

Examiner Hearing – September 15, 2016

Docket No. 38-16

Page 2 of 5

4. Case No. 15532: (Continued from the August 18, 2016 Examiner Hearing)

Application of Mewbourne Oil Company for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Mewbourne Oil Company seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Wolfcamp formation comprised of the E/2 W/2 of Section 9, Township 26 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the E/2 W/2 of Section 9. The unit will be dedicated to the **Salado Draw 9 W1CN Fed. Com. Well No. 2H**, a horizontal well with a surface location in the NE/4NW/4, and a terminus in the SE/4 SW/4, of Section 9. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 23-1/2 miles west of Bennett, New Mexico.

5. Case No. 15533: (Continued from the August 18, 2016 Examiner Hearing)

Application of Mewbourne Oil Company for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Mewbourne Oil Company seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Wolfcamp formation comprised of the E/2 E/2 of Section 9, Township 26 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the E/2 E/2 of Section 9. The unit will be dedicated to the **Salado Draw 9 W1AP Fed. Com. Well No. 2H**, a horizontal well with a surface location in the NE/4 NE/4, and a terminus in the SE/4 SE/4, of Section 9. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 23 miles west of Bennett, New Mexico.

6. Case No. 15534: (Continued from the August 18, 2016 Examiner Hearing)

Application of Mewbourne Oil Company for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Mewbourne Oil Company seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Wolfcamp formation comprised of the W/2 E/2 of Section 9, Township 26 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the W/2 E/2 of Section 9. The unit will be dedicated to the **Salado Draw 9 W1BO Fed. Com. Well No. 2H**, a horizontal well with a surface location in the NW/4 NE/4, and a terminus in the SW/4 SE/4, of Section 9. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 23 miles west of Bennett, New Mexico.

7. Case No. 15542: Application of Mewbourne Oil Company for compulsory pooling and an unorthodox well location, Eddy County, New Mexico.

Mewbourne Oil Company seeks an order approving all mineral interests in the Wolfcamp formation underlying the E/2 of Section 26, Township 23 South, Range 27 East, NMPM, to form a standard 320 acre gas spacing and proration unit. The unit will be dedicated to the **Iceman 26 W2AP Fed. Com. Well No. 1H**, a horizontal well with a surface location 205 feet from the north line and 330 feet from the east line, and a terminus 330 feet from the south line and 330 feet from the east line, of Section 26. The producing interval will be unorthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 3-1/2 miles west-southwest of Loving, New Mexico.

8. Case No. 15512: (Continued from the September 1, 2016 Examiner Hearing.)

Application of Mewbourne Oil Company for approval of a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order approving a 159.95-acre non-standard oil spacing and proration unit (project area) in the Delaware formation comprised of Lot 2, SW/4 NE/4, and W/2 SE/4 (the W/2 E/2) of Section 3, Township 24 South, Range 28 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Delaware formation underlying the W/2 E/2 of Section 3. The unit will be dedicated to the **Yardbirds 3 D3BO Fee Well No. 1H**, a horizontal well with a surface location 185 feet from the north line and 2050 feet from the east line, and a terminus 330 feet from the south line and 2050 feet from the east line, of Section 3. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 1-1/2 miles north of Malaga, New Mexico.

9. ~~Case No. 15538:~~ (Continued from the August 18, 2016 Examiner Hearing.)

Application of Matador Production Company and Mewbourne Oil Company for pool creation, pool reclassification, and special pool rules, Eddy County, New Mexico. Applicants seek an order creating a new pool, designated the Downey-Wolfcamp Gas Pool, covering the Wolfcamp formation in Townships 22 through 26 South, and Ranges 25 East Through 31 East, NMPM, Eddy County, and instituting special rules and regulations for the pool including 320 acre spacing and special well locations requirements. All existing Wolfcamp pools, and wells within the existing pools, shall be re-classified as being within the Downey-Wolfcamp Gas

Pool. The proposed pool is centered by the town of Malaga, New Mexico.

10. Case No. 15531: (Continued from the September 1, 2016 Examiner Hearing.)

Application of M & M Energy, LLC for compulsory pooling, Lea County, New Mexico. M & M Energy, LLC seeks an order pooling all mineral interests from the surface to the base of the San Andres formation underlying the NE/4 SW/4 of Section 6, Township 22 South, Range 36 East, NMPM, to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the **Day Well No. 9**, to be drilled at an orthodox location. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 8-1/2 mile west-southwest of Eunice, New Mexico.

11. Case No. 15543: Application of COG Operating LLC 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, 320-acre, more or less, non-standard spacing and proration unit comprised of the W/2 E/2 of Section 34, Township 25 South, Range 33 East, and the W/2 E/2 of Section 3, Township 26 South, Range 33 East, NMPM, Lea County, New Mexico; 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 Columbus Fee No. 2H Well, which will be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 34 to a standard bottom hole location in the SW/4 SE/4 (Unit O) of Section 3. The completed interval for this well will 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 COG Operating LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 11 miles southwest of Ochoa, New Mexico.

12. Case No. 15544: 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 160-acre, more or less, spacing and proration unit comprised of the E/2 E/2 of Section 36, Township 18 South, Range 31 East, Eddy County, New Mexico; and (2) pooling all mineral interests in the Bone Spring formation (Nervous-Watkins; Bone Spring Pool (63345)) underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed Nervous Purvis State Com No. 9H Well, which will be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) and a standard bottom hole location in the NE/4 NE/4 of Section 36. The completed interval for this well will remain within the 330-foot standard offset required by the Division's statewide 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 COG Operating LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 12 miles Southeast of Loco Hills, New Mexico.

13. Case No. 15545: (This case will be dismissed.)

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 234.49-acre, more or less, spacing and proration unit comprised of Lot 1, NE/4 NW/4 and N/2 NE/4 of irregular Section 18, Township 18 South, Range 31 East, and the N/2 NE/4 of Section 13, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Bone Spring formation (Twiggy-Shugart; Bone Spring Pool (56405)) underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed Twiggy Squirrel Fed Com No. 4H Well, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 17, Township 18 South, Range 31 East, to a standard bottom hole location in the NW/4 NE/4 (Unit B) of Section 13, Township 18 South, Range 30 East. The completed interval for this well will remain within the 330-foot standard offset required by the Division's statewide 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 COG Operating LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 6 miles Southeast of Loco Hills, New Mexico.

14. Case No. 15546: (This case will be dismissed.)

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 234.76-acre, more or less, spacing and proration unit comprised of Lot 4, SE/4 SW/4 and S/2 SE/4 of irregular Section 18, Township 18 South, Range 31 East, and the S/2 SE/4 of Section 13, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Bone Spring formation (Twiggy-Shugart; Bone Spring Pool (56405)) underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed Twiggy Squirrel Fed Com No. 1H Well, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 17, Township 18 South, Range 31 East, to a standard bottom hole location in the SW/4 SE/4 (Unit O) of Section 13, Township 18 South, Range 30 East. The completed interval for this well will remain within the 330-foot standard offset required by the Division's statewide 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 COG Operating LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located