

PRELIMINARY DOCKET: COMMISSION HEARING – FRIDAY – MAY 24, 2002

9:00 A.M. – Porter Hall
1220 So. St. Francis
Santa Fe, New Mexico

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

The minutes of the April 26, 2002, Commission hearing will be adopted.

This 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.

CASE 12459: De Novo – Continued from April 26, 2002, Commission Hearing.

Application of the Oil Conservation Division for an order requiring I. T. Properties to properly plug one well, Eddy County, New Mexico. Applicant seeks an order requiring I. T. Properties to appear and show cause why one (1) well located in Section 23, Township 19 South, Range 28 East, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug these wells, the Division seeks an order (i) requiring operator to properly plug these wells; (ii) authorizing the Division to plug these wells; (iii) ordering a forfeiture of the plugging bond, and (iv) assessing fines for failure to comply with the order. *In The Absence of Objection, This Case Will be Taken Under Advisement.* Upon application of I. T. Properties, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 12867: The hearing on this matter will be held on July 19, 2002.

Application of the Oil Conservation Division to amend and adopt rules pertaining to surface commingling. Applicant seeks the repeal of current Rules 303.B (19 NMAC 15.5.303.B) including the "Manual for the Installation and Operation of Commingling Facilities," 309.B (19 NMAC 15.5.309.B) and 309.C (19 NMAC 15.5.309.C), the amendment of Division Rule 303 (19 NMAC 15.5.303) and the adoption of new Rule 315 and new Form C-107-B pertaining to surface commingling. A copy of the proposed new rules and Form C-107-B may be accessed on the internet on the Division homepage at: www.emnrd.state.nm.us/ocd. A public hearing on the proposed new rules will be held in Porter Hall, 1220 S. Saint Francis Drive, Santa Fe, New Mexico, at 9:00 A.M. on July 19, 2002. Written comments will be accepted until July 19, 2002 by the Oil Conservation Division, 1220 S. Saint Francis Dr., Santa Fe, New Mexico 87505, attn: Commission Secretary

CASE 12828: De Novo

Application of David H. Arrington Oil & Gas, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the following described acreage in Section 1, Township 15 South, Range 34 East, and in the following manner: the NE/4 NE/4 of Section 1 to form a standard 40-acre oil spacing and proration unit for any and all

formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated North Morton-Permo Pennsylvanian Pool and Undesignated Morton-Wolfcamp Pool; the N/2 NE/4 of Section 1 to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within that vertical extent, including the Undesignated Morton-Lower Wolfcamp Pool; the NE/4 of Section 1 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; and the E/2 of Section 1 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated North Morton-Atoka Gas Pool, Undesignated East Morton-Morrow Gas Pool, and Undesignated Morton-Mississippian Gas Pool. The units are to be dedicated to applicant's Big Black Ant Well No. 1, to be drilled at an orthodox location in the NE/4 of Section 1. 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 charge for the risk involved in drilling and completing the well. The units are located approximately 9½ miles northwest of Lovington, New Mexico. Upon application of Yates Petroleum Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.