

**DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 30, 2017**

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

Docket Nos. 43-17 and 1-18 are tentatively set for December 21, 2017 and January 11, 2018. Applications for hearing must be filed at least thirty (30) days in advance of the hearing date. 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.

*Locator Key for Cases*

*Case 15341 - No. 24*  
*Case 15363 - No. 39*  
*Case 15477 - No. 24*  
*Case 15594 - No. 40*  
*Case 15747 - No. 27*  
*Case 15755 - No. 43*  
*Case 15773 - No. 41*  
*Case 15774 - No. 42*  
*Case 15800 - No. 37*  
*Case 15805 - No. 25*  
*Case 15806 - No. 26*  
*Case 15815 - No. 5*  
*Case 15865 - No. 44*  
*Case 15866 - No. 45*  
*Case 15867 - No. 28*  
*Case 15868 - No. 29*  
*Case 15872 - No. 38*  
*Case 15873 - No. 1*  
*Case 15874 - No. 2*  
*Case 15875 - No. 3*  
*Case 15876 - No. 4*  
*Case 15877 - No. 6*  
*Case 15878 - No. 7*  
*Case 15879 - No. 8*  
*Case 15880 - No. 9*  
*Case 15881 - No. 10*  
*Case 15882 - No. 11*  
*Case 15883 - No. 12*  
*Case 15884 - No. 13*  
*Case 15885 - No. 14*  
*Case 15886 - No. 15*  
*Case 15887 - No. 16*  
*Case 15888 - No. 17*  
*Case 15889 - No. 18*  
*Case 15890 - No. 19*  
*Case 15891 - No. 20*  
*Case 15892 - No. 21*  
*Case 15893 - No. 22*  
*Case 15894 - No. 30*  
*Case 15895 - No. 31*  
*Case 15896 - No. 32*  
*Case 15897 - No. 33*  
*Case 15898 - No. 34*  
*Case 15899 - No. 35*  
*Case 15900 - No. 36*  
*Case 15901 - No. 23*

1. **Case No. 15873: Application of Sojourner Drilling Corporation for compulsory pooling, Curry County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Canyon formation underlying the NE/4 of Section 34, Township 6 North, Range 34 East, NMPM, for all pools or formations developed on 160-acre spacing within that vertical extent, including the WC-009 No. 63434G; Canyon Gas Pool. The unit will be dedicated to the **Frio Lands #1 Well**, a vertical well with a surface location 1929 feet from the North line and 1962 feet from the East line of Section 34. 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 spacing unit is located approximately 20 miles North of Clovis, New Mexico.

2. **Case No. 15874: Application of Apache Corporation For Approval of the Thunderbird Exploratory Unit, Eddy County New Mexico.** Applicant seeks approval of its Thunderbird Exploratory Unit consisting of approximately 3,198.44 acres of federal and state lands situated in all or parts of Sections 12, 33, 34, 35 and 36 of Township 16 South, Range 30 East, N.M.P.M and Section 4 of Township 17 South, Range 30 East, N.M.P.M, Eddy County, New Mexico. The unitized interval is the stratigraphic equivalent of the top of the Yeso formation encountered at a measured depth of 4,233' down to the stratigraphic equivalent of the top of the Tubb formation at a measured depth of 5,554' as encountered in the Aspen Federal Com #1 well (API No. 30-015-31656) located in Section 31, Township 16 South, Range 31 East, Eddy County, New Mexico.

3. **Case No 15875: Application of Great Western Drilling Ltd. for a Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico.** Applicant seeks an order approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of the W/2 W/2 of Section 34, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit will be dedicated to Applicant's proposed **Grama Ridge East 34 State 3BS #2H well** to be drilled from an orthodox location approximately 275 feet from the north line and 870 feet from the west line (surface) of Section 34, Township 21 South, Range 34 East, to a landing point approximately 330 feet from the north line and 460 feet from the west line of Section 34, Township 21 South, Range 34 East, and then to a bottom hole location approximately 330 feet from the south line and 460 feet from the west line (terminus) of Section 34, Township 21 South, Range 34 East. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 20 miles west of Eunice, New Mexico.

