## Examiner Hearing —September 2, 2010 Docket No. 29-10 Page 2 of 11

- 2. <u>CASE 14499</u>: (Continued from the August 27, 2010 Examiner Hearing.)(This case will be continued to the September 16, 2010 Examiner Hearing.)
  - Application of Cimarex Energy Company of Colorado for Designation of a Non-standard Spacing Unit and for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order consolidating the 40-acre spacing units within the W/2 W/2 of Section 11, Township 19 South Range 29 East, NMPM and designating the consolidated units as a 160-acre± non-standard oil spacing and proration unit in the Bone Spring formation (Turkey Track-Bone Spring Pool) for Applicant's horizontal drilling project area. Applicant further seeks the compulsory pooling of all interests in the Bone Spring formation underlying the W/2 W/2 of said Section 11 to be dedicated to its Parkway "11" State Com No. 1-H well to be drilled horizontally from a surface location 990' from the North line and 660' from the West line to a bottom hole location 330' from the South line and 660' from the West line to a depth sufficient to test the Bone Spring formation. 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 Cimarex Energy Company of Colorado as operator and a charge for risk involved in drilling the well. The proposed well and lands are located approximately 10 miles Southeast of Loco Hills, New Mexico.
- 3. <u>CASE 14529</u>: Application of Apache Corporation for approval of a Unit Agreement, Lea County, New Mexico. Applicant seeks approval of the Equis State Exploratory Unit for all formations from the surface to the base of the recambrian formation in an area comprising 2,480.00 acres, more or less, of State of New Mexico lands in Sections 8, 9, 16 and 17 of Township 14 South, Range 35 East, NMPM which is located approximately 11 miles Northwest of Lovington, New Mexico.
- 4. CASE 14530: Application of Mewbourne Oil Company 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 unit comprised of the W/2 SW/4 of Section 24 and the W/2 NW/4 of Section 25, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico which will be a 160-acre Project Area for its Wyatt Draw "24/25" LE Well No. 1H to be drilled from a surface location 2310 feet from the South line and 560 feet from the West line (Unit L) of Section 24 and then in a southerly direction in the Bone Spring formation to a terminus 2310 feet from the North line and 560 feet from the West line (Unit E) of said Section 25, and (2) pooling all mineral interests in the Undesignated Yeso formation, in this non-standard spacing and proration unit / project area. 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 Mewbourne Oil Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 2.5 miles Northwest of Lakewood, New Mexico.
- 5. <u>CASE 14531</u>: Application of OGX Resources LLC for approval of a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Unit Agreement for the NLA State Unit Area, comprising 1748.89 acres of state lands covering all or part of Sections 6, 7, and 18, Township 9 South, Range 33 East, NMPM. The proposed unit area is centered approximately 12-1/2 miles North-Northeast of Caprock, New Mexico.
- 6. <u>CASE 14532</u>: 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 Delaware 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 top of the Delaware formation underlying the SW/4 SW/4 of Section 35 to form a standard 40 acre oil spacing and proration unit, and (ii) the Delaware 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 Com. Well No. 2, 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.
- 7. \*\*CASENA533: Application of Mewbourne 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 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 28, Township 18 South, Range 30 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard 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 Bradley 28 Fed. Com. Well No. 2, a horizontal well with a surface location 1580 feet from the north line and 65 feet from the west line, and a terminus 1580 feet from the north line and 330 feet from the east line, of Section 28. Applicant further seeks approval of the unorthodox location for the well. Also to be considered will be the cost of drilling and completing the

## Examiner Hearing –September 2, 2010 Docket No. 29-10 Page 3 of 11

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 Loco Hills, New Mexico.

