

Examiner Hearing – June 7, 2012

Docket No. 17-12

Page 2 of 6

Section 24: NW/4NE/4 (USA NM 04443-B)
Section 24: N/2NW/4 (USA NM 04407-A)
containing 2431.2 acres, more or less.

2. **CASE 14854: Application of Lime Rock Resources II-A, LP, for approval of a salt water disposal well, Eddy County, New Mexico.** Applicant seeks an order proposing to re-enter an existing plugged and abandoned wellbore, to convert to a salt water disposal its Oxy Peso #1, located 1650 feet from the North line and 1850 feet from the West line, Unit F, Section 24, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico. The well is located approximately 16 miles southeast of Artesia, New Mexico.
3. **CASE 14855: Application of COG Operating LLC for Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in the SW/4 NE/4 of Section 16, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico, to form a standard 40-acre spacing and proration unit for any and all formations and or pools developed on 40 acres from the surface to the base of the Glorieta-Yeso formation, Mar Loco Glorieta Pool (79866). The referenced unit will be dedicated to the Burkett 16 State No. 1 Well to be drilled at a standard location 1650' from the North and East lines of Section 16. 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 COG Operating LLC as operator of the well and a charge for risk involved in drilling the well. The proposed well location is approximately 6 miles northeast of Loco Hills, New Mexico.
4. **CASE 14832: (Continued from the May 10, 2012 Examiner Hearing.)**
Application of SM Energy Company for designation of a non-standard oil spacing and proration unit and for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order consolidating the 40-acre spacing units within the N/2 S/2 of Section 34, Township 19 South, Range 29 East, NMPM and designating the consolidated units as a 160-acre± non-standard oil spacing and proration unit for a well location in the Bone Spring formation for Applicant's horizontal drilling project area. Applicant further seeks the compulsory pooling of all interests in the Bone Spring formation underlying the N/2 S/2 of Section 34 to be dedicated to its Osage "34" Federal No. 3H Well to be drilled horizontally from a surface location 1880' from the South line and 330' from the West line (Unit L) to a bottomhole location 1980' from the South line and 330' from the East line (Unit I) to a depth sufficient to test the Bone Spring formation, Parkway Bone Spring pool (49622). 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 SM Energy Company as operator and a charge for risk involved in drilling the well. The proposed well and lands are located approximately 8 miles west of Gatuna Canyon, New Mexico.
5. **CASE 14814: (Continued from the May 10, 2012 Examiner Hearing.)**
Application of SM Energy Company for designation of a non-standard oil spacing and proration unit and for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order consolidating the 40-acre spacing units within the N/2 S/2 of Section 35, Township 19 South Range 29 East, NMPM and designating the consolidated units as a 160-acre± non-standard oil spacing and proration unit for a well location in the Bone Spring formation for Applicant's horizontal drilling project area. Applicant further seeks the compulsory pooling of all interests in the Bone Spring formation underlying the N/2 S/2 of Section 35 to be dedicated to its Parkway "35" Federal No. 3H Well to be drilled horizontally from a surface location 2080' from the South line and 330' from the West line (Unit L) to a bottom hole location 1980' from the South line and 330' from the East line (Unit I) to a depth sufficient to test the Bone Spring formation, Parkway Bone Spring pool (49622). 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 SM Energy Company as operator and a charge for risk involved in drilling the well. The proposed well and lands are located approximately 7 miles west of Gatuna Canyon, New Mexico.
6. **CASE 14856: Application of SM Energy Company for designation of a non-standard oil spacing and proration unit and for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order consolidating the 40-acre spacing units within the S/2 S/2 of Section 35, Township 19 South Range 29 East, NMPM and designating the consolidated units as a 160-acre± non-standard oil spacing and proration unit for a well location in the Bone Spring formation for Applicant's horizontal drilling project area. Applicant further seeks the compulsory pooling of all interests in the Bone Spring formation underlying the S/2 S/2 of Section 35 to be dedicated to its Parkway "35" Federal Com No. 4H Well to be drilled horizontally from a surface location 450' from the South line and 330' from the West line (Unit M) to a bottom hole location 660' from the South line and 330' from the East line (Unit P) to a