

PRELIMINARY DOCKET: COMMISSION HEARING - THURSDAY - MARCH 20, 2003

9:00 A.M. - Porter Hall
1220 So. St. Francis Drive
Santa Fe, New Mexico

Land Commissioner, Patrick Lyons, may designate Jaimi Bailey as his representative for this hearing, or may participate himself.

Notice: The minutes of the February 27, 2003, Commission hearing 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.

Final action may be taken in the following:

CASE 12792: De Novo

Application of the New Mexico Oil Conservation Division for an Order Requiring Kelly H. Baxter to Properly Plug Seven (7) Wells, Imposing Civil Penalties in Event of Failure to Comply, Authorizing the Division to Plug Said Wells in Default of Compliance by Kelly H. Baxter or His Surety, and Ordering a Forfeiture of Applicable Plugging Bond; Lea County, New Mexico.

CASE 13029: Application of the New Mexico Oil Conservation Division for Amendment of Rule 1107 [Application for Multiple Completion (Form C-107)] The New Mexico Oil Conservation Division applies to the Oil Conservation Commission to amend Rule 1107 [Application for Multiple Completion (Form C-107)] to provide for a Form C-107A (Application for Downhole Commingling) and Form C-107B (Application for Surface Commingling). Application of the proposed rule and amendment is STATEWIDE.

CASE 13030: Application of the New Mexico Oil Conservation Division for Amendment of Rule 1209 [Continuance of Hearing without New Service] The New Mexico Oil Conservation Division applies to the Oil Conservation Commission to amend Rule 1209 [Continuance of Hearing without New Service] to delete references to the record. Application of the proposed rule and amendment is STATEWIDE.

CASE 13013: Continued from February 27, 2003, Commission Hearing.

Application of the New Mexico Oil Conservation Division for Amendment of Rule 711 [Applicable to Surface Waste Management Facilities Only]

The New Mexico Oil Conservation Division has applied to the Oil Conservation Commission to amend Rule 711 [Applicable to Surface Waste Management Facilities Only] to authorize commercial waste management facilities regulated by the Division to accept non-hazardous, non-oilfield wastes for disposition with prior Division approval. Application of the proposed amendment is STATEWIDE.

CASE 12828: De Novo – Continued from February 27, 2003, Commission Hearing.

Application of David H. Arrington Oil & Gas, Inc. for compulsory pooling, Lea County, New Mexico.

Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the following described acreage in Section 1, Township 15 South, Range 34 East, and in the following manner: the NE/4 NE/4 of Section 1 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated North Morton-Permo Pennsylvanian Pool and Undesignated Morton-Wolfcamp Pool; the N/2 NE/4 of Section 1 to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within that vertical extent, including the Undesignated Morton-Lower Wolfcamp Pool; the NE/4 of Section 1 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; and the E/2 of Section 1 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated North Morton-Atoka Gas Pool, Undesignated East Morton-Morrow Gas Pool, and Undesignated Morton-Mississippian Gas Pool. The units are to be dedicated to applicant's Big Black Ant Well No. 1, to be drilled at an orthodox location in the NE/4 of Section 1. 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 charge for the risk involved in drilling and completing the well. The units are located approximately 9½ miles northwest of Lovington, New Mexico. Upon application of Yates Petroleum Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 12816: De Novo

Application of TMBR/Sharp Drilling Inc. for compulsory pooling, Lea County, New Mexico.

Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the N/2 of Section 25, Township 16 South, Range 35 East, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within that vertical extent, including the Townsend-Morrow Gas Pool and the Townsend-Mississippian Gas Pool. This unit is to be dedicated to its Blue Fin "25" Well No. 1 which will be located at a standard location within Unit E 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 TMBR/Sharp Drilling Inc. as the operator of the well and a charge for risk involved in this well. This unit is located approximately 5-1/2 miles southwest of the center of the City of Lovington, New Mexico. Upon application of Ocean Energy, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 12841: De Novo

Application of Ocean Energy, Inc. for compulsory pooling, Lea County, New Mexico.

Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the W/2 of Section 25, Township 16 South, Range 35 East, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the Undesignated Townsend-Morrow Gas Pool. The unit is to be dedicated to applicant's Triple Hackle Dragon 25 Well No. 1, to be drilled at an orthodox location in the SW/4 NW/4 (Unit E) of Section 25. 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, a charge for the risk involved in drilling and completing the well, and the establishment of escrow accounts for the purpose of holding and disbursing funds pending resolution of a title dispute affecting the NW/4 of Section 25. The unit is located approximately 5 miles southwest of Lovington, New Mexico. Upon application of Ocean Energy, Inc., this