

Examiner Hearing – January 7, 2016
Docket No. 01-16
Page 2 of 3

(72240); Black River, Wolfcamp, East (Gas) Pool (97442); and, the Sulphate Draw, Wolfcamp (Gas) Pool (85780); (3) the establishment of the Crooked Creek Wolfcamp Gas (East) Pool covering the N/2 of Section 5, Township 24 South, Range 25 East, N.M.P.M., Eddy County, New Mexico; (4) the establishment of the Black River, Wolfcamp, Southwest (Gas) Pool covering the E/2 of Section 25 and the E/2 of Section 36, Township 24 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, and the W/2 of Section 14, E/2 of Section 22, NW/4 of Section 23, W/2, NE/4 of Section 27, S/2 of Section 28, S/2 of Section 29, all of Section 30, and the S/2 and NW/4 of Section 32, Township 24 South, Range 26 East, N.M.P.M., Eddy County, New Mexico; and (5) the creation of the Welch, Wolfcamp Pool (98017), covering Sections 26, 27, 28, 29, 32, 33, 34 and 35 of Township 26 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, the Milepost, Wolfcamp (Gas) Pool (97950) (*proposed pool*) ((WC-015 S262529E, Wolfcamp (Gas)) covering the W/2 of Section 26, Township 29 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, and the Milepost, Wolfcamp Northeast Pool (97882) (*proposed pool*) (Wildcat S262616A, Wolfcamp (Gas)) Pool, covering the E/2 of Section 16, Township 26 South, Range 26 East, N.M.P.M., Eddy County, New Mexico. Township 25 South, Range 26 East is centrally located in the affected acreage and is located approximately 30 miles South of Carlsbad, New Mexico.

4. Case No. 15416: (Continued from the December 3, 2015 Examiner Hearing.)

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.

5. Case No. 15413: (Continued from the December 3, 2015 Examiner Hearing.)

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. 15422: (Continued from the December 17, 2015 Examiner Hearing.)

Application of COG Operating LLC 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, 320-acre, more or less, spacing and proration unit comprised of the W/2 E/2 of Section 21 and the W/2 E/2 of Section 28, Township 25 South, Range 29 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 **Admiral Federal Com No. 2H Well**, which will be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 28 to a standard bottom hole location in the NW/4 NE/4 (Unit B) of Section 21. 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 Malaga, NM.

7. Case No. 15431: *Application of Breitburn Operating LP for approval of a water disposal well, Harding County, New Mexico.*

Applicant seeks an order approving disposal of produced water into the San Andres and Glorieta formations at a depth of 1480-1631 feet subsurface in the Breitburn Operating LP 1930 SWD No. 12-4-G, located 2265 feet from the North line and 1493 feet from the East line (Unit G), Section 12, Township 19 North, Range 30 East, NMPM, Harding County, New Mexico. The well is located approximately 16.25 miles northeast of Mosquero, New Mexico.

8. Case No. 15410: (Continued from the December 17, 2015 Examiner Hearing.)

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

Examiner Hearing – January 7, 2016
Docket No. 01-16
Page 3 of 3

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.

9. Case No. 15345: (Continued from the December 17, 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.

10. Case No. 15427: (Continued from the December 17, 2015 Examiner Hearing.)

Application Of Yates Petroleum Corporation For Approval Of The Wolverine Federal State Exploratory Unit, Lea County, New Mexico. Applicant seeks approval of its Wolverine Federal State Exploratory Unit consisting of approximately 2,320.96 acres of State and Federal lands in Lea County, New Mexico, comprised of the following acreage:

TOWNSHIP 23 SOUTH, RANGE 35 EAST, N.M.P.M.

Section 6: Lots 6, 7, E/2 SW/4 and SE/4 (S/2)

Section 7: Lots 1, 2, 3, 4, E/2 W/2, E/2 (All)

Section 17: All

Section 18: All

The unitized interval is the surface to the base of the Wolfcamp formation. The subject acreage is located approximately 19.14 miles southwest of Eunice, New Mexico.

11. Case No. 15428: (Continued from the December 17, 2015 Examiner Hearing.)

Application Of WPX Energy Production, LLC For Approval Of The Ridge Unit; Creation Of A New Pool For Horizontal Development Within The Unit Area, And For Allowance Of 330 Foot Setbacks From The Exterior Of The Proposed Unit, San Juan County, New Mexico. Applicant seeks approval of its Ridge Unit consisting of approximately 2,080 acres of Federal lands situated in all or parts of the Sections 22-25 Township 24 North, Range 8 West, San Juan County, New Mexico. The unitized interval includes the Mancos formation at a measured depth of 4,312 feet down to the stratigraphic equivalent of the top of the Graneros formation at a measured depth of 6,115 feet as encountered in the **Bright Angel #1 Well** in Section 27, Township 24, Range 8 West, N.M.P.M. In addition, Applicant seeks an order creating a new pool within the unitized interval for horizontal well development that will allow for wells to be located anywhere within the proposed Unit Area so long as the completed interval is no closer than 330 feet from the outer boundary of the proposed Unit. The subject acreage is located approximately 5 miles northeast of Nageezi, New Mexico.

12. Case No. 15397: (Continued from the December 3, 2015 Examiner Hearing.)

Application of Devon Energy Production Company, L.P. to revoke injection authority, Lea County, New Mexico. Applicant seeks an order revoking injection authority for the **Diamond 34 State Well No. 1** (API No. 30-025-33387), a salt water disposal well located 990 feet from the South line and 1,650 feet from the West line (Unit Letter N) of Section 34, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. The authority was granted by Administrative Order and Corrected Administrative Order SWD-640. The well is located approximately 20-1/2 miles southwest of Oil Center, New Mexico.