Examiner Hearing – August 21, 2014 Docket No. 26-14 Page 3 of 6

standard surface location 190 feet from the South line and 1880 feet from the East line (Unit O) to a non-standard bottom hole location 330 feet from the North line and 1980 feet from the East line (Unit B) of Section 13. 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 of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 8 miles Southwest of Arkansas Junction, New Mexico.

- 9. CASE 15162: Amended Application of COG Operating, LLC for a non-standard spacing and proration unit, compulsory pooling, and an unorthodox well location, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 160-acre spacing and proration unit comprised of the E/2E/2 of Section 13. Township 19 South, Range 34 East, NMPM. Lea County, (2) pooling all mineral interests in the Bone Springs formation, Scharb; Bone Spring Pool, underlying this acreage and (3) authorizing an unorthodox well location. Said non-standard unit is to be dedicated to applicant's proposed Super Cobra State Com 1H Well, which will be horizontally drilled from a non-standard surface location 190 feet from the South line and 660 feet from the East line (Unit P) to a non-standard bottom hole location 330 feet from the North line and 660 feet from the East line (Unit A) of Section 13. 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 of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 8 miles Southwest of Arkansas Junction, New Mexico.
- CASE 15174: (Continued from the July 24, 2014 Examiner Hearing.)
 Application of EOG Resources, Inc. for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order (1) creating a non-standard, 160-acre spacing and proration unit comprised of the W/2 W/2 of Section 10, Township 25 South, Range 34 East, NMPM, Lea County and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed Osprey 10 1H Well, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 10. The completed interval for this well will commence and remain within the 330-foot standard offset required by the rules. 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 EOG Resources, Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 2 miles Southwest of Baird Place, New Mexico.
- 11. CASE 15152: (Continued from the July 24, 2014 Examiner Hearing.) (This case will be dismissed.)

 Application of EOG Resources, Inc. for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 160-acre spacing and proration unit comprised of the E/2E/2 of Section 21, Township 26 South, Range 33 East, NMPM, Lea County and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed Thor 21 1H Well, which will be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) to a standard bottom hole location in the NE/4 NE/4 (Unit A) of Section 21. The completed interval for this well will commence in the SE/4 SE/4 (Unit P) of Section 21 and remain within the 330-foot standard offset required by the rules. 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 EOG Resources, Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 10 miles Southeast of Ross Place, New Mexico.
- CASE 15190: Application of Matador Production Company for compulsory pooling, and an unorthodox well location, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) pooling all mineral interests in the Wolfcamp formation, South Culebra Bluff Wolfcamp Gas Pool, underlying the S/2 of Section 14. Township 24 South, Range 28 East and (2) authorizing an unorthodox well location. Said standard unit is to be dedicated to applicant's proposed Tiger 14-24S-28E RB #224H Well, which will be horizontally drilled from a non-standard surface location 350 feet from the South line and 250 feet from the East line (Unit P) to a non-standard bottom hole location 350 feet from the South line and 260 feet from the West line (Unit M) of Section 14 in the South Culebra Bluff Wolfcamp Gas Pool (Pool Code 75750). The completed interval for this well will be unorthodox because it will be closer than 660 feet to the outer boundary as required by Rule 19.15.15.10.B(1). 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 Matador Production Company as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 1.5 miles Southwest of Harroun Crossing, New Mexico.
- 13. <u>CASE 15191</u>: Application To Amend Order No. R-12984 To Remove Certain Acreage From The Basin-Mancos Gas Pool (97232); To Create A Mancos Oil Pool With Special Pool Rules; To Exempt Horizontal Wells From Pre-Existing Pools In The Subject Area And Restrict Those Pools To Current Boundaries; To Abolish Oil Allowables In The Subject Area; To Retain For The New Oil Pool The Authority To Downhole Commingle Production From The Mancos,

