H-34-T8S-33E, 30-025-21846
- Buffalo Unit # 010, A-34-T8S-33E, 30-025-21957
- Buffalo Unit # 011, L-35-T8S-33E, 30-025-22598
- Cockburn Federal #004, K-34-T7S-33E, 30-025-01391
- Cockburn Federal #006, J-34-T7S-33E, 30-025-01392
- Cockburn Federal #007, I-33-T7S-33E, 30-025-01362
- Cockburn Federal #010, J-33-T7S-33E, 30-025-21242
- Wallen Bass #002, N-21-20S-34E, 30-025-26458
- Wallen Bass #003, P-21-20S-34E, 30-025-25904
- Wallen Bass #004, N-21-20S-34E, 30-025-26288.

The wells are located in Lea County, New Mexico.

**CASE NO. 13891:** *Readvertised Application of Petrohawk Energy Corporation for authorization to reactivate a waterflood project, Lea County, New Mexico.* Applicant seeks approval for a waterflood project, including the reactivation of a previously approved waterflood (OCD Orders WFX-518 and WFX-530) in Section 8 and 9, Township 22 South, Range 36 East, NMPM, to inject up to a total of 2000 barrels per day, at a maximum pressure of 750 psi, into the Queen Formation, at an approximate depth of 3790 feet to 3890 feet. This proposed waterflood involves the activation of five existing, temporarily plugged injection wells (State A/C 2 # 61, #64, #65, #68, and #71). Petrohawk may be contacted through its representative, Mr. Alberto Gutierrez, 500 Marquette Ave NW, Suite 1350, Albuquerque, New Mexico 87102 or (505) 842-8000. These wells are located 5 miles southwest of Eunice, New Mexico.

**CASE NO. 13893:** *Application of Yates Petroleum Corporation for approval of a pilot project in the North Dagger Draw-Upper Pennsylvanian Unit for purposes of establishing proper waterflood injection patterns and for a temporary exemption from the provisions of Division Rule 203 concerning approved temporary abandonment of wells, Eddy County, New Mexico.* Applicant in the above-styled cause seeks an order authorizing a pilot program in the S/2 of Section 20 and all of Section 29, Township 19 South, Range 25 East, N.M.P.M., within the North Dagger Draw-Upper Pennsylvanian Unit, for purposes of establishing a program to determine proper injection patterns in the Unit Area, Eddy County, New Mexico. Applicant also seeks an exemption from the Approved Temporary Abandonment provisions of Division Rule 203 during the time pilot project operations are being conducted. Said wells are located approximately 12 miles south southwest of Artesia, New Mexico.

**CASE NO. 13853:** *Continued from the March 15, 2007 Examiner Hearing.*

*Application of Myco Industries, Inc. for compulsory pooling, Chaves County, New Mexico.* Myco Industries, Inc. seeks an order pooling all mineral interests in the Wolfcamp formation underlying the S/2 of Section 34, Township 15 South, Range 24 East, NMPM, to form a 320-acre gas spacing unit (project area) in the Wolfcamp formation. The unit is to be dedicated to the Starr 34 Fee Well No. 1, a horizontal well which will have an orthodox location within the producing area. 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 drilling and completing the well. The unit is located approximately 9-1/2 miles west-southwest of Lake Arthur, New Mexico.

**CASE NO. 13856: Continued from the March 15, 2007 Examiner Hearing.**

**Application of Myco Industries, Inc. for compulsory pooling, Chaves County, New Mexico.** Myco Industries, Inc. seeks an order pooling all mineral interests in the Wolfcamp formation underlying the N/2 of Section 34, Township 15 South, Range 24 East, NMPM, to form a 320-acre gas spacing unit (project area) in the Wolfcamp formation. This unit is to be dedicated to the Starr 34 Fee Well No. 2, a horizontal well which will have an orthodox location within the producing area. 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 drilling and completing the well. The unit is located approximately 9-1/2 miles west-southwest of Lake Arthur, New Mexico.

**CASE NO. 13493: Reopened - Continued from the March 15, 2007 Examiner Hearing.**

**Application of Chesapeake Permian, L.P. for Compulsory Pooling, Lea County, New Mexico.** By Order No. R-12343-B issued by the Division on January 10, 2006, 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, were pooled to form 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. The 320-acre unit is dedicated to the Chesapeake KF 4 State Well No. 1 (API #30-025-37129) drilled at a standard surface location 660 feet from the South line and 990 feet from the East line to a bottom hole location 711 feet from the South line and 1888 feet from the East line of said Section 4. Chesapeake Operating, Inc. was designated operator of the well and was directed to furnish the Division and each known pooled working interest owner, including non-consenting interest owners, with an itemized schedule of actual well costs within ninety (90) days following completion of the well. Pursuant to the Notice of Objection to Well Costs filed by Kaiser-Francis Oil Company, and Samson Resources Company, the Division will consider the costs of drilling and completing this well and will determine reasonable well costs. The well and unit are located approximately 6 miles west of Oil Center, New Mexico.

**CASE NO. 13878: Continued from March 1, 2007 Examiner Hearing. Application of Nadel and Gussman Permian, L.L.C. 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 the following described acreage in Section 22, Township 22 South, Range 28 East, NMPM, and in the following morning: The N/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 Dublin Ranch-Morrow Gas Pool; the NW/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; and the NW/4 NW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The units are to be dedicated to the Big Chief Fee Well No. 10, to be drilled at an orthodox location in the NW/4 NW/4 of Section 22. 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 drilling and completing the well. The units are located approximately 6 miles east-northeast of Otis, New Mexico.