

DOCKET: COMMISSION HEARING – FRIDAY – MARCH 24, 2000

**9:00 A.M. - OCD Hearing Room
2040 S. Pacheco
Santa Fe, New Mexico**

The Land Commissioner's designee for this hearing will be Jami Bailey.

The minutes of the February 25, 2000, Commission hearing will be adopted.

The Oil Conservation Commission may vote to close the open meeting to deliberate any De Novo cases heard at this hearing.

The Commission will close the meeting to discuss the following cases:

CASE 12347: The Oil Conservation Division is calling a hearing to consider proposed April, 2000 – September, 2000 gas allowables for the prorated gas pools in New Mexico. Allowable assignment factors are being distributed with an OCD Memorandum dated February 4, 2000. If requests for changes are not received at the February 25, 2000 hearing, these factors will be used to assign allowables for the April - September period.

CASE 11996: Application of Pendragon Energy Partners, Inc. and J. K. Edwards Associates, Inc. to confirm production from the appropriate common source of supply, San Juan County, New Mexico.

CASE 12033: Application of Public Service Company of New Mexico for review of Oil Conservation Division directive dated March 13, 1998 directing applicant to perform additional remediation for hydrocarbon contamination, San Juan County, New Mexico.

CASE 12346: Continued from February 25, 2000, Commission Hearing. This case will be readvertised and continued to the April 28, 2000 Commission Hearing in order to comply with New Mexico State Records Center rules regarding publishing in the New Mexico Register. Comments and statements will be take at the March 24th Commission Hearing. Written comments will be accepted until March 17, 2000.

Application of the Oil Conservation Division to Amend Rule 303.C through 303.H (19 NMAC 15.E.303) The Division's downhole commingling workgroup will report to the Commission its recommendations for amendments to the Division's rules governing downhole commingling. This matter will then be continued to a subsequent Commission hearing at which time the Commission will hear public comment and testimony. The workgroup's recommended draft rule may be accessed on the internet at the Division's website at: www.emnrd.state.nm.us/ocd.

CASE 12299: Continued from February 25, 2000, Commission Hearing. De Novo

Application of Redwolf Production, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the following described acreage in Section 36, Township 26 North, Range 13 West, in the following manner: (a) the N/2 for all formations and/or pools developed on 320-acre spacing within that vertical extent including the Basin-Fruitland Coal Gas Pool; (b) the NE/4 for all formations and/or pools developed on 160-acre spacing within that vertical extent including the Undesignated WAW-Fruitland Sand-Pictured Cliffs Pool; and (c) the NE/4 NE/4 for all formations and/or pools developed on 40-acre spacing within that vertical extent. The units are to be dedicated to its Bear Well No. 1 to be drilled at a standard location in the NE/4 NE/4 (Unit A) of Section 36. 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 Redwolf Production, Inc. Company as operator of the well and a charge for risk involved in drilling and completing the well. The area is located approximately 16 miles southwest of Farmington, New Mexico. Upon application of Maralex Resources, Inc. this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 12008: De Novo Continued from January 21, 2000 Commission Hearing

Application of Robert E. Landreth for a determination of reasonable well costs, Lea County, New Mexico. Applicant, as a mineral interest owner in the standard 320-acre gas spacing and proration unit comprising the S/2 of Section 29, Township 22 South, Range 34 East, seeks an order ascertaining the reasonableness of actual well costs for: (i) the Santa Fe Energy Resources, Inc. Gaucho Unit Well No. 2-Y (API No. 30-025-34026), located 1650 feet from the South line and 1725 feet from the West line (Unit K) of Section 29; and (ii) the plugged and abandoned Gaucho Unit Well No. 2 (API No. 30-025-33682), located 1650 feet from the South and West lines (Unit K) of Section 29. This 320-acre unit was the subject of compulsory pooling Order No. R-10764, dated February 14, 1997. This area is located approximately 20 miles west by south of Eunice, New Mexico. Upon application of Robert E. Landreth, this case will be heard De Novo pursuant to the provisions of Rule 1220.