

DOCKET: EXAMINER HEARING - THURSDAY - APRIL 18, 2013

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

Docket Nos. 14-13 and 15-13 are tentatively set for May 2, 2013 and May 16, 2013. 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.

<i>Locator Key for Cases</i>
<i>Case 14951 - No. 8</i>
<i>Case 14952 - No. 9</i>
<i>Case 14953 - No. 10</i>
<i>Case 14954 - No. 11</i>
<i>Case 14961 - No. 1</i>
<i>Case 14962 - No. 12</i>
<i>Case 14967 - No. 4</i>
<i>Case 14970 - No. 5</i>
<i>Case 14975 - No. 7</i>
<i>Case 14977 - No. 2</i>
<i>Case 14978 - No. 3</i>
<i>Case 14979 - No. 6</i>

1. **CASE 14961:** *(Continued from the March 21, 2013 Examiner Hearing.)*
Application of Devon Energy Production Company, L.P. for a non-standard oil spacing and proration unit, an unorthodox oil well location, and compulsory pooling, Eddy County, New Mexico. Devon Energy Production Company, L.P. seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Delaware formation comprised of the E/2 E/2 of Section 13, Township 21 South, Range 27 East, NMPM. Applicant further seeks the pooling of all mineral interests (i) in the Delaware formation underlying the E/2 E/2 of Section 13 to form a non-standard 160 acre oil spacing and proration unit (project area), and (ii) from the surface to the base of the Bone Spring formation underlying the NE/4 NE/4 of Section 13, for any formations and/or pools developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the Lone Tree Draw 13 State Com. Well No. 5, a horizontal well to be drilled at a surface location 150 feet from the north line and 990 feet from the east line, with a terminus in the SE/4 SE/4, of Section 13. Applicant further requests unorthodox location approval in the vertical portion of the above well from the surface to the base of the Bone Spring formation. 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 6-1/2 miles northeast of Carlsbad, New Mexico.

2. **CASE 14977:** ***Application of Mewbourne Oil Company for approval of a non-standard oil spacing and proration unit, an unorthodox oil well location, 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 Bone Spring formation (South Culebra Bluff-Bone Spring Pool) comprised of the W/2 E/2 of Section 35, Township 23 South, Range 28 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the W/2 E/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 or 80 acre spacing within that vertical extent. The unit is to be dedicated to the Layla 35 OB Well No. 1, a horizontal well with a surface location 150 feet from the south line and 1980 feet from the east line, and a terminus 330 feet from the north line and 1980 feet from the east line, of Section 35. The location is unorthodox under the rules governing the South Culebra Bluff-Bone Spring Pool. 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 3 miles north-northeast of Malaga, New Mexico.

3. **CASE 14978:** *Application of Mewbourne Oil Company for 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 (San Lorenzo-Bone Spring Pool) comprised of the E/2 E/2 of Section 15, Township 25 South, Range 28 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the E/2 E/2 of Section 15 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 unit is to be dedicated to the San Lorenzo 15 PA State Com. Well No. 1, a horizontal well with a surface location in the SE/4SE/4, and a terminus in the NE/ NE/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.
4. **CASE 14967:** *(Continued from the March 21, 2013 Examiner Hearing.)*
Application of Mewbourne 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 W/2 W/2 of Section 35, Township 24 South, Range 28 East, NMPM. Applicant further seeks the pooling of all mineral interests (i) from the surface to the base of the Bone Spring formation underlying the SW/4 SW/4 of Section 35 to form a standard 40 acre oil spacing and proration unit, and (ii) the Bone Spring formation underlying the W/2 W/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 Willow Lake 35 MD Fed. 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 unit is located approximately 3 miles south-southeast of Malaga, New Mexico.
5. **CASE 14970:** *(Continued from the April 4, 2013 Examiner Hearing.)*
Application of Devon Energy Production Company, L.P. for special rules and regulations for the Scanlon Draw-Bone Spring Pool, Turkey Track-Bone Spring Pool, and Winchester-Bone Spring Pool, Eddy County, New Mexico. Applicant seeks an order establishing special rules and regulations for the Scanlon Draw-Bone Spring Pool, Turkey Track-Bone Spring Pool, and Winchester-Bone Spring Pool, including a gas:oil ratio of 10,000 cubic feet of gas for each barrel of oil produced. The Scanlon Draw-Bone Spring Pool includes part of Section 19, Township 19 South, Range 29 East, NMPM; the Turkey Track-Bone Spring Pool includes parts of Sections 26 and 29, Township 19 South, Range 29 East, NMPM; and the Winchester-Bone Spring Pool includes part of Section 36, Township 19 South, Range 28 East, NMPM, parts of Sections 31 and 32, Township 19 South, Range 29 East, NMPM, and part of Section 5, Township 20 South, Range 29 East, NMPM. The Scanlon Draw-Bone Spring Pool is centered 15 miles east-northeast of Lakewood, New Mexico; the Turkey Track-Bone Spring Pool is centered approximately 17-1/2 miles east of Lakewood, New Mexico; and the Winchester-Bone Spring Pool is centered approximately 15 miles east-southeast of Lakewood, New Mexico.
6. **CASE 14979:** *Application of Mesquite SWD, Inc. for approval of a water disposal well, Lea County, New Mexico.* Applicant seeks an order approving disposal of produced water into the Bell Canyon and Cherry Canyon members of the Delaware formation at depths of 4870-7250 feet subsurface in the proposed Paduca Fed. SWD Well No. 3, to be located 300 feet from the north line and 1760 feet from the west line of Section 23, Township 25 South, Range 32 East, NMPM. The well is located approximately 26-1/2 miles west-northwest of Bennett, New Mexico.