Examiner Hearing -September 29, 2011 Docket No. 28-11 Page 2 of 8

- 3. CASE 14733: Application of COG Operating LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order for the compulsory pooling of all interests in those depths from 2,000 feet below the surface of the earth to 5,000 feet below the surface within Unit M of Section 36, T 17S, R 27E. The Applicant proposes to drill the following wells: 1) Big Boy State #1 well at a location of 990' FSL and 990' FWL,; (2) Big Boy State #2 well at a location of 330' FSL and 330' FWL; (3) Big Boy State #3 well at a location of 990' FSL and 330' FWL; and (4) Big Boy State #4 well at a location of 330' FSL and 990' FWL, or other legal locations, within Unit M (SW/4 SW4) to a depth of approximately 4,990 feet below ground level to produce from the Blinebry/Paddock Formations in the Northeast Red Lake-Glorieta-Yeso Pool. COG proposes to dedicate the Unit to the proposed Big Boy State #1 well. Also to be considered will be the cost of drilling and completing each well and the allocation of the costs thereof, the actual operating costs, charges for supervision, designation of COG Operating LLC as operator and a charge for the risk involved in drilling each well. The proposed wells and lands are located approximately ten miles east and three and one-half miles south of Artesia, New Mexico.
- 4. CASE 14734: Application of Burlington Resources Oil & Gas Company LP ("Burlington") for Compulsory Pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Gallup formation underlying the SE/4 and Dakota formations underlying Lots 1 and 2 and S/2NE/4 (the E/2 equivalent) of Section 2, T29N, R9W, NMPM, San Juan County, New Mexico, forming a standard 320.39-acre gas spacing and proration unit for the Dakota formation spaced on 320-acre spacing and a standard 160-acre gas spacing and proration units for the Gallup formation spaced on 160-acre spacing. These units are to be dedicated to its Huerfano Unit Com Well No. 311 (API # 30-045-35291) to be drilled and completed at a standard surface well in Unit I and to downhole commingled wellbore for production from Dakota and Gallup formations. In addition, Burlington requests that the Division adopt cost and production allocation procedures between the Gallup and Dakota, a COPAS accounting procedure with the annual COPAS overhead cost adjustment, payment default provisions and future proposed recompletions provisions. Also to be considered will be the costs of drilling and completing said wells and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and, pursuant to Commission Order R-11992, a charge 200% charge for the risk involved in this well. These spacing units are located approximately 1-1/2 miles East from Dzilth-Na-O-Dith-Hle and approximately 30 miles Southeast of Bloomfield, New Mexico.
- 5. <u>CASE 14735</u>: Application of Apache Corporation for approval of a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Unit Agreement for the West Tatum State Exploratory Unit Area, comprising 4440 acres of state lands covering all or part of Sections 14, 23, 25, 26, and 34-36, Township 12 South, Range 35 East, NMPM. The proposed unit area is centered approximately 3-1/2 miles west of Tatum, New Mexico.
- 6. CASE 14736: Application of Mewbourne Oil 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 a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the N/2 N/2 of Section 11, Township 18 South, Range 31 East, NMPM. Applicant further seeks the pooling of all mineral interests from the base of the Second Bone Spring Carbonate to the base of the Bone Spring formation underlying the N/2 N/2 of Section 11 to form a non-standard 160 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 Tamano 11 Fed. Com. Well No. 1, a horizontal well with a surface location in the NE/4 NE/4, and a terminus in the NW/4 NW/4, of Section 11. 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 unit is located approximately 9 miles east-southeast of Loco Hills, New Mexico.
- 7. <u>CASE 14737</u>: Application of Basic Energy Services, L.P. for approval of a salt water disposal well, Eddy County, New Mexico. Applicant seeks an order proposing to convert to water disposal its F.M. Robinson Fed. Com Well No. 1, located 1825 feet from the south line, 2235 feet from the west line of Section 27, Township 17 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. The disposal zones shall be at depths from 9,020 feet below the surface of the earth to 12,065 feet, and include the Cisco, Strawn, Atoka, Devonian and Silurian zones. The well is located approximately 3 miles southeast of Loco Hills, New Mexico.
- 8. CASE 14738: Application of EOG Resources, Inc. for Simultaneous Dedication and an exception to the Special Rules and Regulations for the Red Hills-Bone Spring Pool, Lea County, New Mexico. Applicant in the above-styled cause seeks an order allowing an exception to the special rules and regulations governing the Red Hills-Bone Spring Pool for a 480-acre project area comprised of the W/2 of Section 31, Township 24 South, Range 34 East, and the NW/4 of Section 6, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico. Applicant seeks authority to drill and complete multiple horizontal wells at unorthodox locations in the Red Hills-Bone Spring Pool underlying this 480 acre project area provided that the producing interval for any such wells are located no closer than 330 feet from the outer boundary of the designated project area. Said area is located approximately 20 miles West of Jal, New Mexico.