

Examiner Hearing – June 11, 2015
Docket No. 17-15
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and charges for supervision, designation of Anschutz Exploration Corporation as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 1 mile southeast of Lindrith, New Mexico.

10. Case No. 15320: Application of Matador Production Company for approval of a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the E/2 E/2 of Section 8, Township 19 South, Range 35 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 or 80 acre spacing within that vertical extent. The unit will be dedicated to the **Hibiscus State Com. 08-19S-35E RN Well No. 124H**. The well is a horizontal well with a surface location 200 feet from the south line and 352 feet from the east line of adjoining Section 5. The penetration point will be 330 feet from the north line and 350 feet from the east line, with a final perforation 330 feet from the south line and 350 feet from the east line, and a terminus 260 feet from the south line and 350 feet from the east line, of Section 8. 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 Matador Production Company as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 12-1/2 miles west-northwest of Monument, New Mexico.

11. Case No. 15321: Application of Kaiser-Francis Oil Company to abolish Rules 2-6 of the Special Rules and Regulations for the Bell Lake-Bone Spring Pool, Lea County, New Mexico. The Bell Lake-Bone Spring Pool was created by Division Order R-738, and currently includes the following acreage:

<u>Township 23 South, Range 33 East, N.M.P.M.</u>	
Section 36:	All
<u>Township 23 South, Range 34 East, N.M.P.M.</u>	
Section 31:	All
Section 32:	All
<u>Township 24 South, Range 33 East, N.M.P.M.</u>	
Section 1:	All
Section 12:	All
<u>Township 24 South, Range 34 East, N.M.P.M.</u>	
Sections 5-8:	All

Division Order R-4539, as amended, established Special Rules and Regulations for the Bell Lake-Bone Spring Pool, providing in Rules 2-6 for 160 acre spacing, wells to be located no closer than 660 feet to a quarter section line, and a depth bracket allowable of 470 barrels of oil per day. Applicant requests that Rules 2-6 of the Special Rules and Regulations for the Bell Lake-Bone Spring Pool be abolished, so that well spacing, well locations, and the depth bracket allowable in the Pool will be governed by the Division's statewide rules, with the exception that existing 160 acre well units be grandfathered in. The Bell Lake-Bone Spring Pool is centered approximately 20-1/2 miles west-northwest of Jal, New Mexico.

12. Case No. 15322: Application of Key Energy Resources, LLC for approval of a salt water disposal well, Eddy County, New Mexico. Applicant seeks an order approving disposal of produced water into the Brushy Canyon formation of the Delaware Mountain group at depths of 4082-5200 feet subsurface in the **Grace Carlsbad No. 1**, located 1980 feet from the south line and 660 feet from the east line of Section 36, Township 22 South, Range 26 East, NMPM. The well is located approximately 4 miles south of Carlsbad, New Mexico.

13. Case No. 15310: (Continued from the May 28, 2015 Examiner Hearing.)
Application Of COG Operating LLC For Approval Of A 640-Acre Non-Standard Project Area Comprised Of Acreage Subject To A Proposed State Communitization Agreement, Lea, New Mexico. Applicant in the above-styled cause seeks an order approving a 640-acre non-standard project area in the Bone Spring formation comprised of acreage subject to a proposed state communitization agreement covering all of Section 27, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico. This acreage has been placed in the WC-025 G-06 S213323S; Bone Spring Pool (Pool Code 97929) and is subject to the Division's general statewide rules for oil development. The subject acreage is located approximately 22 miles west of Eunice, New Mexico.

14. Case No. 15295 (re-advertised): Application of COG Operating LLC for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order (i) creating a 200-acre non-standard oil spacing and proration unit (project area) comprised of the W/2 NE/4 and NW/4 SE/4 of Section 5, Township 25 South, Range 35E and the W/2 SE/4 of Section 32, Township 24 South, Range 35 East, NMPM, in Lea County, and (ii) pooling all mineral interests in the Bone Spring formation underlying this acreage. The project area is to be dedicated to applicant's **Skull Cap State Com #2H well**, which will be horizontally drilled from a surface location in the W/2 SE/4 (Unit J) of Section 32, Township 24 South, Range 35 East to a bottom hole location in the NW/4 SE/4 (Unit J) of Section 32. The completed interval for the well will remain within the 330-foot standard offset required by the Division's rules. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of COG Operating LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The proposed project area is located approximately five miles west of Ochoa, New Mexico.