

DOCKET: EXAMINER HEARING - THURSDAY – JUNE 25, 2015

8:15 A.M. - 1220 South St. Francis

Santa Fe, New Mexico

Docket Nos. 19-15 and 20-15 are tentatively set for July 9, 2015 and July 23, 2015. Applications for hearing must be filed at least 30 days in advance of hearing date. OCD Rule Subsection B of 19.15.4.13 NMAC 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. A party who plans on using projection equipment at a hearing must contact Florene Davidson seven (7) business days prior to the hearing requesting the use of the projection equipment. Wireless internet is available; however, the party must provide its own laptop computer. The following cases will be heard by an Examiner.

Locator Key for Cases

Case 15236 - No. 4
Case 15303 - No. 21
Case 15304 - No. 22
Case 15316 - No. 19
Case 15317 - No. 2
Case 15319 - No. 20
Case 15323 - No. 1
Case 15324 - No. 3
Case 15325 - No. 5
Case 15326 - No. 6
Case 15327 - No. 7
Case 15328 - No. 8
Case 15329 - No. 9
Case 15330 - No. 10
Case 15331 - No. 11
Case 15332 - No. 12
Case 15333 - No. 13
Case 15334 - No. 14
Case 15335 - No. 15
Case 15336 - No. 16
Case 15337 - No. 17
Case 15338 - No. 18

1. ***Case No. 15323: Application of the New Mexico Oil Conservation Division ("OCD") Compliance and Enforcement Manager for a compliance order against Kodiak Petroleum (Montana), Inc.,*** finding that the operator is in violation of the oil and gas act, NMSA 1978, Sections 70-2-1 *et seq.* and OCD rules, NMAC 19.15.2 *et seq.*, requiring operator to return to compliance with division rules by a date certain, and in the event of non-compliance, request for additional sanctions.

2. ***Case No. 15317: (Continued from the June 11, 2015 Examiner Hearing.)***

Application of Devon Energy Production Company, L.P. for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the S/2 N/2 of Section 22, Township 22 South, Range 27 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the S/2 N/2 of Section 22 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 will be dedicated to the **Grandi 22 Well No. 2H**, a horizontal well with a surface location 1360 feet from the north line and 255 feet from the west line, and a terminus 2265 feet from the north line and 330 feet from the west line, of Section 22. Also to be considered will be the designation of applicant as operator of the well. The unit is located approximately 2 miles north-northwest of Otis, New Mexico.

3. ***Case No. 15324: Application of Devon Energy Production Company, L.P. for a non-standard oil spacing and proration unit and compulsory pooling, Lea 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 Bone Spring formation comprised of the W/2 W/2 of Section 20, Township 17 South, Range 38 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit for any formations and/or pools developed on 40 acre spacing within that

vertical extent. The unit is to be dedicated to the **Schankbeir 20 Well No. 1H**, a horizontal well with a surface location 160 feet from the south line and 1105 feet from the west line, and a terminus 330 feet from the north line and 660 feet from the west line, of Section 20. The producing interval will be orthodox. 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 6 miles west-southwest of Knowles, New Mexico.

4. **Case No. 15236 (re-opened):** (Continued from the June 11, 2015 Examiner Hearing.)

Application of Chevron Midcontinent, L.P. to amend Order R-13949 to approve a 120-acre non-standard spacing unit and non-standard project area, Lea County, New Mexico. Applicant in the above-styled cause seeks to amend Order R-13949 to approved a 120-acre non-standard spacing and proration unit and non-standard project area comprised of the SW/4 NW/4 and the W/2 SW/4 of Section 11, Township 24 South, Range 34 East, N.M.P.M., Lea County, New Mexico. The entire W/2 W/2 of Section 11 is currently designated to the **Antelope Ridge 11-24-34 #3H Well** (30-025-42318), which was horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) to a bottom hole location 1274 feet from the north line and 991 feet from the West line (Unit D) of Section 11. Due to drilling problems, Chevron was unable to complete the well in the NW/4 NW/4 (Unit D) of Section 11. Said area is located approximately 3 miles North of Ochoa, New Mexico.

5. **Case No. 15325: Application of COG Operating LLC for the creation of special pool rules, Lea County, New Mexico.** Applicant seeks an order establishing special rules and regulations to include a depth bracket allowable of 990 barrels of oil per day for a 40-acre oil spacing and proration unit and a limiting gas: oil ratio of 4000 to 1. The Triste Draw-Bone Spring Pool includes Sections 25, 26 34-36, Township 23 South, Range 32 East, NMPM; and Sections 2 and 11, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. The pool is located approximately 30 miles northwest of Jal, New Mexico.

6. **Case No. 15326: Application of COG Operating LLC for the creation of special pool rules, Lea County, New Mexico.** Applicant seeks an order establishing special rules and regulations to include a depth bracket allowable of 990 barrels of oil per day for a 40-acre oil spacing and proration unit and a limiting gas: oil ratio of 4000 to 1. The West Triple X- Bone Spring Pool includes Sections 30 and 31, Township 23 South, Range 33 East, NMPM; Sections 5-10, 15-18 and 20-22, Township 24 South, Range 33 East, NMPM; and Sections 1, 12 and 13, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. The pool is located approximately 25 miles northwest of Jal, New Mexico.

7. **Case No. 15327: 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, 200-acre, more or less, spacing and proration unit comprised of the S/2 N/2 of Section 9 and the SW/4 NW/4 (Unit E) of Section 10, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico, and (2) pooling all mineral interests in the Yeso formation underlying this unit from a depth of 5000' to the base of the Blinberry. Said non-standard unit is to be dedicated to applicant's proposed **Sneed 9 Federal Com No. 23H Well**, which will be horizontally drilled from a surface location in the SW/4 NW/4 (Unit E) of Section 9 to a standard bottom hole location in the SW/4 NW/4 (Unit E) of Section 10. The completed interval for this well will remain within the 330-foot standard offset 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 .5 miles south of Maljamar, NM.

8. **Case No. 15328: 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 200-acre, more or less, spacing and proration unit comprised of the S/2 S/2 of Section 9 and the SW/4 SW/4 (Unit M) of Section 10, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico; and (2) pooling all mineral interests in the Yeso formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Branex-COG Federal Com 18H well**, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 9 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 10. This acreage is located within the Maljamar, Yeso West Pool (44500) and the completed interval for this well will remain within the 330-foot standard offset required by the Division's Statewide 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 1 mile south of Maljamar, New Mexico.

9. **Case No. 15329: 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 E/2 W/2 of Section 10, Township 24 South, Range 34 East, NMPM, Lea County and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Salvador Fee No. 3H Well**, which will be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) to a standard bottom hole location in the NE/4 NW/4 (Unit C) of Section 10. The completed interval for this well will remain within