4. **Case No. 15876: Application of Great Western Drilling Ltd. for a Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico.** Applicant seeks an order approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of the E/2 E/2 of Section 34, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit will be dedicated to Applicant's proposed **Grama Ridge East 34 State 3BS #9H well** to be drilled from an orthodox location approximately 275 feet from the south line and 1220 feet from the east line (surface) of Section 34, Township 21 South, Range 34 East, to a landing point approximately 330 feet from the south line and 460 feet from the east line of Section 34, Township 21 South, Range 34 East, and then to a bottom hole location approximately 330 feet from the north line and 460 feet from the east line (terminus) of Section 34, Township 21 South, Range 34 East. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 20 miles west of Eunice, New Mexico.

5. **Case No. 15815: (Continued from the October 12, 2017 Examiner Hearing.)**  
**Application of NewTex Partners LLC for a non-standard oil spacing and proration unit and compulsory pooling, Chaves County, New Mexico.** Applicant seeks an order (i) creating a 320-acre, non-standard oil spacing and proration unit (project area) comprised of the W/2 of Section 21, Township 7 South, Range 28 East, NMPM, in Chaves County, and (ii) pooling all mineral interests in the San Andres formation underlying this acreage. The project area is to be dedicated to the **Bonanza #5H well**, which will be horizontally drilled from a surface location in Unit D to a bottom hole location in Unit M of Section 21, Township 7 South, Range 28 East. The completed interval for the well will remain within the 330-foot standard offset required by the Division's rules. Also, to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Hadaway Consulting and Engineering, LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The proposed project area is located approximately 33 miles northeast of Roswell, New Mexico.

6. **Case No. 15877: Application of Steward Energy II, LLC for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant seeks an order (i) creating a 480-acre, non-standard oil spacing and proration unit (project area) comprised of the SE/4 of Section 3 and the E/2 of Section 10, Township 14 South, Range 38 East, NMPM, in Lea County, and (ii) pooling all mineral interests in the San Andres formation underlying this acreage. The project area is to be dedicated to the **Pollos Hermanos #2H well**, which will be horizontally drilled from a surface location in Unit O of Section 10 to a bottom hole location in Unit J of Section 3, Township 14 South, Range 38 East. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Steward Energy II, LLC as the operator of the

proposed project area and the Pollos Hermanos #2H well, and a 200% charge for the risk involved in drilling and completing the well. The proposed project area is located approximately 16.5 miles northwest of Tatum, New Mexico.

7. **Case No. 15878: Application of COG Operating LLC for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant seeks an order (i) creating a 320-acre, non-standard oil spacing and proration unit (project area) comprised of the E/2 E/2 of Section 8 and the E/2 E/2 of Section 17, Township 26 South, Range 33 East, NMPM, in Lea County, and (ii) pooling all mineral interests in the Bone Spring formation underlying this acreage. The project area is to be dedicated to applicant's **Tigercat Federal Com #1H well**, which will be horizontally drilled from a surface location in Unit B of Section 8 to a bottom hole location in Unit P of Section 17, Township 26 South, Range 33 East. The completed interval for the well will remain within the 330-foot standard offset required by the Division's rules. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of COG Operating LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The proposed project area is located approximately twenty-two (22) miles west of Jal, New Mexico.

8. **Case No. 15879: Application of COG Operating LLC for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant seeks an order (i) creating a 320-acre, non-standard oil spacing and proration unit (project area) comprised of the W/2 E/2 of Section 8 and the W/2 E/2 of Section 17, Township 26 South, Range 33 East, NMPM, in Lea County, and (ii) pooling all mineral interests in the Bone Spring formation underlying this acreage. The project area is to be dedicated to applicant's **Tigercat Federal Com #2H well**, which will be horizontally drilled from a surface location in Unit B of Section 8 to a bottom hole location in Unit O of Section 17, Township 26 South, Range 33 East. The completed interval for the well will remain within the 330-foot standard offset required by the Division's rules. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of COG Operating LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The proposed project area is located approximately twenty-two (22) miles west of Jal, New Mexico.

