

Examiner Hearing – December 3, 2015
Docket No. 35-15
Page 2 of 3

4. **Case No. 15412: Application of Devon Energy Production Company, L.P. for pool contraction, pool creation, and special pool rules, Eddy County, New Mexico.** Applicant seeks an order creating a new pool for development of the Bone Spring formation, designated the West Parkway-Bone Spring Pool, to initially include Sections 20-22 and 27-29 of Township 19 South, Range 29 East, NMPM. Applicant further seeks the contraction of the Scanlon Draw-Bone Spring Pool, Turkey Track-Bone Spring Pool, and Parkway-Bone Spring Pool so that they do not include any acreage described above. Finally, applicant seeks special rules and regulations for the pool, including standard 40 acre vertical oil spacing and proration units, standard 320 acre horizontal oil spacing and proration units, special well location requirements for horizontal wells, special depth bracket allowables, and a gas:oil ratio of 10000:1. The proposed pool is centered approximately 13-1/2 miles south-southwest of Loco Hills, New Mexico.

5. **Case No. 15413: Application of EOG Resources, Inc. for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a 160-acre non-standard spacing and proration unit comprised of the S/2 S/2 of Section 32, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico; 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 **Qualifier 32 State Com No. 502H Well** which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) to a standard bottom hole location in SE/4 SE/4 (Unit P) of Section 32. 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 EOG Resources, Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 2 miles southwest of Loco Hills, New Mexico.

6. **Case No. 15414: Application of RKI Exploration and Production for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard, 224.75-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 28 and the NW/4 NW/4 and Lot 4 of Section 33, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to the applicant's proposed **RDX Federal Com 28 9H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) in Section 28 to a standard bottom hole location in the SW/4 NW/4 (Unit E) of Section 33. 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 RKI Exploration and Production as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 10.5 miles southwest of Ross Place, New Mexico.

7. **Case No. 15415: 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, 318.64-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 32, Township 20 South, Range 34 East, and Lots 1, 8, 9, and 16, Section 5, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico 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 **Goose State Com No. 2H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 32 to a standard bottom hole location in the SW/4 SW/4 (Lot 16) of Section 5. 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 10 miles southeast of Monument, NM.

8. **Case No. 15401: (Continued from the November 12, 2015 Examiner Hearing.)**
Application of Apache Corporation For Approval of the Fire Eagle State San Andres Exploratory Unit, Lea County New Mexico. Applicant seeks approval of its Fire Eagle State San Andres Exploratory Unit consisting of approximately 3,360 acres of state lands situated in all or parts of Sections 2, 3, 4, 9, 10, and 11 of Township 10 South, Range 36 East, N.M.P.M., Lea County, New Mexico. The unitized interval is the stratigraphic equivalent of the San Andres formation defined at a depth of 4,243' down to the base of the formation at a measured depth of 5,643' as encountered in the **Gainer 22 #1 well** (API No. 30-025-38792) in Section 22, Township 10 South, Range 36 East, Lea County, New Mexico. The subject acreage is located approximately 4.5 miles Southeast of Crossroads, New Mexico.

9. **Case No. 15416: Application Of Encana Oil & Gas (USA) Inc. For Approval Of A 640-Acre Non-Standard Project Area Comprised Of Acreage Subject To A Single Federal Lease; For Approval To Downhole Commingle Production From The Two Pools Underlying This Acreage; And For Allowance Of 330 Foot Setbacks From The Exterior Of The Proposed Project Area, San Juan County, New Mexico.** Applicant seeks approval of a 640-acre non-standard project area in the Mancos formation comprised of acreage subject to a single federal lease covering all of Section 10, Township 23 North, Range 8 West. This acreage is within the Basin Mancos Gas Pool and the Nageezi Gallup Pool. Applicant also seeks approval to downhole commingle production from these

two pools underlying this acreage and to allow wells to be located anywhere within the proposed project area so long as the completed interval is no closer than 330 feet from the outer boundary of Section 10. The subject area is located approximately 1 mile south of Highway 550 and four miles east of Nageezi, New Mexico.

