

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION**

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:**

**APPLICATION OF COG OPERATING, LLC ("APPLICANT") FOR
VERTICAL EXPANSION OF THE GRAYBURG-JACKSON
(SEVEN RIVERS-QUEEN-GRAYBURG-SAN ANDRES)
POOL TO CORRESPOND WITH THE UNITIZED FORMATION
OF THE BURCH KEELY UNIT,
EDDY COUNTY, NEW MEXICO**

**Case No. 14577
Order No. R-10,067-B**

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MOTION FOR PARTIAL STAY

ConocoPhillips Company ("ConocoPhillips") is the Operator of the Grayburg Deep Unit located in Eddy County, New Mexico. ConocoPhillips, for itself and on behalf of the non-operating owners of the Grayburg Deep Unit, pursuant to OCD Rule 19.15.4.23(B), moves the Director for a Partial Stay of the Division's Order in this proceeding to the extent such Order permits Applicant to drill wells, and hydraulically fracture ("frac") such wells, to a depth limit of 5,000 feet, on grounds that such Order will impair and injure ConocoPhillips's correlative rights to produce oil and gas below 5,000 feet below the surface. In support of its Motion, ConocoPhillips states:

1. The referenced Order of the Division, entered February 1, 2011, provides that:

(1) The vertical boundaries of the Grayburg-Jackson-Seven Rivers-Queens-Grayburg San Andres Pool (Pool Code 28509), only within the horizontal limits of

the Burch Keely Unit as specifically described . . . are hereby expanded to coincide with the lower vertical limits of the "Unitized Formation" in the Burch Keely Unit as amended by Order No. R-7900-C, issued in Case No. 14558 on January 31, 2011.

(2) Accordingly, the base of the Grayburg-Jackson Pool, within the horizontal limits of the Burch Keely Unit, is hereby established as a depth of 5,000 feet below the surface of the Burch Keely Unit.

Case No. 14577, Order No. R-10067-B, at p. 3.

2. ConocoPhillips owns leasehold and operating interests in, and operates, the Grayburg Deep Unit, the top of which is designated at 5,000 below the surface.

3. The Division Order permits Applicant to drill, perforate, *and frac* wells on the subject acreage to a depth of 5,000 feet below the surface, which is defined by Commission Order as the top of the Grayburg Deep Unit in which ConocoPhillips owns interests, and operates.

4.

Applicant, in the proceeding before the Division, introduced no evidence identifying its drilling or completion techniques or its frac methodologies on the subject properties. Applicant introduced no evidence regarding the quantity or pressures of its proposed frac injections, or the prospects for growth or direction of its induced fractures.

5. Applicant's ability, under the referenced Order, to perforate, and frac any wellbore at a depth between 4,670 feet and 5,000 feet below the surface would allow the applicant to grow a fracture that would cross the 5,000 foot boundary and would

indisputably impair and injure ConocoPhillips' correlative rights in all oil and gas produced from formations below 5,000 feet below the surface.

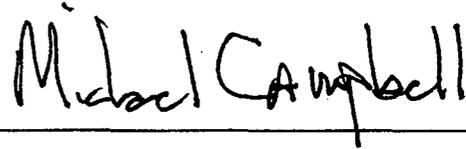
6. The Applicant indicated, during the testimony of Ramon Reyes, there is no geologic distinction at 5,000 feet that would separate the formation above 5,000 feet from the formation below. Under these circumstances the inclusion of the common accumulations of hydrocarbons that are intersected by the 5,000 foot depth in the areal extent of the pool (Paddock and Blinbery Formations) would allow production across the 5,000 foot boundary and indisputably impair and injure ConocoPhillips' correlative rights in all oil and gas produced from formations below 5,000 feet below the surface.

7. Pending further review in this *de novo* proceeding, the Division Order permitting Applicant to drill, perforate *and frac* the subject properties to a depth of 5,000 feet below the surface should be stayed. In order to protect the correlative rights of interest owners in the Grayburg Deep Unit, including the rights of ConocoPhillips, the Director, at a minimum, should stay Applicant from drilling, perforating and fracing to a depth limit equivalent to the areal spacing restraint of 330 feet above 5,000 feet below the surface.

8. ConocoPhillips will fully demonstrate the propriety of these restrictions at the *de novo* hearing in this proceeding.

RESPECTFULLY SUBMITTED,

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ATTORNEYS FOR CONOCOPHILLIPS
COMPANY

CERTIFICATE OF SERVICE

I certify on this 26th day of April, 2011, I sent notice of this filing to counsel of record in this proceeding.


Michael Campbell