

**DOCKET: EXAMINER HEARING - THURSDAY – SEPTEMBER 17, 2009**

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

Santa Fe, New Mexico

Docket Nos. 34-09 and 35-09 are tentatively set for October 1, 2009 and October 15, 2009. 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.

***Locator Key for Cases***

***Case 14173 – No. 21***

***Case 14282 – No. 11***

***Case 14319 – No. 7***

***Case 14321 – No. 1***

***Case 14329 – No. 22***

***Case 14343 – No. 12***

***Case 14344 – No. 15***

***Case 14345 – No. 16***

***Case 14350 – No. 23***

***Case 14351 – No. 24***

***Case 14352 – No. 25***

***Case 14353 – No. 19***

***Case 14354 – No. 20***

***Case 14362 – No. 3***

***Case 14363 – No. 4***

***Case 14364 – No. 18***

***Case 14367 – No. 8***

***Case 14371 – No. 26***

***Case 14373 – No. 27***

***Case 14374 – No. 28***

***Case 14378 – No. 5***

***Case 14379 – No. 6***

***Case 14380 – No. 2***

***Case 14381 – No. 9***

***Case 14382 – No. 10***

***Case 14383 – No. 13***

***Case 14384 – No. 14***

***Case 14385 – No. 17***

**1. CASE 14321:** (Continued from the July 23, 2009 Examiner Hearing.)

***Application of the New Mexico Oil Conservation Division, Through the Enforcement and Compliance Manager, for a Compliance Order Against KEVIN O. BUTLER AND ASSOCIATES, INC [OGRID 12627],*** Finding that the Operator is in Violation of 19.15.8.9 & 19.15.25.8 NMAC as to 32 Wells; Requiring Operator to Plug All 39 of its wells Operated in the State of New Mexico By a Date Certain, and in the Event the Operator Fails to Do So, authorizing the Division to do so, forfeiting any applicable bonds, pursuant to Section 70-2-14(B) NMSA 1978, Eddy, Chaves and Lea Counties New Mexico. The Applicant seeks an Order finding that Operator is in violation of OCD Rules 19.15.8.9 & 19.15.25.8 NMAC as to 32 wells, and requiring KOB to plug and abandon each of the 39 wells it operates in the state of New Mexico by a date certain, or in the event that Operator fails to do so, pursuant to Section 70-2-14(B) NMSA 1978, authorizing the Division to plug operator's wells and forfeit any applicable financial assurance.