9. **Case No. 15880: Application of COG Operating LLC for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant seeks an order (i) creating a 160-acre, non-standard oil spacing and proration unit (project area) comprised of the E/2 W/2 of Section 8, Township 26 South, Range 33 East, NMPM, in Lea County, and (ii) pooling all mineral interests in the Wolfcamp formation underlying this acreage. The project area is to be dedicated to applicant's **Tigercat Federal Com #3H well**, which will be horizontally drilled from a surface location in Unit C to a bottom hole location in Unit N of Section 8, Township 26 South, Range 33 East. The completed interval for the well will remain within the 330-foot standard offset required by the Division's rules. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of COG Operating LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The proposed project area is located approximately twenty-two (22) miles west of Jal, New Mexico.

10. **Case No. 15881: Application of COG Operating LLC for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant seeks an order (i) creating a 160-acre, non-standard oil spacing and proration unit (project area) comprised of the W/2 W/2 of Section 8, Township 26 South, Range 33 East, NMPM, in Lea County, and (ii) pooling all mineral interests in the Bone Spring formation underlying this acreage. The project area is to be dedicated to applicant's **Tigercat Federal Com #4H well**, which will be horizontally drilled from a surface location in Unit C to a bottom hole location in Unit M of Section 8, Township 26 South, Range 33 East. The completed interval for the well will remain within the 330-foot standard offset required by the Division's rules. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of COG Operating LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The proposed project area is located approximately twenty-two (22) miles west of Jal, New Mexico.

11. **Case No. 15882: 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 161.39-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of Lot 1, SE/4 NE/4, and E/2 SE/4 (the E/2 E/2) of Section 4, Township 22 South, Range 34 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit will be dedicated to the **Black Sheep B3PA Fed. Com. Well No. 1H**, a horizontal well with a surface location in the SE/4 SE/4 of Section 4, and a terminus 330 feet from the north line and 380 feet from the east line of Section 4. 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 13 miles southwest of Oil Center, New Mexico.

12. **Case No. 15883: 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 160.26-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of Lot 2, SW/4 NE/4, and W/2 SE/4 (the W/2

E/2) of Section 4, Township 22 South, Range 34 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit will be dedicated to the **Black Sheep B3OB Fed. Com. Well No. 1H**, a horizontal well with a surface location in the SW/4 SE/4 of Section 4, and a terminus 280 feet from the north line and 1675 feet from the east line of Section 4. 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 13 miles west-southwest of Oil Center, New Mexico.

**13. Case No. 15884: 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 160.12-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of Lot 3, SE/4 NW/4, and E/2 SW/4 (the E/2 W/2) of Section 4, Township 22 South, Range 34 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit will be dedicated to the **Black Sheep B3NC Fed. Com. Well No. 1H**, a horizontal well with a surface location in the SE/4 SW/4 of Section 4, and a terminus 280 feet from the north line and 1980 feet from the west line of Section 4. 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 13-1/2 miles west-southwest of Oil Center, New Mexico.

**14. Case No. 15885: 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 160.99-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of Lot 4, SW/4 NW/4, and W/2 SW/4 (the W2 W/2) of Section 4, Township 22 South, Range 34 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit will be dedicated to the **Black Sheep B3MD Fed. Com. Well No. 1H**, a horizontal well with a surface location in the SW/4 SW/4 of Section 4, and a terminus 330 feet from the north line and 660 feet from the west line of Section 4. 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 13-1/2 miles west-southwest of Oil Center, New Mexico.