- 8. <u>CASE 14438</u>: (Continued from the August 5, 2010 Examiner Hearing.)(This case will be continued to the September 16, 2010 Examiner Hearing.)
  - Application of Devon Energy Production Company, L.P. for pool creation, a discovery allowable, and special pool rules, Eddy County, New Mexico. Applicant seeks an order (a) creating a new pool for production of oil from the Bone Spring formation, to be named the Angell Ranch-Bone Spring Pool, comprising the NW/4 of Section 25, Township 19 South, Range 27 East, N.M.P.M., (b) granting applicant a discovery allowable, and (c) establishing special rules and regulations for the pool, including (i) spacing of 80 acres, (ii) wells to be located no closer than 330 feet to a quarter-quarter section line, and (iii) a gas:oil ratio of 10,000 cubic feet of gas for each barrel of oil produced. The discovery well for the pool is the Guardian 25 State Com. Well No. 1 (API No. 30-015-36577), which was drilled at a location 1980 feet from the north line and 1980 feet from the west line of Section 25. Applicant requests that the pool rules be made effective retroactive to the date of first Bone Spring production from the discovery well. The proposed pool is located approximately 7-1/2 miles East of Lakewood. New Mexico.
- 9. CASE 14534: Application of Devon Energy Production Company, L.P. for a non-standard gas spacing and proration unit, an unorthodox oil well location, and compulsory pooling, Chaves County, New Mexico. Devon Energy Production Company, L.P. seeks an order approving a 320-acre non-standard gas spacing and proration unit (project area) in the Mississippian formation comprised of the S/2 NE/4 and N/2 SE/4 of Section 1, Township 12 South, Range 28 East, NMPM, and the S/2 NW/4 and N/2 SW/4 of Section 6, Township 12 South, Range 29 East, NMPM. Applicant further seeks the pooling of all mineral interests (i) from the surface to the base of the Siluro-Devonian formation underlying the SW/4 NE/4 of Section 1 to form a standard 40 acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent, and (ii) in the Mississippian formation underlying the non-standard 320 acre unit (project area). The units are to be dedicated to the Goodnight 1 Fee Well No. 1, to be drilled vertically at an unorthodox surface location 2585 feet from the North line and 1980 feet from the East line of Section 1 to test the Siluro-Devonian formation, and then drilled horizontally in the Mississippian formation with an entry point in the Mississippian formation approximately 2585 feet from the North line and 1680 feet from the East line of Section 1 and a terminus 1980 feet from the South line and 1980 feet from the West line of Section 6. Applicant also seeks approval of an unorthodox oil well location in the SW/4 NE/4 of Section 1. 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 19 miles East-Northeast of Dexter, New Mexico.
- 10. CASE 14535: Application of Devon Energy Production Company, L.P. for compulsory pooling, Chaves County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Siluro-Devonian formation underlying the following described acreage in Section 28, Township 10 South, Range 29 East, NMPM, and in the following manner: The N/2 to form a standard 320-acre gas spacing and proration unit in all formations or pools developed on 320-acre spacing within that vertical extent; and the NE/4 NW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The units are to be dedicated to Longhorn 28 Fee Well No. 1, to be drilled vertically at a location 670 feet from the North line and 1770 feet from the West line of Section 28, to test the Siluro-Devonian formation, and then drilled horizontally in the Mississippian formation with a terminus 670 feet from the North line and 670 feet from the East line of Section 28. 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 18 miles West-Northwest of Caprock, New Mexico.
- 11. CASE 14536: Application of Devon Energy Production Company, L.P. for compulsory pooling, Chaves County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Siluro-Devonian formation underlying the following described acreage in Section 29, Township 11 South, Range 29 East, NMPM, and in the following manner: The N/2 to form a standard 320-acre gas spacing and proration unit in all formations or pools developed on 320-acre spacing within that vertical extent; and the NW/4 NW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The units are to be dedicated to Jinglebob 29 Fee Well No. 1, to be drilled vertically at a location 670 feet from the north line and 990 feet from the west line of Section 29, to test the Siluro-Devonian formation, and then drilled horizontally in the Mississippian formation with a terminus 670 feet from the North line and 670 feet from the East line of Section 29. 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 21 miles West-Southwest of Caprock, New Mexico.