

DOCKET: EXAMINER HEARING - THURSDAY – JUNE 24, 2010

8:15 A.M. - 1220 South St. Francis
Santa Fe, New Mexico

Docket Nos. 23-10 and 24-10 are tentatively set for July 8, 2010 and July 22, 2010. Applications for hearing must be filed at least 30 days in advance of hearing date. OCD Rule 19.15.4.13 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 at the applicant's request. The following cases will be heard by an Examiner.

Locator Key for Cases

Case 14438 – No. 7
Case 14462 – No. 8
Case 14474 – No. 4
Case 14476 – No. 6
Case 14494 – No. 1
Case 14495 – No. 2
Case 14496 – No. 3
Case 14497 – No. 5

1. **CASE 14494:** *Application of VPR Operating, LLC to establish a waterflood project in the Sawyer West Field in Lea County, New Mexico.* VPR Operating, LLC seeks an order approving a waterflood project for secondary recovery in the Slaughter zone in the San Andres formation in the NW/NW, SW/NW, and E/2 of the NW/4 and NE/4 of Section 27 and the N/2 of the N/2 and the S/2 of the N/2 and S/2 of Section 28, Township 9 South, Range 37 East, NMPM. VPR Operating, LLC seeks approval of the conversion of six producing wells to injection wells, a proposed maximum daily rate of injection into the Slaughter zone of 2,000 barrels of water per day per well, and a proposed maximum injection pressure per well of 1,500 psi. The shallowest perforation in a well that will be utilized for injection is 4,933 feet. The proposed waterflood project is located approximately nineteen (19) miles Northeast of Tatum, New Mexico.
2. **CASE 14495:** *Application of Torch Energy Services, Inc. for approval of a Unit Agreement, Roosevelt County, New Mexico.* Applicant seeks approval of the San Juan Mesa 4-30 Exploratory Unit from the surface to the base of the Fusselman-Montoya formation in an area comprising 9160 acres of State of New Mexico and Fee lands in Sections 1,3, 9, 10, 11, 12, 14, 15, 16, 17, 20, 21, 22, 23, 26, 27, 28 and 29 in Township 4 South, Range 30 East, NMPM, which is located approximately 12 miles West of Elida, New Mexico.
3. **CASE 14496:** *Application of Mewbourne Oil Company for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.* Applicant in the above-styled cause seeks an order (1) creating a non-standard spacing unit comprised of the S/2 N/2 of Section 36, Township 19 South, Range 29 East, NMPM, and (2) pooling all mineral interests in the Bone Spring formation, Parkway-Bone Spring Pool, in this non-standard spacing and proration unit which spacing unit will be the project area for the Three Palms "36" State Com Well No. 2H to be horizontally drilled from a surface location 1980 feet from the North line and 330 feet from the East line (Unit H) and then in a westerly direction in the Bone Spring formation to a bottom hole terminus at a location 2270 feet from the North line and 330 feet from the West line (Unit E) of said Section 36. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Mewbourne Oil Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 10 miles Northeast of Carlsbad, New Mexico.
4. **CASE 14474:** *(Continued from the May 27, 2010 Examiner Hearing.) Application of Mewbourne Oil Company for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.* Applicant seeks an order (1) creating a non-standard spacing unit comprised of the N/2 N/2 of Section 36, Township 19 South, Range 29 East, NMPM, and (2) pooling all mineral interests in the Bone Spring formation, Parkway-Bone Spring Pool, in this non-standard spacing and proration unit which spacing unit will be the project area for the Three Palms "36" State Com Well No. 3-H to be horizontally drilled from a surface location 660 feet from the North line and 330 feet from the East line (Unit A) and then in a westerly direction in the Bone Spring formation to a bottom hole

terminus at a location 660 feet from the North line and 330 feet from the West line (Unit D) of said Section 36. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Mewbourne Oil Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 10 miles Northeast of Carlsbad, New Mexico.

5. **CASE 14497:** *Application of David H. Arrington Oil & Gas Inc. for compulsory pooling, Lea County, New Mexico.*

Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing unit located in the S/2 of Section 26, Township 15 South, Range 34 East, N.M.P.M., Lea County, New Mexico: the S/2 for all formations and/or pools developed on 320-acre spacing within this vertical extent including the North Eidson Morrow Gas Pool, the Undesignated North Hume Morrow Gas Pool and the Undesignated Grassland Austin Gas Pool; and the SE/4 for all formations and/or pools developed on 160-acre spacing within this vertical extent. Said unit is to be dedicated to its Green Eyed Squealy Worm Well No. 1 to be re-entered 1974 feet from the South line and 1129 feet from the East line of said Section 26. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of David H. Arrington Oil & Gas Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 3 miles West of Lovington, New Mexico.

6. **CASE 14476:** *(Continued from the May 27, 2010 Examiner Hearing.)*

Application of Devon Energy Production Company, L.P. for approval of a pilot infill drilling project in the Pictured Cliffs formation in a portion of the Northeast Blanco Unit, Rio Arriba and San Juan Counties, New Mexico. Applicant seeks approval to institute a pilot infill drilling project in the Pictured Cliffs formation, to allow two wells in a standard 160 acre gas spacing unit. The project area comprises all of Sections 6, 7, 18-20, and 30 in Township 31 North, Range 6 West, N.M.P.M., and all of Section 1, the N/2 of Section 10, and all of Sections 11-15, 22-27, and 34-36, Township 31 North, Range 7 West, N.M.P.M. The project area is centered approximately 12 miles Northeast of Archuleta, New Mexico.

7. **CASE 14438:** *(Continued from the May 27, 2010 Examiner Hearing.)*

Application of Devon Energy Production Company, L.P. for pool creation, a discovery allowable, and special pool rules, Eddy County, New Mexico. Applicant seeks an order (a) creating a new pool for production of oil from the Bone Spring formation, to be named the Angell Ranch-Bone Spring Pool, comprising the NW/4 of Section 25, Township 19 South, Range 27 East, N.M.P.M., (b) granting applicant a discovery allowable, and (c) establishing special rules and regulations for the pool, including (i) spacing of 80 acres, (ii) wells to be located no closer than 330 feet to a quarter-quarter section line, and (iii) a gas:oil ratio of 10,000 cubic feet of gas for each barrel of oil produced. The discovery well for the pool is the Guardian 25 State Com. Well No. 1 (API No. 30-015-36577), which was drilled at a location 1980 feet from the north line and 1980 feet from the west line of Section 25. Applicant requests that the pool rules be made effective retroactive to the date of first Bone Spring production from the discovery well. The proposed pool is located approximately 7-1/2 miles East of Lakewood, New Mexico.

8. **CASE 14462:** *(Continued from the June 10, 2010 Examiner Hearing.)*

Application of Yates Petroleum Corporation to rescind Administrative Order No. SWD-247, Eddy County, New Mexico. Applicant, in the above-styled cause seeks an order rescinding SWD-247 that authorizes the injection of produced water for disposal in the Bone Spring formation in the Dorstate Well No. 1 (API No. 30-015-23728) located in Unit H, 1980 feet from the North line and 660 feet from the East line of Section 27, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico. Said well is located approximately 8 miles South of Malaga, New Mexico.