**15. Case No. 15886: Application of Mewbourne Oil Company for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Mewbourne Oil Company seeks an order approving a 312.51-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of Lot 1, NE/4 NW/4, and N/2 NE/4 (the N/2 N/2) of Section 31 and the N/2 N/2 of Section 32, Township 18 South, Range 29 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the N/2 N/2 of Section 31 and the N/2 N/2 of Section 32 for all pools developed on 40 acre spacing within that vertical extent. The unit will be dedicated to the **Pavo Macho 31/32 B2DA Fed. Com. Well No. 1H**, a horizontal well with a surface location in Lot 1 of Section 31, and a terminus in the NE/4 NE/4 of Section 32. 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 11 miles southwest of Loco Hills, New Mexico.

**16. Case No. 15887: Application of Mewbourne Oil Company for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Mewbourne Oil Company seeks an order approving a 312.66-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of Lot 2, SE/4 NW/4, and S/2 NE/4 (the S/2 N/2) of Section 31 and the S/2 N/2 of Section 32, Township 18 South, Range 29 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the S/2 N/2 of Section 31 and the S/2 N/2 of Section 32 for all pools developed on 40 acre spacing within that vertical extent. The unit will be dedicated to the **Pavo Macho 31/32 B2EH Fed. Com. Well No. 1H**, a horizontal well with a surface location in Lot 2 of Section 31, and a terminus in the SE/4 NE/4 of Section 32. 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 11 miles southwest of Loco Hills, New Mexico.

**17. Case No. 15888: 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 Bone Spring formation comprised of the E/2 W/2 of Section 10, Township 23 South, Range 34 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit will be dedicated to the **Ibex B3NC Fed. Com. Well No. 1H**, a horizontal well with a surface location in the NE/4 NW/4 of adjoining Section 15, and a terminus 330 feet from the north line and 1980 feet from the west line of Section 10. 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 19-1/2 miles west-southwest of Eunice, New Mexico.

18. **Case No. 15889: Application of Matador Production Company for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant 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 17, Township 25 South, Range 35 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit (project area). The unit is to be dedicated to the **Leslie Fed. Com. Well No. 214H**, a horizontal well with a surface location in the SE/4 SE/4, and a terminus in the NE/4 NE/4, of Section 17. 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 11 miles west-northwest of Jal, New Mexico.

19. **Case No. 15890: Application of Matador Production Company for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant 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 17, Township 25 South, Range 35 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit (project area). The unit is to be dedicated to the **Leslie Fed. Com. Well No. 217H**, a horizontal well with a surface location in the SW/4 SE/4, and a terminus in the NW/4 NE/4, of Section 17. 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 11 miles west-northwest of Jal, New Mexico.

20. **Case No. 15891: Application of Matador Production Company for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant 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 W/2 of Section 11, Township 24 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit (project area). The unit is to be dedicated to the **Charles Ling Fed. Com. Well No. 211H**, a horizontal well with a surface location in SW/4 SW/4, and a terminus in NW/4 NW/4, of Section 11. 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 22-1/2 miles west-northwest of Jal, New Mexico.

21. **Case No. 15892: Application of Matador Production Company for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant 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 11, Township 24 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit (project area). The unit is to be dedicated to the **Charles Ling Fed. Com. Well No. 212H**, a horizontal well with a surface location in SE/4 SW/4, and a terminus in NE/4 NW/4, of Section 11. 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 22-1/2 miles west-northwest of Jal, New Mexico.

22. **Case No. 15893: Application of Matador Production Company for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant 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 11, Township 24 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit (project area). The unit is to be dedicated to the **Charles Ling Fed. Com. Well No. 213H**, a horizontal well with a surface location in SW/4 SE/4, and a terminus in NW/4 NE/4, of Section 11. 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 22 miles west-northwest of Jal, New Mexico.

23. **Case No. 15901: Application of Matador Production Company for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant 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 11, Township 24 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit (project area). The unit is to be dedicated to the **Charles Ling Fed. Com. Well No. 214H**, a horizontal well with a surface location in SE/4 SE/4, and a terminus in NE/4 NE/4, of Section 11. 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 22 miles west-northwest of Jal, New Mexico.