**THE SPECIFIC WELLS INVOLVED IN THIS MATTER INCLUDE THE FOLLOWING:**

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<b>Well Name:</b>	<b>API No.:</b>	<b>Coordinates: Latitude, Longitude (location approximation)</b>
AETNA EAVES #002	30-025-27789	32.8989288674046, -103.112458881402 (approx 13 mi SE Lovington, 3 mi W TX/NM border, 10 mi NE Hobbs)
ANDERSON #001	30-025-29953	32.9499100000000, -103.302540 (approx 6 mi E Lovington, just N highway 83)
ANDERSON 6 #001	30-025-29748	32.9449800000000, -103.296250 (same approx area as Anderson #001, above)
BYERS #001	30-025-33407	32.8969801818768, -103.068428058588 (approx 16 mi SE Lovington, 1 mi W TX/NM border)
DELMONT L HATFIELD #001	30-025-27487	32.9052851549496, -103.114973264276 (approx 14 mi SE Lovington, 5 mi W NM/TX border)
E B ANDERSON #001	30-025-22340	33.2197061093046, -103.142010761248 (approx 20 mi SE Tatum, 3 mi S of US380)
E B ANDERSON #002	30-025-22454	33.2160782296080, -103.142009205329 (same approx area as EB Anderson #001, above)
E B ANDERSON #003	30-025-29786	33.2142609959531, -103.144176738425 (same approx area as EB Anderson #001, above)
EAST EK UNIT #010	30-025-22766	32.7305343714765, -103.55363175 (approx 20 mi SW Lovington, 2 mi NW highway 529)
GANDHI FEDERAL #001	30-015-26243	32.7376137888976, -103.830519796306 (approx 25 mi SW Lovington, 10 m I S Maljamar)
LEA L STATE #001	30-025-01881	33.0188914253532, -103.479397762811 (approx 8 mi NW Lovington, 6 mi N junct. Highways 83/82 & 238)
MAXWELL #001	30-025-21186	33.2224276278113, -103.138759509919 (approx 18 mi SE Tatum, 10 mi W NM/TX border)
MAXWELL #002	30-025-23089	33.2215150893864, -103.142011562128 (same approx area as Maxwell #001, above)
NEW MEXICO X STATE #001	30-025-03941	32.8258445586223, -103.374749323026 (approx 8 mi SSW Lovington, 2 mi W highway 483)
NEW MEXICO X STATE #002	30-025-03942	32.8222164520395, -103.37473455633 (same approx area as NM X State #001, above)
NM DE STATE #001	30-025-21618	32.8368089645864, -103.293127712051 (approx 7 mi SE Lovington, 2 mi W N.Lovington Highway, 12 mi NW Hobbs)
NM DE STATE #002	30-025-21763	32.8367913663128, -103.297187271554 (same approx area as NM DE State #001, above)
NM DE STATE #003	30-025-21813	32.8404371099360, -103.293130642161 (same approx area as NM DE State #001, above)
PEERLESS ET AL COM #001	30-025-09007	32.3827440578113, -103.255159648353 (approx 12 mi SW Eunice, 10 mi S highway 8)
SOUTH CAPROCK QUEEN UNIT #003	30-005-00674	32.9789278860920, -103.857967448178 (approx 30 mi NE Artesia, 10 mi NW Maljamar)
SOUTH CAPROCK QUEEN UNIT #003	30-005-01190	33.0658694673017, -103.834342114387 (approx 15 mi NNW Maljamar, 25 mi NW Lovington)
SOUTH CAPROCK QUEEN UNIT #005	30-005-00670	32.9879543159149, -103.866552853205 (same approx area as S.Caprock Qun #015, below)
SOUTH CAPROCK QUEEN UNIT #010	30-005-00658	32.9852773140005, -103.85911425957 (same approx area as S.Caprock Qun #015, below)
SOUTH CAPROCK QUEEN UNIT #011	30-005-00657	32.9852782251265, -103.863365418553 (same approx area as S.Caprock Qun #015, below)
SOUTH CAPROCK QUEEN UNIT #012	30-005-01180	33.0567995477906, -103.832178624299 (same approx area as S.Caprock Queen #003, above)
SOUTH CAPROCK QUEEN UNIT #014	30-005-01163	33.0676989588541, -103.828929908646 (same approx area as S.Caprock Queen #003, above)
SOUTH CAPROCK QUEEN UNIT #014X	30-005-01193	33.0540864213152, -103.828932250121 (same approx area as S.Caprock Queen #003, above)
SOUTH CAPROCK QUEEN UNIT #015	30-005-00662	32.9825562925791, -103.859111565689 (approx 10 mi NW Maljamar, 12 mi N highway 82/83)
SOUTH CAPROCK QUEEN UNIT #015	30-005-01161	33.0677110981310, -103.824686808912 (same approx area as S.Caprock Queen #003, above)
SOUTH CAPROCK QUEEN UNIT #016	30-005-00661	32.9825552242302, -103.855867593483 (same approx area as S.Caprock Qun #017, below)
SOUTH CAPROCK QUEEN UNIT #017	30-005-21000	32.9870631417701, -103.856986131522 (approx 10 mi NW Maljamar, 25 mi WNW Lovington)
STATE 32 #001	30-025-26065	32.8763764669655, -103.68770580173 (approx 5 mi NE Maljamar, 1 mi SE highway 82/53, 20 mi SW Lovington)
STATE LAND 76 #001	30-025-00376	32.9557800, -103.734210 (approx 7 mi NE Maljamar, 18 mi W Lovington)
STATE LAND 76 #003	30-025-29066	32.9560400000000, -103.729900 (approx 20 mi W Lovington, 6 mi N highway 82/83)
STATE LAND 76 #004	30-025-29067	32.95937000, -103.726670 (same approx area as State Land 76#003, above)

