

PRELIMINARY DOCKET: COMMISSION MEETING –THURSDAY – MARCH 12, 2009

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 February 24, 2009 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.

Final Action may be taken in De Novo Case 14106, Application of the New Mexico Oil Conservation Division for a Compliance Order Against Xeric Oil & Gas Corporation.

<p><i>Locator Key for Cases</i> <i>Case 13957 – No. 1</i> <i>Case 14149 – No. 2</i> <i>Case 14150 – No. 3</i></p>

1. **CASE 13957: De Novo**

(Continued from the February 24, 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.

2. **~~Case No. 14149: De Novo~~**

(Continued from the February 24, 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.

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.

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.

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

Township 30 North, Range 18 East, N.M.P.M.

Sections 3-29: All
Section 30: N $\frac{1}{2}$ and SE $\frac{1}{4}$
Section 32: N $\frac{1}{2}$ and SE $\frac{1}{4}$
Sections 33-36: All

Township 30 North, Range 19 East, N.M.P.M.

Section 7: All
Section 17: NW $\frac{1}{4}$
Section 18: All
Section 19: All
Section 20: All
Section 21: SW $\frac{1}{4}$
Section 28: W $\frac{1}{2}$ and SE $\frac{1}{4}$
Sections 29-32: All
Section 33: W $\frac{1}{2}$ and SE $\frac{1}{4}$

Township 31 North, Range 17 East, N.M.P.M.

Section 13: S $\frac{1}{2}$
Section 14: All
Sections 23-26: All
Section 27: NE $\frac{1}{4}$ and S $\frac{1}{2}$
Section 28: SE $\frac{1}{4}$
Section 33: E $\frac{1}{2}$
Sections 34-36: All

Township 31 North, Range 18 East, N.M.P.M.

Section 29: All
Section 30: W $\frac{1}{2}$ and SE $\frac{1}{4}$
Section 31: All
Section 32: All
Section 33: W $\frac{1}{2}$

The Castle Rock Park-Vermejo Gas Pool is centered approximately 31 miles west-southwest of Raton, New Mexico. Upon application of El Paso E&P Company, L.P., this case will be heard De Novo pursuant to the provisions of Division Rule 19.15.4.23.

3. Case No. 14150: De Novo

(Continued from the February 24, 2009 Commission Meeting.)

Application of El Paso E&P Company, L.P. to expand the Stubblefield Canyon Raton-Vermejo Gas Pool, and to establish special rules and regulations for the pool, Colfax County, New Mexico. Applicant seeks an order expanding the horizontal extent of the Stubblefield Canyon Raton-Vermejo Gas Pool, and instituting special rules and regulations for the 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 Stubblefield Canyon Raton-Vermejo Gas Pool, as expanded, will include the following lands:

Township 30 North, Range 19 East, N.M.P.M.

Section 3: NE $\frac{1}{4}$

Township 30 North, Range 20 East, N.M.P.M.

Section 3: N $\frac{1}{2}$ and SW $\frac{1}{4}$

Section 4: All

Section 10: NW $\frac{1}{4}$

Township 31 North, Range 19 East, N.M.P.M.

Sections 1-6: All

Section 7: N $\frac{1}{2}$ and SE $\frac{1}{4}$

Sections 8-17: All

Section 18: E $\frac{1}{2}$

Section 20: N $\frac{1}{2}$

Sections 21-28: All

Section 33: N $\frac{1}{2}$

Section 34: E $\frac{1}{2}$

Section 35: All

Section 36: NW $\frac{1}{4}$

Township 31 North, Range 20 East, N.M.P.M.

Sections 1-30: All

Sections 33-35: All

Section 36: NW $\frac{1}{4}$

Township 31 North, Range 21 East, N.M.P.M.

Section 2: NW $\frac{1}{4}$

Section 3: All

Section 4: N $\frac{1}{2}$ and SW $\frac{1}{4}$

Sections 5-8: All

Section 17: W $\frac{1}{2}$

Section 18: All

Section 19: All

Section 20: W $\frac{1}{2}$

Section 27: W $\frac{1}{2}$

Sections 28-30: All

Section 31: N $\frac{1}{2}$

Section 32: N $\frac{1}{2}$

Section 33: N $\frac{1}{2}$

Section 34: NW $\frac{1}{4}$