Examiner Hearing – August 21, 2014 Docket No. 26-14 Page 4 of 6

Mesaverde And Dakota Formations Provided By Order No. R-12984-B; And To Amend The Special Rules For The Counselors Gallup-Dakota Pool (13379); San Juan, Rio Arriba, Sandoval And Mckinley Counties, New Mexico. Applicants, ConocoPhillips Company, Encana Oil & Gas (USA) Inc., Logos Resources, LLC, and WPX Energy Production, LLC seek to amend Division Order No. R-12984 to remove the subject area, as applicable, from the Basin-Mancos Gas Pool (97232) and to place the subject area within a new oil pool ("Mancos Oil Pool") for horizontal and vertical well development in the Mancos formation. Applicants propose special rules for this new oil pool allowing, among other things, 320-acre spacing units for all horizontal wells in the subject area and standard 330 foot setbacks. The subject area includes the following acreage in McKinley, Rio Arriba, San Juan and Sandoval Counties, New Mexico:

TOWNSHIPS 17-32 NORTH, RANGES 14-19 WEST:

All Sections

TOWNSHIPS 17-29 NORTH, RANGES 10-13 WEST:

All Sections

TOWNSHIP 30 NORTH, RANGE 13 WEST:

Sections 5-8 and 13-36

TOWNSHIP 31 NORTH, RANGE 13 WEST:

Sections 1-24 and 29-32

TOWNSHIP 32 NORTH, RANGE 13 WEST:

All Sections

TOWNSHIPS 17-28 NORTH, RANGE 9 WEST:

All Sections

TOWNSHIPS 17-27 NORTH, RANGE 8 WEST:

All Sections

TOWNSHIPS 17-25 NORTH, RANGES 3-7 WEST:

All Sections

TOWNSHIPS 17-26 NORTH, RANGE 2 WEST:

All Sections

TOWNSHIPS 24-32 NORTH, RANGE 1 WEST:

All Sections

TOWNSHIP 26 NORTH, RANGES 4 -7 WEST:

Sections 25-36

TOWNSHIP 26 NORTH, RANGE 3 WEST:

Sections 1-4, 9-16 and 21-36

TOWNSHIP 23 NORTH, RANGE 1 WEST:

Sections 1-18

TOWNSHIPS 25-26 NORTH, RANGE 1 EAST:

All Sections

TOWNSHIP 24 NORTH, RANGE | EAST:

Sections 5-8, 17-20 and 29-32

TOWNSHIP 27 NORTH, RANGE 1 EAST:

Sections 3-10 and 13-25

TOWNSHIPS 28-31 NORTH, RANGE 1 EAST:

Sections 3-10, 15-22 and 27-34

TOWNSHIP 32 NORTH, RANGE 1 EAST:

Sections 7, 15-22 and 27-34

The vertical limits of this new "Mancos Oil Pool" will extend from the stratigraphic equivalent of the base of the Point Lookout formation to the base of the Greenhorn member of the Mancos formation as reflected in the type log for the Rincon No. 20 well in Unit Letter K, Section 11. Township 23 North, Range 7 West, NMPM (API No. 30-039-26768). Applicants further seek to exempt horizontal oil wells from pre-existing pools covering all or part of the Mancos formation in the subject area, to restrict these pre-existing pools to current boundaries, and to abolish oil allowables for all pools in the subject area. Said pre-existing pools include:

Alamito-Gallup Oil(1039) Amarillo-Gallup (1330) Armenta-Gallup (2290) Badland Hills-Mancos Oil (96929) Bisti-Gallup, South (5860) Eagle Springs-Mancos (97029) Counselors Gallup-Dakota (13379) Alamito-Gallup. South Oil (96203) Angels Peak-Gallup Associated Gas (2170) Baca-Gallup Oil (3745) Bisti Lower-Gallup Oil (5890) Boulder-Mancos (7140) CHA CHA-Gallup (11880) Cuervo-Gallup (15006)

Examiner Hearing - August 21, 2014 Docket No. 26-14 Page 5 of 6

Devils Fork-Gallup Associated (17610)

Duffers Point Gallup-Dakota (19859)

Ensenada-Gallup (96321)

Gallegos-Gallup Associated (26980)

Gamblers Mesa-Gallup (96357)

Gavilan-Mancos (27194)

Greek-Gallup (96219)