10. Case No. 15404: (Continued from the November 12, 2015 Examiner Hearing.)

Application of Burnett Oil Co., Inc. for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Burnett Oil Co., Inc. seeks an order approving a 120-acre non-standard oil spacing and proration unit (project area) in the Glorieta-Yeso formation (Fren Glorieta-Yeso Pool) comprised of the NW/4 NE/4 and N/2 NW/4 of Section 12, Township 17 South, Range 31 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Glorieta-Yeso formation underlying the NW/4 NE/4 and N/2 NW/4 of Section 12 for all pools developed on 40 acre spacing within that vertical extent. The unit will be dedicated to the **Nosler 12 Fed. DB Well No. 4H**, a horizontal well with a surface location in the NE/4 NE/4 of adjoining Section 11, a first take point at an orthodox location in the NW/4 NW4 of Section 12, and a terminus at an orthodox location in the NW/4 NE4 of Section 12. 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 9-1/2 miles east-northeast of Loco Hills, New Mexico.

11. Case No. 15405: (Continued from the November 12, 2015 Examiner Hearing.)

Application of Burnett Oil Co., Inc. for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Burnett Oil Co., Inc. seeks an order approving a 120-acre non-standard oil spacing and proration unit (project area) in the Glorieta-Yeso formation (Fren Glorieta-Yeso Pool) comprised of the SW/4 NE/4 and S/2 NW/4 of Section 12, Township 17 South, Range 31 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Glorieta-Yeso formation underlying the SW/4 NE/4 and S/2 NW/4 of Section 12 for all pools developed on 40 acre spacing within that vertical extent. The unit will be dedicated to the **Nosler 12 Fed. EG Well No. 6H**, a horizontal well with a surface location in the SE/4 NE/4 of adjoining Section 11, a first take point at an orthodox location in the SW/4 NW4 of Section 12, and a terminus at an orthodox location in the SW/4 NE4 of Section 12. 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 9-1/2 miles east-northeast of Loco Hills, New Mexico.

12. Case No. 15345: (Continued from the November 12, 2015 Examiner Hearing.)

Application of LG&S Oil Company, LLC for approval of a salt water disposal well, Eddy County, New Mexico. Applicant seeks an order approving disposal of produced water into the Queen formation at depths of 3280 feet to 3570 feet subsurface in the Keohane B Federal 3 Well, located 1980 feet from the North line and 1980 feet from the West line, Unit F, of Section 28, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico. The well is located approximately 10 miles south of Maljamar, New Mexico.

13. Case No. 15410: Application of Energen Resources Corporation for Approval of the Amarillo Canyon Unit, Creation of a New Pool for Horizontal Development, and Establishing 330 Foot Exterior Boundary Setbacks for Completed Intervals for Horizontal Wells Within the Unit, San Juan County, New Mexico. Applicant seeks approval of its Amarillo Canyon Unit comprised of 3,838.08 acres of federal, state and Indian allotted lands described by tract as follows:

Township 27 North, Range 13 West N.M.P.M., San Juan County

Sec. 11: NE/4 NE/4

Sec. 2: Lots 1, 2, 3, 4, S/2 NE/4 & SW/4

Sec. 3: Lots 1, 2, 3, 4, S/2 N/2 & S/2

Sec. 10: ALL

Sec. 11: W/2, W2 E/2, E/2 SE/4, NE/4

Sec. 2: W/2 SE/4

Sec. 2: E/2 SE/4

Sec. 1: Lots 1, 2, S/2 NE/4, N/2 SE/4, SW/4 SE/4

Sec. 1: SE/4 SE/4

Sec. 2: S/2 NW/4

Sec. 1: Lots 3, 4, S/2 NW/4, SW/4 (W/2)

Sec. 12: E/2

Sec. 12: SW/4

Sec. 12: NW/4

Applicant also seeks the creation of a new pool for horizontal development within the unit area with vertical limits coterminous with the unitized formation and providing for 330 foot exterior boundary setbacks for completed intervals of horizontal wells drilled within the unit. The unitized interval extends from the stratigraphic equivalent of the top of the Mancos Formation located at a depth of 4,270' to the base of the Greenhorn (i.e. Graneros) Formation at a depth of 5,797 feet as encountered in the Energen Resources Navajo-D No. 1-E Well (API No. 30-045-254040000) located in NW/4 SW/4 of Section 1, Township 27 North, Range 13 West, N.M.P.M. in San Juan County. The subject lands are located approximately 4 miles southeast of NAPI Headquarters, New Mexico.