24. **Case Nos. 15341 (re-opened) and 15477 (re-opened): Application of RKI Exploration And Production, LLC To Re-**

**Open Case Nos. 15341 And 15477 Modify Order Nos. R-14016-A And R-14154 To Form A Single Spacing And Proration Unit To Conform With The Purple Sage-Wolfcamp Gas Pool, Eddy County, New Mexico.** Applicant in the above-styled cause seeks to re-open Case Nos. 15341 and 15477 to modify Order Nos. R-14016-A and R-14154 to form a single 320-acre spacing and proration unit to conform with the spacing requirements of the Purple Sage-Wolfcamp Gas Pool as set forth in Order No. R-14262. The proposed 320-acre spacing and proration unit is comprised of the E/2 of Section 17, Township 26 South, Range 30 East, NMPM, Eddy County New Mexico. Said area is located approximately 9.5 miles Southwest of Ross Place, New Mexico.

**25. Case No. 15805 (re-opened): Application of XTO Energy Inc. to revise the well name and to dedicate an additional initial well to the non-standard spacing and proration unit under the terms of Order R-14477, Eddy County, New Mexico.** Applicant in the above-styled cause seeks to amend Order No. R-14477 to 1) revise the well name for the initial well; and 2) to dedicate an additional initial well to the spacing unit under the terms of compulsory pooling Order No. R-14477. The revised well name for the initial well will be the **Cattle Baron Fed Com No. 2H Well**. XTO further requests that the **Golden Corral Fed Com No. 2H Well** be dedicated to the non-standard spacing and proration unit as an additional initial well. The **Cattle Baron Fed Com No. 2H Well** and the **Golden Corral Fed Com No. 2H Well** will be pad-drilled and simultaneously completed. The **Golden Corral Fed Com No. 2H Well** is a horizontal well to be drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 6, Township 25 South, Range 29 East, to a standard bottomhole location in the NW/4 SE/4 (Unit J) of Section 31, Township 24 South, Range 29 East. The completed interval will comply with the Statewide setback requirements. Said area is located approximately 6 miles southeast of Malaga, New Mexico.

**26. Case No. 15806 (re-opened): Application of XTO Energy Inc. to revise the well name and to dedicate two additional initial wells to the non-standard spacing and proration unit under the terms of Order R-14478, Eddy County, New Mexico.** Applicant in the above-styled cause seeks to amend Order No. R-14478 to 1) revise the well name for the initial well; and 2) to dedicate an additional initial well to the spacing unit under the terms of compulsory pooling Order No. R-14478. The revised well name for the initial well will be the **Sizzler Fed Com No. 2H Well**. XTO further requests that the **Roadhouse Fed Com No. 1H Well** and the **Roadhouse Fed Com No. 2H Well** be dedicated to the non-standard spacing and proration unit as additional initial wells. The **Sizzler Fed Com No. 2H Well**, the **Roadhouse Fed Com No. 1H Well**, and the **Roadhouse Fed Com No. 2H Well** will be pad-drilled and simultaneously completed. The **Roadhouse Fed Com No. 1H Well** and the **Roadhouse Fed Com No. 2H Well** are horizontal wells to be drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 6, Township 25 South, Range 29 East, to a standard bottomhole location in the NW/4 SE/4 (Unit J) of Section 31, Township 24 South, Range 29 East. The completed interval will comply with the setback requirements for the Purple Sage; Wolfcamp Gas Pool. Said area is located approximately 6 miles southeast of Malaga, New Mexico.

**27. Case No. 15747 (re-opened): Application of Matador Production Company to Re-Open Case No. 15747 To Amend the Initial Well Under The Terms Of Compulsory Pooling Order R-14332, Eddy County, New Mexico.** Applicant in the above-styled cause seeks to amend Division Order R-14332 to change the initial well dedicated to the spacing unit to the **Stebbins 19 Federal Com No. 123H** (API No. 30-015-44170), a horizontal well to be drilled 2317 feet from the South line, 520 feet from the East line (Unit I) to a standard bottom hole location 1870 feet from the South line, 240 feet from the West line of Section 19, Township 20 South, Range 29 East, NMPM, in Eddy County, New Mexico. Said unit is located 11 miles northeast of Carlsbad, New Mexico.

