

DOCKET: SPECIAL EXAMINER HEARING - WEDNESDAY- MAY 4, 2016

8:15 A.M. - 1220 South St. Francis
Santa Fe, New Mexico

OCD Rule Subsection B of 19.15.4.13 NMAC 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. A party who plans on using projection equipment at a hearing must contact Florene Davidson seven (7) business days prior to the hearing requesting the use of the projection equipment. Wireless internet is available; however, the party must provide its own laptop computer. The following cases will be heard by an Examiner.

<p>Locator Key for Cases Case 15441 - No. 1 Case 15481 - No. 2 Case 15482 - No. 3</p>
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1. Case No. 15441: (Continued from the April 14, 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.

2. Case No. 15481: (Continued from the April 14, 2016 Examiner Hearing.)

Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 320-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 17 and the W/2 W/2 of Section 20, Township 26 South, Range 28 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is dedicated to applicant's **SRO State Com #43H well**, which has been horizontally drilled from a surface location in the W/2 W/2 of Section 17 to a bottomhole location in the W/2 W/2 of Section 20. The completed interval for this well is within the 330-foot standard offset required by the rules. Also to be considered will be the actual cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, and designation of COG Operating LLC as operator of the well. Said area is located approximately 12 miles southwest of Malaga, NM.

3. Case No. 15482: (Continued from the April 14, 2016 Examiner Hearing.)

Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 320-acre, more or less, spacing and proration unit comprised of the E/2 W/2 of Section 17 and the E/2 W/2 of Section 20, Township 26 South, Range 28 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is dedicated to applicant's **SRO State Com #44H well**, which has been horizontally drilled from a surface location in the E/2 W/2 of Section 17 to a bottomhole location in the E/2 W/2 of Section 20. The completed interval for this well is within the 330-foot standard offset required by the rules. Also to be considered will be the actual cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, and designation of COG Operating LLC as operator of the well. Said area is located approximately 12 miles southwest of Malaga, NM.