

3. **CASE 13957: De Novo**

(Continued from the January 15, 2009 Commission Meeting.)

Amended Application of Energen Resources Corporation to Amend the Cost Recovery Provisions of Compulsory Pooling Order No. R-1960, To Determine Reasonable Costs, and for Authorization To Recover Costs From Production Of Pooled Mineral Interests, Rio Arriba County, New Mexico. Applicant seeks an order amending the cost recovery provisions of Order No. R-1960 pooling all interests in the Pictured Cliffs formation, (Tapacito-Pictured Cliffs Gas Pool) underlying the SW/4 of Section 2, Township 25 North, Range 3 West, forming a standard 160-acre spacing and proration unit. Applicant proposes the amendment of the cost recovery provisions under the original version of Order No. R-1960 to reflect the current custom and practice of the industry and the Division which allows well operators to recover the reasonable costs of operations and supervision. Applicant also seeks authorization to sell a portion or all of the pooled working interest share of production of a non-selling mineral interest owner and to obtain reimbursement of costs therefrom. The lands that are the subject of the application are located approximately one mile west of Ojito, New Mexico. Upon application of JAS Oil and Gas Company, LLC, this case will be heard De Novo pursuant to the provisions of Division Rule 19.15.4.23.

4. **Case No. 14149: De Novo**

(Continued from the January 15, 2009 Commission Meeting.)

Application of El Paso E&P Company, L.P. to abolish the Van Bremmer Canyon-Vermejo Gas Pool, expand the Castle Rock Park-Vermejo Gas Pool, and to establish special rules and regulations for the Castle Rock Park-Vermejo Gas Pool, Colfax County, New Mexico. Applicant seeks an order (i) abolishing the Van Bremmer Canyon-Vermejo Gas Pool, (ii) expanding the horizontal extent of the Castle Rock Park-Vermejo Gas Pool to include acreage formerly within the Van Bremmer Canyon-Vermejo Gas Pool, (iii) expanding the horizontal extent of the Castle Rock Park-Vermejo Gas Pool to include additional acreage, and (iv) instituting special rules and regulations for the Castle Rock Park-Vermejo Gas Pool, including: (a) 160 acre well units; (b) wells to be located no closer than 10 feet to a quarter section line or an interior quarter-quarter section line; (c) two wells per well unit, subject to the directional drilling provisions of NMAC 19.15.3.111; (d) an administrative procedure for an exception to the well density provisions of the pool rules; and (e) a buffer zone where wells must be located in accordance with the Division's statewide well location rules. The Castle Rock Park-Vermejo Gas Pool, as expanded, will include the following lands:

Township 29 North, Range 18 East, N.M.P.M.

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|-----------------|------------------|
| Sections 1-3: | All |
| Section 4: | NE $\frac{1}{4}$ |
| Section 10: | E $\frac{1}{2}$ |
| Sections 11-14: | All |
| Sections 23-25: | All |

Township 29 North, Range 19 East, N.M.P.M.

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| Section 3: | W $\frac{1}{2}$ |
| Sections 4-9: | All |
| Section 10: | SW $\frac{1}{4}$ |
| Section 16: | W $\frac{1}{2}$ |
| Sections 17-20: | All |
| Section 21: | W $\frac{1}{2}$ |
| Section 30: | NW $\frac{1}{4}$ |

Township 30 North, Range 17 East, N.M.P.M.

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|-----------------|------------------|
| Sections 1-3: | All |
| Section 9: | SE $\frac{1}{4}$ |
| Sections 10-16: | All |
| Section 17: | NE $\frac{1}{4}$ |
| Section 21: | N $\frac{1}{2}$ |
| Section 22: | N $\frac{1}{2}$ |
| Section 23: | N $\frac{1}{2}$ |
| Section 24: | All |