

DOCKET: EXAMINER HEARING - THURSDAY - AUGUST 23, 2012

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

Docket Nos. 28-12 and 29-12 are tentatively set for September 6, 2012 and September 20, 2012. Applications for hearing must be filed at least 30 days in advance of hearing date. OCD Rule 19.15.4.13.B 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. The following cases will be heard by an Examiner:

<p><i>Locator Key for Cases</i> <i>Case 14857 – No. 1</i> <i>Case 14884 – No. 2</i> <i>Case 14885 – No. 3</i> <i>Case 14886 – No. 4</i> <i>Case 14887 – No. 5</i> <i>Case 14888 – No. 6</i></p>

1. **CASE 14857:** *(Continued from the July 26, 2012 Examiner Hearing.)*
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 an 160-acre non-standard oil spacing and proration unit (project area) in the Delaware formation comprised of the W/2 W/2 of Section 35, Township 23 South, Range 28 East, NMPM. Applicant further seeks the pooling of all mineral interests (i) from the surface to the base of the Delaware formation underlying the SW/4 SW/4 of Section 35 to form a standard 40 acre oil spacing and proration unit, and (ii) the Delaware formation underlying the W/2W/2 of Section 35 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 Layla 35 MD Fee Com. Well No. 1, a horizontal well with a surface location in the SW/4 SW/4, and a terminus in the NW/4 NW/4, of Section 35. 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 2-1/2 miles north-northeast of Malaga, New Mexico.
2. **CASE 14884:** **Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.** Mewbourne Oil Company seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the W/2 of Section 15, Township 25 South, Range 28 East, NMPM, to form a standard 320 acre gas spacing and proration unit for all pools or formations developed on 320 acre spacing within that vertical extent. The unit is to be dedicated to the San Lorenzo 15 DM Fee Com. Well No. 1, a horizontal well with a surface location in the NW/4 NW/4, and a terminus in the SW/S W/4, of Section 15. 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 7 miles south of Malaga, New Mexico.
3. **CASE 14885:** **Application of COG Operating LLC for the creation of a new pool, special pool rules, the contraction of the Grayburg-Jackson-Seven Rivers-Queen-Grayburg-San Andres-Glorieta-Yeso (Paddock) Pool, and cancellation of overproduction, Eddy County, New Mexico.** Applicant seeks an order establishing a new pool within the Grayburg-Jackson West Cooperative Unit from the top of the Glorieta to the top of the Abo formation. Within the new pool, Concho seeks special rules allowing for a depth bracket allowable of 300 barrels of oil per day and a limiting gas: oil ratio of 3000 to 1. Concho also seeks the contraction of the Grayburg-Jackson-Seven Rivers-Queen-Grayburg-San Andres-Glorieta-Yeso (Paddock) Pool to extend from the top of the Seven Rivers formation to the top of the Glorieta formation. Also, Concho seeks cancellation of overproduction. The pool is located approximately 18 miles East of Artesia, New Mexico.
4. **CASE 14886:** **Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard 160-acre, more or less, spacing and proration unit comprised of the N/2 N/2 of Section 6, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico; and (2) pooling all mineral interests in the 2nd Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed Haas 6 Federal Com #1H Well to be horizontally

drilled from a surface location 330 feet from the North line and 380 feet from the East line to a bottom hole location 380 feet from the North line and 330 feet from the West line of Section 6. The completed interval for this well will be at a standard location as required by the rules. 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 COG Operating LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 13 miles southeast of Loco Hills, New Mexico.

5. **CASE 14887: Application of COG Operating LLC for a standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order creating a standard 40-acre spacing and proration unit comprised of the SW/4 SW/4 of Section 4, Township 19 South, Range 26 East, NMPM, Eddy County, New Mexico, and pooling all mineral interests from the surface to the base of Glorieta-Yeso formation underlying this acreage. Said standard unit is to be dedicated to applicant's proposed Sherman 4 Fee #1 Well (API# 30-015-39589) to be vertically drilled from a surface location 612 feet from the South line and 380 feet from the East line (Unit M) of Section 4. 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 COG Operating LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 10 miles Southeast of Artesia, New Mexico.

6. **CASE 14888: Application of George Ross Ranch, LLC to revoke Administrative Order No. SWD-380, Eddy County, New Mexico.** George Ross Ranch, LLC seeks to revoke Administrative Order No. SWD-380 which authorized Mallon Oil Company to complete its Amoco Federal Well No. 1 located in Unit Letter I of Section 27, Township 26 South, Range 29 East, in such a manner as to permit the injection of salt water for disposal purposes into the Delaware formation. This well is located north of the Pecos River Red Bluff Reservoir.