**28. Case No. 15867: Amended Application of Chisholm Energy 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 160-acre, more or less, spacing and proration unit comprised of the W/2 E/2 of Section 34, Township 21 South, Range 34 East, NMPM, Lea County New Mexico; and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Gramma Ridge East 34 State 2BS No. 8H Well**, which will be drilled horizontally from a surface location in the SE/4 SE/4 (Unit P) to a standard bottom hole location in the NW/4 NE/4 (Unit B) of Section 34. The completed interval for the 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 Chisholm Energy Operating, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 18 miles west of Eunice, New Mexico.

**29. Case No. 15868: Amended Application of Chisholm Energy 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 160-acre, more or less, spacing and proration unit comprised of the E/2 E/2 of Section 34, Township 21 South, Range 34 East, NMPM, Lea County New Mexico; and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Gramma Ridge East 34 State 2BS No. 9H Well**, which will be drilled horizontally from a surface location in the SE/4 SE/4 (Unit P) to a standard bottom hole location in the NE/4 NE/4 (Unit A) of Section 34. The completed interval for the 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 Chisholm Energy Operating, LLC as

operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 18 miles west of Eunice, New Mexico.

**30. Case No. 15894: Application of Ameredev 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, spacing and proration unit comprised of the E/2 W/2 of Section 4 and the E/2 W/2 of Section 9, Township 26 South, Range 36 East, NMPM, Lea 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 **Firethorn Fed Com 26-36-04 No. 113H Well**, which will be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 33, Township 25 South, Range 36 East to a standard bottom hole location in the SE/4 SW/4 (Unit N) of Section 9, Township 26 South, Range 36 East. 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 Ameredev Operating, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 5 miles southwest of Jal, NM.

**31. Case No. 15895: Application of Chevron U.S.A. Inc. 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 spacing and proration unit comprised of the E/2 of Section 5, Township 24 South, Range 29 East, and the E/2 of Section 32, Township 23 South, Range 29 East, N.M.P.M., Eddy County, New Mexico; and (2) pooling all mineral interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's three proposed wells: the **CB SE 5 32 Fed Com #11H Well**, the **CB SE 5 32 Fed Com #12H Well**, and the **CB SE 5 32 Fed Com #13H Well**, which will be simultaneously drilled and completed. The **CB SE 5 32 Fed Com #11H Well** and the **CB SE 5 32 Fed Com #12H Well** will be drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 5 to a bottom hole location in NW/4 NE/4 (Unit B) of Section 32. The **CB SE 5 32 Fed Com #13H Well** will be drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 5 to a bottom hole location in the NE/4 NE/4 of Section 32. The completed interval for each well will be at a standard 330 foot offset pursuant to the Special Rules for the Purple Sage Wolfcamp Gas Pool (Pool Code 98220). Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Chevron U.S.A. Inc. as operator of the wells and a 200% charge for risk involved in drilling said well. Said area is located approximately 5 miles northeast of Malaga, New Mexico.

**32. Case No. 15896: 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 240-acre, more or less, spacing and proration unit comprised of the W/2 E/2 of Irregular Section 1 (Lot 2, SW/4 NE/4, and W/2 SE/4) and the W/2 NE/4 of Section 12, Township 26 South, Range 35 East, NMPM, Lea 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 **Ushanka Federal Com No. 23H Well**, which will be horizontally drilled from a surface location in the NW/4 NE/4 (Lot 2) of Irregular Section 1 to a standard bottom hole location in the SW/4 NE/4 (Unit G) of Section 12. 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 8.3 miles southwest of Jal, New Mexico.

