

DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 8, 2015

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

Santa Fe, New Mexico

Docket Nos. 02-15 and 03-15 are tentatively set for January 22, 2015 and February 5, 2015. Applications for hearing must be filed at least 30 days in advance of hearing date. OCD Rule 19.15.4.13.B 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 14979 - No. 2******Case 15191 - No. 15******Case 15220 - No. 12******Case 15221 - No. 13******Case 15222 - No. 14******Case 15244 - No. 10******Case 15245 - No. 11******Case 15250 - No. 5******Case 15252 - No. 4******Case 15254 - No. 1******Case 15255 - No. 3******Case 15256 - No. 6******Case 15257 - No. 7******Case 15258 - No. 8******Case 15259 - No. 9***

1. ***CASE 15254: Application of the New Mexico Oil Conservation Division, by and through its attorney for a Compliance Order against Larry Marker DBA Marker Oil, directors, and officers, jointly and severally, finding that the operator is in violation of N.M.S.A. §70-2-14 and OCD Rules 19.15.8.9 and 19.15.7.24 NMAC, requiring sanctions as provided by OCD Rule 19.15.5.10 until compliance with all division rules is achieved by a date certain, and in the event of non-compliance, to assess additional sanctions.***
2. ***CASE 14979: (Re-opened) Application of Mesquite SWD, Inc. to re-open Case No. 14979 to amend Order No. R-13735 to allow a new well and new well location for a salt water disposal well, Lea County, New Mexico.*** Applicant seeks an order amending Order No. R-13735, entered in Case No. 14979, which approved disposal of produced water into the Bell Canyon and Cherry Canyon members of the Delaware formation at depths of 4870-7250 feet subsurface in the **Paduca Fed. SWD Well No. 3** (API No. 30-025-42253), located 300 feet from the north line and 1760 feet from the west line of Section 23, Township 25 South, Range 32 East, NMPM, to allow disposal into the substitute **Paduca Fed. SWD Well No. 3Y** (API No. 30-025-42258), located 310 feet from the north line and 1760 feet from the west line of Section 23, Township 25 South, Range 32 East, NMPM. The well is located approximately 26-1/2 miles west-northwest of Bennett, New Mexico.
3. ***CASE 15255: Application of Legacy Reserves Operating LP to institute a tertiary recovery project for the Drickey Queen Sand Unit, and to qualify the project for the recovered oil tax rate, Chaves County, New Mexico.*** Applicant seeks approval to institute a tertiary recovery project for the Drickey Queen Sand Unit by the injection of water and carbon dioxide into the Queen formation into 31 water injection wells and 20 WAG (water-alternating-gas) injection wells located on 7002.52 acres of federal, state, and fee lands covering all or parts of 33-35, Township 13 South, Range 31 East, N.M.P.M., and Sections 1-4, 9-11, 14-16, and 22, Township 14 South, Range 31 East, N.M.P.M. Applicant further seeks to qualify the tertiary recovery project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1-5). The unit area is centered approximately 19-1/2 miles south-southwest of Caprock, New Mexico.
4. ***CASE 15252: (Amended) Application of Chevron U.S.A. Inc. for approval of a 949.56 acre non-standard project area comprised of acreage subject to a communitization agreement; Lea, New Mexico.*** Applicant seeks an order approving a 949.56 acre non-standard project area comprised of acreage subject to a communitization agreement covering all of

Sections 29 and 32, Township 26 South, Range 33 East, NMPM, Lea County, New Mexico (Bone Spring Pool (97955)). The subject acreage is located approximately 50 miles South of Jal, New Mexico.

5. **CASE 15250:** (Continued from the December 18, 2014 Examiner Hearing.) **Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant seeks an order (1) creating a non-standard, 160-acre spacing and proration unit comprised of the W/2 W/2 of Section 4, Township 25 South, Range 33 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 **Monet Fed Com No. 10H** well, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Lot 4) to a standard bottom hole location in SW/4 SW/4 (Unit M) of Section 4. 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 27 miles West of Jal, New Mexico.
6. **CASE 15256:** **Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant seeks an order (1) creating a non-standard, 200-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 11, Township 17 South, Range 32 East and the NW/4 NW/4 of Section 14, Township 17 South, Range 32 East, NMPM, Lea County 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 **Pan Head Fee No. 12H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 11 to a standard bottom hole location in the NW/4 NW/4 (Unit D) of Section 14. 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 1 mile East of Maljamar New Mexico.
7. **CASE 15257:** **Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order (1) creating a non-standard, 160-acre, more or less, spacing and proration unit comprised of the W/2 E/2 of Section 10, Township 19 South, Range 26 East, NMPM, Eddy County 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 **Bragg 10 Fee No. 3H Well**, which will be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) to a standard bottom hole location in the NW/4 NE/4 (Unit B) 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 11 miles south of Artesia, NM.
8. **CASE 15258:** **Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order (1) creating a non-standard, 160-acre, more or less, spacing and proration unit comprised of the W/2 E/2 of Section 3, Township 19 South, Range 26 East, NMPM, Eddy County 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 **Lee 3 Fee No. 7H Well**, which will be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) to a standard bottom hole location in the NW/4 NE/4 (Unit B) of Section 3. 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 10 miles South of Artesia.