

Examiner Hearing – April 14, 2016

Docket No. 15-16

Page 7 of 7

cause seeks an order (1) directing Cimarex Energy Company of Colorado (“Cimarex”) to shut-in its over-produced oil wells completed in the Berry: Bone Spring, North Pool underlying the S/2 S/2 of Section 30, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico; (2) assessing production penalties to curtail future over-production and to compensate for all past over-production from said wells; and (3) directing Cimarex to comply with the Division’s oil proration rules for the Berry: Bone Spring North Pool and NMRA 19.15.20.9-12. Said wells are located approximately 16 miles southwest of Monument, New Mexico.

31. (Case No. 15441: (Continued from the March 17, 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.