

DOCKET: EXAMINER HEARING - THURSDAY – JULY 8, 2010

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

Santa Fe, New Mexico

Docket Nos. 24-10 and 25-10 are tentatively set for July 22, 2010 and August 5, 2010. Applications for hearing must be filed at least 30 days in advance of hearing date. OCD Rule 19.15.4.13 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 at the applicant's request. The following cases will be heard by an Examiner:

Locator Key for Cases*Case 8352 – No. 12**Case 14438 – No. 7**Case 14462 – No. 13**Case 14484 – No. 8**Case 14498 – No. 1**Case 14499 – No. 2**Case 14500 – No. 3**Case 14501 – No. 4**Case 14502 – No. 5**Case 14503 – No. 6**Case 14504 – No. 9**Case 14505 – No. 10**Case 14506 – No. 11*

1. ***CASE 14498: Application of San Juan Resources, Inc. to amend Division Order R-13053 for an unorthodox well location, San Juan County, New Mexico.*** Applicant seeks an order amending Order R-13053 to a less unorthodox gas well location such that its Blancett Ranch "24" Well No. 1 (API No. 30-045-33769) can be produced at an unorthodox well location 2463 feet from the North line and 552 feet from the East line (Unit H) of Section 24, Township 30 North Range 12 West, NMPM to be dedicate to a standard 320-acre spacing unit consisting of the E/2 of this section for any production for the Basin-Dakota Gas Pool and/or the Blanco-Mesaverde Gas Pool. This well is located approximately 1/2 of a mile Northwest from Flora Vista, New Mexico.
2. ***CASE 14499: (This case will be continued to the August 5, 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. ***CASE-14500:*** ***Application of COG Operating LLC for Designation of a Non-standard Spacing Unit and for Compulsory Pooling, Chaves County, New Mexico.*** Applicant seeks an order consolidating the 40-acre spacing units within the S/2 S/2 of Section 3, Township 15 South Range 31 East, NMPM and designating the consolidated units as a 160-acre± non-standard oil spacing and proration unit for a well location in the Abo/Wolfcamp formation (Wildcat) for Applicant's horizontal drilling project area. Applicant further seeks the compulsory pooling of all interests in the Abo/Wolfcamp formation underlying the S/2 S/2 of said Section 3 to be dedicated to its Leo 3 Fed Com No. 1-H Well to be

drilled horizontally from a surface location 660 feet from the South line and 430 feet from the East line to a bottomhole location 660 feet from the South line and 330 feet from the West line to a depth sufficient to test the Abo/Wolfcamp 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 COG Operating LLC as operator and a charge for risk involved in drilling the well. The proposed well and lands are located approximately 10 miles North of Maljamar, New Mexico.

4. **CASE 14501: Application of COG Operating LLC for Designation of a Non-standard Spacing Unit and for Compulsory Pooling, Lea County, New Mexico.** Applicant seeks an order consolidating the 40-acre spacing units within the W/2 W/2 of Section 21, Township 16 South Range 32 East, NMPM and designating the consolidated units as a 160-acre± non-standard oil spacing and proration unit for a well location in the Abo/Wolfcamp formation for Applicant's horizontal drilling project area. Applicant further seeks the compulsory pooling of all interests in the Abo/Wolfcamp formation underlying the W/2 W/2 of said Section 21 to be dedicated to its Chicken Hawk State Com No. 1-H Well to be drilled horizontally from a surface location 430 feet from the South line and 535 feet from the West line to a bottomhole location 330 feet from the North line and 330 feet from the West line to a depth sufficient to test the Abo/Wolfcamp formation, West Anderson Ranch-Wolfcamp Pool. 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 and a charge for risk involved in drilling the well. The proposed well and lands are located approximately 4 miles Northwest of Maljamar, New Mexico.
5. **CASE 14502: Application of Devon Energy Production Company, L.P. for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order: (1) creating a non-standard spacing unit comprised of the E/2 E/2 of Section 16, Township 25 South, Range 29 East, NMPM, and (2) pooling all mineral interests in the Bone Spring formation, Undesignated Southeast Willow Lake-Bone Spring Pool in this non-standard spacing and proration unit which will be the project area for the Cooter "16" State Well No. 7H to be horizontally drilled from a surface location 330 feet from the South line and 770 feet from the East line and then in a northerly direction in the Bone Spring formation to a bottomhole location 330 feet from the North line and 990 feet from the East line of said Section 16 and the Cooter "16" State Well No. 8H to be horizontally drilled from a surface location 330 feet from the South line and 420 feet from the East line and then in a northerly direction in the Bone Spring formation to a bottomhole location 330 feet from the North line and 400 feet from the East line of said Section 16. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Devon Energy Production Company, LP as operator of the wells and a 200% charge for risk involved in drilling said wells. Said area is located approximately 7.5 miles Southeast of Malaga, New Mexico.
6. **CASE 14503: Application of Devon Energy Production Company, L.P. for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order: (1) creating a non-standard spacing unit comprised of the W/2 E/2 of Section 16, Township 25 South, Range 29 East, NMPM, and (2) pooling all mineral interests in the Bone Spring formation, Undesignated Southeast Willow Lake-Bone Spring Pool in this non-standard spacing and proration unit which will be the project area for the Cooter "16" State Well No. 5H to be horizontally drilled from a surface location 330 feet from the South line and 2310 feet from the East line and then in a northerly direction in the Bone Spring formation to a bottomhole location 330 feet from the North line and 2250 feet from the East line of said Section 16 and the Cooter "16" State Well No. 6H to be horizontally drilled from a surface location 330 feet from the South line and 1650 feet from the East line and then in a northerly direction in the Bone Spring formation to a bottomhole location 330 feet from the North line and 1650 feet from the East line of said Section 16. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Devon Energy Production Company, LP as operator of the wells and a 200% charge for risk involved in drilling said wells. Said area is located approximately 7.5 miles Southeast of Malaga, New Mexico.
7. **CASE 14438: (Continued from the June 24, 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.