

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

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

**CASE NO. 14577
ORDER NO. R-10067-B**

**APPLICATION OF COG OPERATING, LLC
FOR A VERTICAL EXTENSION 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.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on January 6, 2011, at Santa Fe, New Mexico, before Examiner David K. Brooks.

NOW, on this 1st day of February, 2011, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

- (1) Due notice has been given, and the Division has jurisdiction of the subject matter of this case.
- (2) COG Operating, LLC ("Applicant") seeks expansion of the vertical limits of the Grayburg-Jackson-Seven Rivers-Queen-Grayburg-San Andres Pool [Pool Code 28509] (the "Grayburg-Jackson Pool"), within the horizontal boundaries of the Burch Keely Unit.
- (3) Pursuant to Order No. R-10067, the vertical limits of this pool within the Burch Keely Unit extend from the top of the Seven Rivers Formation to 500 feet below the top of the Paddock Formation. Applicant requests that the lower limit of the pool be extended to a depth of 5,000 feet below the surface.

(4) The Burch Keely Unit is a statutory unit that was established by Order No. R-7900-A, issued in Case No. 10810 on October 28, 1993. The horizontal boundaries of the Burch Keely Unit, which Applicant does not propose to change, comprise the following federal lands in Eddy County, New Mexico:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 12:	SE/4 SE/4
Section 13:	All
Sections 23 through 26:	All

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Sections 18 and 19:	All
Section 30:	All

(5) This case is closely related to Case No. 14558, in which Marbob Energy Corporation, predecessor in title to Applicant, sought vertical expansion of the Burch Keely unit so as to establish the lower limit of the "Unitized Formation" at 5,000 feet below the surface.

(6) In Order No. R-7900-C, issued on January 31, 2011, the Division granted the Application of Marbob in Case No. 14558. The Division's findings set forth in Order No. R-7900-C are incorporated herein by reference.

(7) At the hearing in this case, Applicant appeared through counsel and presented land and geologic testimony.

(8) Applicant's geologic witness testified *inter alia* that the Blinbry formation which lies below the Paddock in the depth interval below the present base of the Grayburg-Jackson Pool and the proposed base, is a portion of the Yeso Formation, and "is all the same stratigraphic rock" as the formations now included in the Grayburg-Jackson Pool. He further testified that other pools in the vicinity include the formations both above and below the present base of the Grayburg-Jackson Pool.

(9) ConocoPhillips Company, the operator of the Grayburg Deep Pool which encompasses this area below the 5,000-foot boundary, appeared at the hearing through counsel, but did not present any testimony nor articulate any objection to the granting of this Application

The Division concludes that:

(10) Granting this Application will prevent waste and will not impair correlative rights.

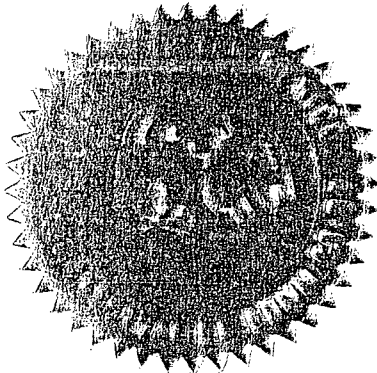
IT IS THEREFORE ORDERED THAT:

(1) The vertical boundaries of the Grayburg-Jackson-Seven Rivers-Queen-Grayburg San Andres Pool (Pool Code 28509), only within the horizontal limits of the Burch Keely Unit as specifically described in Finding Paragraph (4) of this Order, are hereby expanded to coincide with the lower vertical limits of the "Unitized Formation" of 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 throughout the Burch Keely Unit.

(3) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Daniel Sanchez", written over a horizontal line.

DANIEL SANCHEZ
Acting Director