

DOCKET: SPECIAL EXAMINER HEARING – TUESDAY – OCTOBER 30, 2018

9:00 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 at least four business days 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 four business days 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. 16050: *(Continued from the October 4, 2018 Examiner Hearing.)*

Application of Marathon Oil Permian LLC for a non-standard spacing and proration unit and compulsory pooling, Eddy 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 S/2 S/2 of Section 5, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico; and, (2) 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 **Hambone Federal 26-29-5 TB 2H** and **Hambone Federal 26-29-5 SB 6H wells**, to be horizontally drilled. The producing area for these wells will be orthodox. 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 wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 11.5 miles south of Malaga, New Mexico.

2. Case No. 16051: *(Continued from the October 4, 2018 Examiner Hearing.)*

Amended Application of Marathon Oil Permian LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) pooling all mineral interests in the Wolfcamp formation underlying the standard 320-acre, more or less, spacing and proration unit comprised of the S/2 of Section 5, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico. This proposed standard spacing and proration unit will be the project area for the **Hambone Federal 26-29-5 WB 3H, Hambone Federal 26-29-5 WD 4H wells, Hambone Federal 26-29-5 WXY 5H, Hambone Federal 26-29-5 WB 7H, Hambone Federal 26-29-5 WD 8H, and Hambone Federal 26-29-5 WD 11H** wells to be horizontally drilled. The producing area for these wells will be orthodox. 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 wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 11.5 miles south of Malaga, New Mexico.

3. Case No. 16213: *(Continued from the October 4, 2018 Examiner Hearing.)*

Application of Marathon Oil Permian LLC for a non-standard spacing and proration unit and compulsory pooling, Eddy 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 N/2 S/2 of Section 5, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico; and, (2) 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 **Hambone Federal 26-29-5 TB 9H** and **Hambone Federal 26-29-5 SB 10H** wells, to be horizontally drilled. The producing area for these wells will be orthodox. 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 wells. Said area is located approximately 11.5 miles south of Malaga, New Mexico.

4. Case No. 16117: *(Continued from the October 4, 2018 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 640-acre, more or less, spacing and proration unit comprised of the W/2 of Section 5 and the W/2 of Section 8, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Hambone Federal Com 25H Well**, which will be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 8 to a standard bottom hole location in the NE/4 NW/4 (Lot 3) of Section 5. The completed interval for this well will remain within the 330-foot setback as required by the Statewide rules for oil wells. Also to be considered

Special Examiner Hearing October 30, 2018

Docket No. 44-18

Page 2 of 3

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 Malaga, New Mexico.

5. **Case No. 16188:** *(Continued from the October 4, 2018 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 640-acre, more or less, spacing and proration unit comprised of the E/2 of Section 5 and the E/2 of Section 8, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Hambone Federal Com 26H Well**, which will be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 8 to a standard bottom hole location in the NW/4 NE/4 (Unit B) of Section 5. The completed interval for this well will remain within the 330-foot offset as required by the Statewide rules for oil wells. 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 Malaga, New Mexico.

6. **Case No. 16189:** *(Continued from the October 4, 2018 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 5 and the E/2 W/2 of Section 8, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring Sand formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Hambone Federal Com 27H Well**, which will be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 8 to a standard bottom hole location in the NE/4 NW/4 (Unit C) of Section 5. The completed interval for this well will remain within the 330-foot offset as required by the Statewide rules for oil wells. 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 Malaga, New Mexico.

7. **Case No. 16190:** *(Continued from the October 4, 2018 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 5 and the W/2 W/2 of Section 8, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring Sand formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Hambone Federal Com 28H Well**, which will be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 8 to a standard bottom hole location in the NW/4 NW/4 (Unit D) of Section 5. The completed interval for this well will remain within the 330-foot offset as required by the Statewide rules for oil wells. 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 Malaga, New Mexico.

8. **Case No. 16191:** *(Continued from the October 4, 2018 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 E/2 of Section 5 and the W/2 E/2 of Section 8, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring Sand formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Hambone Federal Com 29H Well**, which will be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 8 to a standard bottom hole location in the NW/4 NE/4 (Unit B) of Section 5. The completed interval for this well will remain within the 330-foot offset as required by the Statewide rules for oil wells. 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

Special Examiner Hearing October 30, 2018

Docket No. 44-18

Page 3 of 3

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 Malaga, New Mexico.

9. *Case No. 16192:* *(Continued from the October 4, 2018 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 E/2 of Section 5 and the E/2 E/2 of Section 8, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring Sand formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Hambone Federal Com 30H Well**, which will be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 8 to a standard bottom hole location in the NE/4 NE/4 (Unit A) of Section 5. The completed interval for this well will remain within the 330-foot offset as required by the Statewide rules for oil wells. 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 Malaga, New Mexico.