

DOCKET: SPECIAL EXAMINER HEARING – THURSDAY – AUGUST 30, 2018

8:15 a.m. - 1220 South St. Francis, Santa Fe, New Mexico 87505

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.

1. Case No. 16144: *(Continued from the August 23, 2018, Examiner Hearing.)*

Application of Marathon Oil Permian LLC for a non-standard spacing and proration unit, non-standard locations, and compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division: (1) creating a non-standard 240-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the W/2 E/2 of Section 18 and the W/2 NE/4 of Section 19, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico; (2) approving non-standard locations; and, (3) pooling all mineral interests in the Bone Spring 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 **Blueberry Hill Fee 24-35-19 TB 3H** well, to be horizontally drilled. The producing area for the well will have unorthodox locations. 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 Marathon as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 14 miles northwest of Jal, New Mexico.

2. Case No. 16145: *(Continued from the August 23, 2018 Examiner Hearing.)*

Application of Marathon Oil Permian LLC for approval of a non-standard spacing and proration unit, non-standard locations, and compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division: (1) creating a non-standard 480-acre, more or less, spacing and proration unit in the Wolfcamp formation, comprised of the E/2 of Section 18 and the NE/4 of Section 19, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico; and, (2) approving non-standard locations; and (3) pooling all mineral interests in the Wolfcamp formation underlying this proposed non-standard spacing and proration unit. This proposed spacing and proration unit will be the project area for the **Blueberry Hill Fee 24-35-19 WXY 4H, Blueberry Hill Fee 24-35-19 WA 5H, and Blueberry Hill Fee 24-35-19 WA 6H** wells, to be horizontally drilled. The producing area for these wells will have unorthodox locations. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 14 miles northwest of Jal, New Mexico.

3. Case No. 16146: *(Continued from the August 23, 2018 Examiner Hearing.)*

Application of Marathon Oil Permian LLC for a non-standard spacing and proration unit, non-standard locations, and compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division: (1) creating a non-standard 240-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the E/2 E/2 of Section 18 and the E/2 NE/4 of Section 19, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico; (2) approving non-standard locations; and, (3) pooling all mineral interests in the Bone Spring 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 **Blueberry Hill Fee 24-35-19 TB 10H** well, to be horizontally drilled. The producing area for the well will have unorthodox locations. 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 Marathon as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 14 miles northwest of Jal, New Mexico.

4. Case No. 16150: *(Continued from the August 23, 2018 Examiner Hearing.)*

Application of Marathon Oil Permian LLC for the approval of a non-standard spacing and proration unit, non-standard locations and compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division: (1) creating a non-standard spacing 320-acre, more or less, spacing and proration unit covering the W/2 of Section 18, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico; (2) pooling all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit; and (3) the approval of non-standard locations. This proposed non-standard spacing and proration unit will be the project area for the **Halberd Federal 24-**

35-18 WA 5H; Halberd Federal 24-35-18 WXY 3H; and Halberd Federal 24-35-18 WXY 10H wells, to be horizontally drilled. The producing area for these wells will have unorthodox locations. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 15 miles northwest of Jal, New Mexico.

5. *Case No. 16151:* (Continued from the August 23, 2018 Examiner Hearing.)

Application of Marathon Oil Permian LLC for a non-standard spacing and proration unit, non-standard locations, and compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division: (1) creating a non-standard 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the W/2 W/2 of Section 18, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico; (2) approving non-standard locations; and, (3) pooling all mineral interests in the Bone Spring 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 **Halberd Federal 24-35-18 FB 12H** and **Halberd Federal 24-35-18 TB 6H** wells, to be horizontally drilled. The producing area for the wells will have unorthodox locations. 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 Marathon as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 15 miles northwest of Jal, New Mexico.

6. *Case No. 16316:* (Continued from the August 23, 2018 Examiner Hearing.)

Application of COG Operating LLC for Compulsory Pooling, Lea County, New Mexico. Applicant in the above styled cause seeks an order (1) creating an 160-acre, more or less, spacing and proration unit comprised of E/2 SE/4 of Section 18 and E/2 NE/4 of Section 19, Township 24 South, Range 35 East, N.M.P.M., Lea County, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring Formation, Wolfbone Pool, underlying said acreage. Said spacing unit shall be dedicated to the **Snapback Fee 501H Well**, with a surface location in the NE/4 SE/4 (Unit I) of Section 18 and a bottom hole location in SE/4 NE/4 (Unit H) of Section 19. 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 the well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of COG Operating LLC as operator of the well, and a 200% penalty for risk involved in the drilling the well. Said area is approximately 14 miles northwest of Jal, New Mexico.

7. *Case No. 16317:* (Continued from the August 23, 2018 Examiner Hearing.)

Application of COG Operating LLC for Compulsory Pooling, Lea County, New Mexico. Applicant in the above styled cause seeks an order (1) creating an 160-acre, more or less, spacing and proration unit comprised of W/2 SE/4 of Section 18 and W/2 NE/4 of Section 19, Township 24 South, Range 35 East, N.M.P.M., Lea County, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring Formation, Wolfbone Pool, underlying said acreage. Said spacing unit shall be dedicated to the **Snapback Fee 502H Well**, with a surface location in the NW/4 SE/4 (Unit J) of Section 18 and a bottom hole location in SW/4 NE/4 (Unit G) of Section 19. 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 the well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of COG Operating LLC as operator of the well, and a 200% penalty for risk involved in the drilling the well. Said area is approximately 14 miles northwest of Jal, New Mexico.