**33. Case No. 15897: Application of Matador Production Company 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, 160-acre, more or less, spacing and proration unit comprised of the E/2 SE/4 of Section 16 and the E/2 NE/4 of Section 21, Township 23 South, Range 32 East, NMPM, Lea 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 **Simon Camamile 21-23S-32E AR No. 204H Well**, which will be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 21 to a standard bottom hole location in the NE/4 SE/4 (Unit I) of Section 16. 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 Matador Production Company as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 13 miles west of Jal, NM.

**34. Case No. 15898: Application of Matador Production Company 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, 160-acre, more or less, spacing and proration unit comprised of the E/2 SE/4 of Section 16 and the E/2 NE/4 of Section 21, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Simon Camamile 21-23S-32E AR No. 124H Well**, which will be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 21 to a standard bottom hole location in the NE/4 SE/4 (Unit I) of Section 16. 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 Matador Production Company as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 13 miles west of Jal, NM.

35. ***Case No. 15899: Application of Matador Production Company 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 W/2 E/2 of Section 21, Township 20 South, Range 29 East, Eddy County, New Mexico and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Cueva De Oro Fed No. 123H Well**, which will be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) to a standard bottom hole location in the SW/4 SE/4 (Unit O) of Section 21. 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 Matador Production Company as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 12.7 miles northeast of Carlsbad, NM.

36. ***Case No. 15900: Application of Matador Production Company 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, 160.48-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 33, Township 22 South, Range 35 East, Lea County, New Mexico and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Bill Alexander State Com 33-22S-35E AR No. 111H Well**, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) to a standard bottom hole location in the NW/4 NW/4 (Unit D) of Section 33. 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 Matador Production Company as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 15 miles southwest of Eunice, NM.

37.. ***Case No. 15800: (Continued from the November 8, 2017 Examiner Hearing)***

***Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Enerdyne LLC, for Wells Operated in McKinley County, New Mexico.*** The New Mexico Oil Conservation Division Compliance and Enforcement Bureau, ("Bureau") through its undersigned attorney, hereby files this application with the Oil Conservation Division ("OCD or Division") pursuant to the provisions of NMSA 1978, §70-2-12 for a compliance order (1) determining operator Enerdyne LLC, ("Operator") is out of compliance with 19.15.8 NMAC and NMSA 1978, § 70-2-14; (2) requiring Operator to return to compliance with 19.15.8 NMAC; and (3) in the event of non-compliance, finding the Operator in violation of a Division order for each day after the deadline established in the sought order to obtain acceptable financial assurance

38. ***Case No. 15872: (Continued from the November 8, 2017 Examiner Hearing.)***

***Amended Application of OXY USA Inc. 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 240-acre spacing and proration unit comprised of S/2 SW/4 of Section 1 and the S/2 S/2 of Section 2, Township 25 South, Range 29 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Corral Fly "02-01" State No. 26H Well**, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 2 to a standard bottom hole location in SE/4 SW/4 (Unit N) of Section 1. The completed interval for this well will remain within the 330-foot standard offset required by the Division's 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 OXY USA Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 9 miles southeast of Malaga, N.M.

39. ***Case No. 15363 (re-opened): (Continued from the November 8, 2017 Examiner Hearing.)***

***Hearing in Case No. 15363 to determine reasonable well costs pursuant to NMAC 19.15.13.13 and the provisions of Order No. R-14053-E for the drilling of the Airstrip 31 18 35 RN State Com. Well No. 201H, dedicated to a Unit, comprised of the W/2 W/2 of Section 31, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico.*** The original force pooling application was filed by Matador Production Company. Jalapeno Corporation filed objections to Matador's statement of well costs.