Hospah Upper Sand (33075)

Hospah Lower-Gallup Sand, South (33070)

Kimbeto Wash-Gallup Oil (96598)

Kutz- Gallup, South (96852)

Lindrith-Gallup Gas (80200)

Lindrith Gallup-Dakota, West (39189)

Many Rocks-Gallup (44690)

Meadows-Gallup (45450)

Nageezi-Gallup (47540)

Oiito Gallup-Dakota (48020)

Ojo-Gallup Gas (81880)

Otero-Sanastee (48640)

Puerto Chiquito-Mancos Oil, East (50430)

Rattlesnake-Gallup (50940)

Rio Puerco-Mancos (52260)

Rusty-Gallup Gas (52860)

San Jose Creek-Mancos Oil (97521)

Shiprock-Gallup North Gas (85280)

Tapacito-Gallup Associated (58090)

Verde-Gallup (62510)

White Wash Gallup-Dakota (64290)

Dike Rock Mancos (96158)

Eagle Nest-Gallup Gas (76340)

Escrito-Gallup Associated (22619)

Gallo Canyon Gallup-Dakota Oil (96369)

Gavilan-Greenhorn-Graneos-Dakota (27192)

Grsassy-Gallup Oil (96339)

Horseshoe-Gallup (32870)

Hospah Upper Sand, South (33080)

Jewett Valley-Gallup (34140) (abandoned)

Kutz-Gallup Oil (36550)

La Plata-Gallup (37310)

Lindrith Gallup-Dakota, South (39179)

Lybrook-Gallup (42289)

Many Rocks-Gallup, North (44700)

Mesa-Gallup (45680)

Nose Rock Hospah (47940)

Ojito Gallup-Dakota, Northeast (48025)

Otero-Gallup Oil (48450)

Pinon-Gállup (50380)

Puerto Chiquito-Mancos Oil, West (50440)

Regina-Gallup (51690)

Rock Mesa-Mancos Oil (96152) (abolished)

Rusty-Gallup South Oil (96236)

Shiprock-Gallup Oil (55750) (abandoned)

Simpson-Gallup (56600)

Totah-Gallup Oil (59750)

Walker Dome-Mancos (62670) (abandoned)

Applicants further seek to retain for this new Mancos Oil Pool the approval to down hole commingle production from the Mancos, Mesaverde and Dakota formations provided by Order No. R-12984-B and to amend the Special Rules for the Counselors Gallup Dakota Oil Pool (13379) to provide for standard 330 foot setbacks.

14. CASE 15185: (Continued from the August 7, 2014 Examiner Hearing.)

Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling Lea County, New Mexico. Applicant seeks an order from the Division: (1) creating a non-standard 160-acre, more or less, oil spacing and proration unit in the Yeso formation, comprised of the W/2 W/2 of Section 15, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico; and (2) pooling all mineral interests in the Yeso formation underlying this proposed non-standard spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the Ivar the Boneless Fed. No. 1H Well, to be horizontally drilled. The completed interval for this well will be within the standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of COG Operating LLC as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 1 mile south of Malijamar, New Mexico.

15. CASE 15178: (Continued from the August 7, 2014 Examiner Hearing.)

Application of BTA Oil Producers, LLC for approval of a water disposal well, Lea County, New Mexico. Applicant seeks an order approving disposal of produced water into the Bell Canyon and Upper Cherry Canyon members of the Delaware formation at depths of 5300-6375 feet subsurface in the 8036 JV-P Brian Well No. 1, located 1980 feet from the south line and 990 feet from the west line of Section 11, Township 23 South, Range 34 East, NMPM. The well is located approximately 19 miles southwest of Eunice. New Mexico.

16. CASE 15175: (Continued from the July 24, 2014 Examiner Hearing.)

Application of Pride Energy Company for a non-standard oil spacing and proration unit, an unorthodox oil well location, and compulsory pooling, Lea County, New Mexico. Pride Energy Company 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 13, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit (project area) for any pools or formations developed on 40 or 80 acre spacing within that vertical extent. The unit is to be dedicated to the Snyder 13 State Well No.