8. *Case No. 16318:* (Continued from the August 23, 2018 Examiner Hearing.)

Application of COG Operating LLC for a standard horizontal spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the division: (1) creating a standard 480-acre, more or less, horizontal spacing and proration unit comprised of the SW/4 of Section 18 and the W/2 of Section 19, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring Formation, Wolfbone Pool, underlying this acreage. Said horizontal spacing unit is to be assigned to two proposed initial wells, to be drilled and completed simultaneously: the **Snapback Fed Com Well No. 503H** and the **Snapback Fed Com Well No. 504H**. The **Snapback Fed Com Well No. 503H** will be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 19 to bottom hole locations in the NE/4 SW/4 (Unit K) of Section 18, and the **Snapback Fed Com Well No. 504H** will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 19 to bottom hole locations in the NW/4 SW/4 (Unit L) of Section 18. The completed intervals for the **Snapback Fed Com Well No. 503H** and the **Snapback Fed Com Well No. 504H** will remain within the 330-foot offset as required by the Statewide rules for oil wells. The first and last take points for the

Snapback Fed Com Well No. 503H and the **Snapback Fed Com Well No. 504H** will remain within the 100-foot spacing requirement mandated by the Statewide rules for oil wells. Also to be considered will be the timing of the drilling and completion of said wells, the cost of drilling and completion of said wells 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 wells and a 200% charge for risk involved in drilling said wells. Said area is located approximately 14 miles west of Jal, New Mexico.

9. Case No. 16319: *(Continued from the August 23, 2018 Examiner Hearing.)*

Application of COG Operating LLC for Compulsory Pooling, Lea County, New Mexico. Applicant in the above styled cause seeks an order (1) creating a 320-acre, more or less, horizontal spacing and proration unit comprised of SE/4 Section 18 and the NE/4 Section 19, Township 24 South, Range 35 East, N.M.P.M., Lea County, New Mexico; and (2) pooling all uncommitted interests in the Wolfcamp Formation, Wolfbone Pool, underlying said acreage. Said spacing unit is for seven proposed initial wells, to be drilled and completed simultaneously: **Snapback Fee 601H Well**, to be drilled horizontally from a surface location in NE/4 SE/4 (Unit I) of Section 18 to a bottom hole location in SE/4 NE/4 (Unit H) of Section 19, with an unorthodox location; **Snapback Fee 602H Well, Snapback Fee 701H Well, and Snapback Fee 702H Well**, to be drilled horizontally from surface locations in NE/4 SE/4 (Unit I) of Section 18 to bottom hole locations in SE/4 NE/4 (Unit H) of Section 19, which will remain within the 330-foot offset as required by the Statewide rules for oil wells; **Snapback Fee 703H Well and Snapback Fee 704H Well** to be drilled horizontally from surface locations in NW/4 SE/4 (Unit J) of Section 18 to bottom hole locations in SW/4 NE/4 (Unit G) of Section 19, which will remain within the 330-foot offset as required by the Statewide rules for oil wells; and **Snapback Fee 603H Well**, to be drilled horizontally from a surface location in NW/4 SE/4 (Unit J) of Section 18 to a bottom hole location in SW/4 NE/4 (Unit G) of Section 19, with an unorthodox location. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of COG Operating LLC as operator of the wells, and a 200% penalty for risk involved in the drilling the wells. Said area is approximately 14 miles northwest of Jal, New Mexico.

10. Case No. 16320: *(Continued from the August 23, 2018 Examiner Hearing.)*

Application of COG Operating LLC for a standard horizontal spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the division: (1) creating a standard 480-acre, more or less, horizontal spacing and proration unit comprised of the SW/4 of Section 18 and the W/2 of Section 19, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico; and (2) pooling all uncommitted interests in the Wolfcamp Formation, Wolfbone Pool, underlying this acreage. Said horizontal spacing unit is to be assigned to six proposed initial wells, to be drilled and completed simultaneously: the **Snapback Fed Com Well No. 604H, Snapback Fed Com Well No. 605H, Snapback Fed Com Well No. 705H, Snapback Fed Com Well No. 706H, Snapback Fed Com Well No. 707H and Snapback Fed Com Well No. 708H**. The **Snapback Fed Com Well No. 605H, Snapback Fed Com Well No. 707H and Snapback Fed Com Well No. 708H** will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 19 to bottom hole locations in the NW/4 SW/4 (Unit L) of Section 18. The **Snapback Fed Com Well No. 604H, Snapback Fed Com Well No. 705H, and Snapback Fed Com Well No. 706H** will be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 19 to bottom hole locations in the NE/4 SW/4 (Unit K) of Section 18. The completed intervals for the **Snapback Fed Com Well No. 604H, Snapback Fed Com Well No. 605H, Snapback Fed Com Well No. 705H, Snapback Fed Com Well No. 706H, Snapback Fed Com Well No. 707H and Snapback Fed Com Well No. 708H** will remain within the 330-foot offset as required by the Statewide rules for oil wells. The first and last take points for the **Snapback Fed Com Well No. 604H, Snapback Fed Com Well No. 605H, Snapback Fed Com Well No. 705H, Snapback Fed Com Well No. 706H, Snapback Fed Com Well No. 707H and Snapback Fed Com Well No. 708H** will remain within the 100-foot spacing requirement mandated by the Statewide rules for oil wells. Also to be considered will be the timing of the drilling and completion of said wells, the cost of drilling and completion of said wells 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 wells and a 200% charge for risk involved in drilling said wells. Said area is located approximately 14 miles west of Jal, New Mexico.