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STATE LAND 76 #005	30-025-29208	32.9548700000000, -103.733130 (same approx area as State Land 76#003, above)
STATE R #001	30-025-01155	33.0737802718568, -103.604422400147 (approx 15 mi NW Lovington, 10 mi N highway 83/82)
STATE R #003	30-025-01157	33.0810313113126, -103.600204692167 (same approx area as State R #001, above)
V E RODDY #001	30-025-29869	32.9123091733285, -103.111624006688 (approx 10 mi ESE Lovington, 5 mi W NM/TX border)

2. **CASE 14380:** *Amended Application of the New Mexico Oil Conservation Division for a Compliance Order against Platinum Exploration, Inc. and/or Devonian Partners, LLC.* The Applicant seeks an order under NMSA 1978, Section 70-2-14(B) finding that the operator is in violation of 19.15.25 NMAC or 19.15.7.24 NMAC, 19.15.8.9 NMAC, 19.15.29.11 NMAC, 19.15.16.8 NMAC, and 19.15.9.8-9 NMAC, requiring operator to return its wells to compliance or properly plug and abandon all the wells it operates in New Mexico by a date certain, and in the event of non-compliance authorizing the division to plug and abandon the wells and forfeit the applicable financial assurance. The affected wells are: Barnhill #001, L-1-14S-37E, 30-025-28198; Cooper #001, 3-2-17S-38E, 30-025-28166; Gulf State #003, 3-4-16S-38E, 30-025-07270; O A Woody #001, E-35-16S-38E, 30-025-26361; Post #001, N-1-14S-37E, 30-025-27984; Post #002, M-1-14S-37E, 30-025-28295; Post #003, D-12-14S-37E, 30-025-28576; Rose Eaves #002, P-35-16S-38E, 30-025-07291; Smith #001, F-13-14S-37E, 30-025-28478; Warren State #001, P-35-15S-37E, 30-025-34034. The Barnhill #001 and the Post #001, #002 and #003 are located approximately 12 miles northeast of Lovington. The Cooper #001 is located approximately 10 miles North of Hobbs. The remaining wells are located approximately 10 miles East of Lovington. All of the wells are located in Lea County, New Mexico.
3. **CASE 14362:** *(Continued from the August 20, 2009 Examiner Hearing.)*  
**Application of Chesapeake Operating, Inc. for statutory unitization of the Carter-Shipp Strawn Unit Area, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all mineral interest in the Strawn formation underlying 360 acres, more or less, of fee lands in the following acreage:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

Section 21:	SE/4 SE/4
Section 27:	NW/4
Section 28:	NE/4

Said unit to be designated the Carter-Shipp Strawn Unit. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the designation of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a non-consent penalty for risk to be charged against carried working interests within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said unit area is located approximately 7 miles Southeast of Lovington, New Mexico.

4. **CASE 14363:** *(Continued from the August 20, 2009 Examiner Hearing.)*  
**Application of Chesapeake Operating, Inc. for approval of a waterflood project and qualification of the Project Area of the Carter-Shipp Strawn Unit for the Recovered Oil Tax Rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval of its Carter-Shipp Strawn Waterflood Project by injection of water into the Strawn formation through one injection well located in the following described area:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

Section 21:	SE/4 SE/4
Section 27:	NW/4
Section 28:	NE/4

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the unit area without the necessity of further hearings and the adoption of any provisions necessary for such other matters as may be appropriate for said waterflood operations. Applicant further seeks to qualify the project area for the Recovered Oil Tax Rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said area is located approximately 7 miles Southeast of Lovington, New Mexico.