

DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 2, 2010

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

Docket No. 39-10 is tentatively set for December 16, 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 14520 - No. 7
Case 14524 - No. 9
Case 14544 - No. 8
Case 14551 - No. 10
Case 14554 - No. 2
Case 14565 - No. 3
Case 14566 - No. 5
Case 14571 - No. 1
Case 14573 - No. 4
Case 14574 - No. 6

1. **CASE 14571:** (Continued from the November 18, 2010 Examiner Hearing.)
Application of BC Operating, Inc. for Authorization to Inject Water for Lease Pressure Maintenance Operations and Designation of a Project Area, Lea County, New Mexico. Applicant seeks approval to convert the following well for the injection of water for lease pressure maintenance operations in the San Andres Formation, Lovington Grayburg-San Andres Pool (40580) and designation of the E/2 NE/4 of Section 11 Township 17 South, Range 36 East NMPM Lea County, New Mexico as the project area for the pressure maintenance operations:

Angell Well No. 3

API No. 30-025-39690
1650' FNL and 660' FEL (Unit H)
Section 11
T-17-S, R-36-E, NMPM
Lea County, New Mexico

The well and lands are located approximately eight miles Southeast of Lovington, New Mexico.

2. **CASE 14554:** (Continued and Readvertised)
Application of Mewbourne Company to abolish the Seven Rivers-Yeso Pool and the Cemetery-Yeso Pool and expand the North Seven Rivers Glorieta-Yeso Pool, and to establish special rules and regulations for the North Seven Rivers Glorieta-Yeso Pool, Eddy County, New Mexico. Applicant seeks an order (i) abolishing the Seven Rivers-Yeso Pool, comprised of the NW/4 of Section 26, the E/2 of Section 27, and all of Section 34, Township 19 South, Range 25 East, NMPM, (ii) abolishing the Cemetery-Yeso Pool, comprised of the SE/4 of Section 11, Township 20 South, Range 25 East, NMPM, and (iii) expanding the North Seven Rivers Glorieta-Yeso Pool to include the acreage in the abolished pools together with additional acreage, so that it will comprise the following lands:

Township 19 South, Range 24 East, NMPM
Section 36: SE/4

*Scott Hall - Mewbourne
O'Connor - Foster*

Township 19 South, Range 25 East, NMPM

Section 15: SW/4
 Section 16: NE/4
 Section 22: All
 Section 23: S/2
 Section 24: W/2
 Section 26: W/2
 Section 27: All
 Section 31: SW/4
 Section 34: All
 Section 35: All
 Section 36: NW/4

Township 19 South, Range 26 East, NMPM

Section 30: W/2

Township 20 South, Range 25 East, NMPM

Section 2: W/2
 Section 3: All
 Section 4: S/2
 Section 5: S/2
 Section 7: NE/4
 Section 9: All
 Section 10: All
 Section 11: SE/4
 Section 14: W/2
 Section 15: All
 Section 22: NW/4

Applicant further seeks approval of special pool rules and regulations for the expanded North Seven Rivers Glorieta-Yeso Pool providing for a special depth bracket allowable of 240 barrels of oil per day for a standard 40 acre spacing unit. The expanded North Seven Rivers Glorieta-Yeso Pool is centered approximately 3 miles West-Northwest of Seven Rivers, New Mexico.

3. **CASE 14565:** (Continued from the November 18, 2010 Examiner Hearing.)

Application of Mewbourne Company for approval of a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order approving an 80-acre non-standard oil spacing and proration unit (project area) in the Yeso formation comprised of the N/2 NW/4 of Section 10, Township 20 South, Range 25 East, NMPM. Applicant further seeks the pooling of all mineral interests (i) from the surface to the top of the Yeso formation underlying the NW/4 NW/4 of Section 10 to form a standard 40-acre oil spacing and proration unit, and (ii) the Yeso formation underlying the N/2 NW/4 of Section 10 to form a non-standard 80-acre oil spacing and proration unit (project area), for all pools or formations developed on 40-acre spacing within that vertical extent. The units are to be dedicated to the Long Draw 10 DC Fed. Well No. 1, a horizontal well with a surface location in the NE/4 NE/4 of offsetting Section 9, and a terminus in the NE/4 NW/4 of Section 10. 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 200% charge for the risk involved in drilling and completing the well. The units are located approximately 3 miles West of Seven Rivers, New Mexico.

4. **CASE 14573: Application of Cimarex Energy Co. for a Non-Standard Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico.** Applicant seeks an order consolidating the 40-acres spacing units within the E/2W/2 of Section 15, Township 18 South, Range 32 East and designating a consolidated units as a 160-acre non-standard oil spacing and proration unit for a well locations in the Bone Springs formation for Applicant's horizontal drilling project area. Applicant further seeks the compulsory pooling of all interest in the Bone Springs formations, including the Parkway-Bone Springs Pool (49622), underlying the E/2W/2 of this section to be dedicated to its North Young 15 Federal Com Well No. 2-H to be drilled horizontally from a surface location (Unit N) 330 feet FSL and 1980 feet FWL to a bottom hole location (Unit C) 330 feet FNL and 1980 feet FWL within this section and to a depth sufficient to test the Bone Springs formation. Also to be considered will be the costs of the drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Cimarex Energy Co. as the operator of the well and, pursuant to Commission Order R-11992, a risk charge of 200% for the risk involved in this well. This unit is located approximately seven miles South of Maljamar, New Mexico.