

Examiner Hearing – February 4, 2016
Docket No. 04-16
Page 2 of 2

Spring Pool currently includes parts of Sections 29, 32, and 33, Township 23 South, Range 33 East, NMPM and part of Section 4, Township 24 South, Range 33 East, NMPM. The Triple X-Bone Spring Pool is centered approximately 27 miles southwest of Oil Center, New Mexico.

5. ***Case No. 15440: Application of Devon Energy Production Company, L.P. for special pool rules for the Cruz-Bone Spring Pool, Lea County, New Mexico.*** Applicant seeks an order instituting special rules and regulations for horizontal wells in the Cruz-Bone Spring Pool, including standard 320 acre oil spacing and proration units and a special depth bracket allowable of 6400 barrels of oil per day for a standard horizontal well unit. The Cruz-Bone Spring Pool currently includes part of Section 16, Township 23 South, Range 33 East, NMPM. The Cruz-Bone Spring Pool is centered approximately 25 miles southwest of Oil Center, New Mexico.

6. ***Case No. 15345: (Continued from the January 7, 2016 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.

7. ***Case No. 15441: Application of Nearburg Exploration Company LLC, SRO2 LLC and SRO3 LLC for an Accounting and Limitation on Recovery of Well Costs, and for Cancellation of Application for Permit to Drill, Eddy County, New Mexico.*** Applicants seek an order determining that COG Operating LLC ("COG") did not have the right to drill two two-mile long lateral wells that COG drilled and completed in the Bone Spring formation by willfully trespassing from surface locations in Section 17 onto unconsolidated and unpooled lease acreage owned by Nearburg Exploration Company in the W/2 of Section 20, Township 26 South, Range 28 East, N.M.P.M., in Eddy County, New Mexico. The wells in trespass are the **SRO State Com 043H** (API 30-015-41141) located in the W/2 W/2 of Sections 17 and 20 ("043H") and the **SRO State Com 044H** (API 30-015-41142) located in the E/2 W/2 of Sections 17 and 20 ("044H"). Both wells were drilled to and completed in the 2nd Bone Spring Sand, Hay Hollow Bone Spring Pool (30215). Applicants further seek an order requiring COG to account and pay to Applicants the amounts of production proceeds they are entitled in the absence of pooling, without recovery of well costs or expenses. Applicants also seek cancellation of the application for permit to drill the **COG SRO State Com 069H Well** (API 30-015-43093) projected to be drilled to the 3rd Bone Spring formation in the E/2 W/2 of Sections 17 and 20, T-26-S, R-28-E. Applicants may also seek the removal of COG and designation of Nearburg Producing Company as the operator of the **SRO State 016H well** (API 30-015-38071) located in the W/2 W/2 of Section 20, T-26-S, R-28-E. The wells and lands are located approximately twelve miles southwest of Malaga, New Mexico.