

Examiner Hearing – February 18, 2016

Docket No. 07-16

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4. Case No. 15411: (Continued from the January 21, 2016 Examiner Hearing.)

Application of Devon Energy Production Company, L.P. for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Devon Energy Production Company, L.P. seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the W/2 W/2 of Section 8, Township 23 South, Range 32 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit, for any pools developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the **Stray Cat 8 Fed. Com. Well No. 1H**, a horizontal well to be drilled at a surface location in the SW/4 SW/4, with a terminus in the NW/4 NW/4, 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 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 15 miles south-southeast of Halfway, New Mexico.

5. Case No. 15416: (Continued from the January 7, 2016 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.

6. Case No. 15441: (Continued from the February 4, 2016 Examiner Hearing.)

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.