40. ***Case No. 15594 ( re-opened): (Continued from the November 8, 2017 Examiner Hearing.)***

***Application of Marathon Oil Permian, LLC to re-open Case No. 15594 for a Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico.*** Applicant seeks to amend Order R-14348 to reflect additional notice provided to affected parties and to pool additional interest owners. The amended order applicant seeks will (1) create a 480-acre, more or less, non-standard spacing and proration unit comprised of the SE/4 of Section 25 and E/2 of Section 36, both located within Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico; and (2) pool all uncommitted mineral interests in the Wolfcamp formation underlying this non-standard spacing and proration unit. Said unit is dedicated to the **Southern Comfort 25-**

**36 State X Well No. 2H** and is located approximately 10 miles southwest of Carlsbad, New Mexico.

**41. Case No. 15773:** *(Continued from the October 26, 2017 Examiner Hearing.)*

**Amended Application of RKI Exploration and Production, 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 E/2 of Section 19 and the E/2 Section 30, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Wolfcamp formation (Purple Sage Wolfcamp Gas Pool (98220)) underlying this acreage. Said non-standard unit is to be dedicated to the applicant's proposed **Pistol 19-30 Federal Com No. 1H Well**, which will be horizontally drilled from a surface location in the SE/4 SE/4 (Unit A) of Section 19 to a standard bottom hole location in the SE/4 SE/4 (Unit P) of Section 30. The completed interval for this well will remain within the 330-foot standard offset required by the Special Rules set forth in Order No. R-14262. 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 RKI Exploration and Production, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 16 miles southeast of Malaga, New Mexico.

**42. Case No. 15774:** *(Continued from the October 26, 2017 Examiner Hearing.)*

**Amended application of RKI Exploration and Production, 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, 448.88-acre, more or less, spacing and proration unit comprised of W/2 of Section 29 and the NW/4 of irregular Section 32, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Wolfcamp formation (Purple Sage Wolfcamp Gas Pool (98220)) underlying this acreage. Said non-standard unit is to be dedicated to the applicant's proposed **Schooner 32-29 Federal Com No. 1H Well**, which will be horizontally drilled from a surface location in the SW/4 NW/4 (Lot 4) of irregular Section 32 to a standard bottom hole location in the NW/4 NW/4 (Unit D) of Section 29. The completed interval for this well will remain within the 330-foot standard offset required by the Special Rules set forth in Order No. R-14262. 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 RKI Exploration and Production, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 17 miles southeast of Malaga, New Mexico.

**43. Case No. 15755 (re-advertised):** *(Continued from the October 26, 2017 Examiner Hearing.)*

**Application of Cimarex Energy Co. for a Non-Standard Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order approving a non-standard oil spacing and proration unit comprised of the W/2 of Sections 12 and 13, Township 25 South, Range 28 East NMPM, Eddy County, New Mexico, pooling all mineral interests in the Wolfcamp formation, Purple Sage Wolfcamp Gas Pool (98220), underlying the non-standard unit. The unit will be dedicated to Applicant's proposed **Riverbend 12-13 Fed Com 29H well** to be drilled from an approximate surface location 1042 feet from the south line and 1480 feet from the west line of Section 1, Township 25 South, Range 28 East, to a bottomhole location 330 feet from the south line and 2158 feet from the west line of Section 13, Township 25 South, Range 28 East, NMPM. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately eight miles southeast of Malaga, New Mexico.

**44. Case No. 15865:** *(Continued from the October 26, 2017 Examiner Hearing.)*

**Application of Chisholm Energy 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 160-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 34, Township 21 South, Range 34 East, NMPM, Lea County New Mexico; and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Gramma Ridge East 34 State 3BS No. 2H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) to a standard bottom hole location in the SW/4 SW/4 (Unit M) of Section 34. The completed interval for the 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 Chisholm Energy Operating, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 18 miles west of Eunice, New Mexico.

**45. Case No 15866:** *(Continued from the October 26, 2017 Examiner Hearing.)*

**Application of Chisholm Energy 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 160-acre, more or less, spacing and proration unit comprised of the E/2 W/2 of Section 34, Township 21 South, Range 34 East, NMPM, Lea County New Mexico; and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Gramma Ridge East 34 State 3BS No. 3H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) to a standard bottom hole location in the SE/4 SW/4 (Unit N) of Section 34. The completed interval for the 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 Chisholm Energy Operating, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 18 miles west of Eunice, New Mexico.