

DOCKET: EXAMINER HEARING - THURSDAY-DECEMBER 21, 2017

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

Docket Nos. 1-18 and 2-18 are tentatively set for January 11, 2018 and January 25, 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 15748 - No. 9
Case 15755 - No. 24
Case 15773 - No. 40
Case 15774 - No. 41
Case 15780 - No. 10
Case 15781 - No. 11
Case 15782 - No. 30
Case 15783 - No. 31
Case 15800 - No. 25
Case 15806 - No. 27
Case 15872 - No. 28
Case 15874 - No. 29
Case 15886 - No. 15
Case 15888 - No. 32
Case 15889 - No. 34
Case 15890 - No. 35
Case 15891 - No. 36
Case 15892 - No. 37
Case 15893 - No. 38
Case 15900 - No. 33
Case 15901 - No. 39
Case 15902 - No. 1
Case 15903 - No. 2
Case 15904 - No. 3
Case 15905 - No. 4
Case 15906 - No. 5
Case 15907 - No. 6
Case 15908 - No. 7
Case 15909 - No. 8
Case 15910 - No. 12
Case 15911 - No. 13
Case 15912 - No. 14
Case 15913 - No. 16
Case 15914 - No. 17
Case 15915 - No. 18
Case 15916 - No. 19
Case 15917 - No. 20
Case 15918 - No. 21
Case 15919 - No. 22
Case 15920 - No. 23
Case 15921 - No. 26

1. Case No. 15902: Application of NewTex Partners LLC for a non-standard oil spacing and proration unit, Chaves County, New Mexico. Applicant seeks an order creating a 320-acre, more or less, non-standard oil spacing and proration unit

Examiner Hearing December 21, 2017

Docket No. 45-17

Page 2 of 9

(project area) comprised of the E/2 of Section 13, Township 8 South, Range 28 East, NMPM in Chaves County. The project area is to be dedicated to the **Warthog #2H well**, which will be horizontally drilled from a surface location in Unit A to a bottom hole location in Unit P of Section 13, Township 8 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 designation of Hadaway Consulting and Engineering, LLC as the operator of the well. The proposed project area is located approximately thirty-two (32) miles northeast of Roswell, New Mexico.

2. *Case No. 15903: Application of Back Nine Properties LLC for a non-standard oil spacing and proration unit, Chaves County, New Mexico.* Applicant seeks an order creating a 320-acre, more or less, non-standard oil spacing and proration unit (project area) comprised of the W/2 of Section 32, Township 10 South, Range 28 East, NMPM, in Chaves County. The project area is to be dedicated to the **Oakmount #5H well**, which will be horizontally drilled from a surface location in Unit C to a bottom hole location in Unit M of Section 32, Township 10 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 designation of Hadaway Consulting and Engineering, LLC as the operator of the well. The proposed project area is located approximately twenty-four (24) miles east of Roswell, New Mexico.

3. *Case No. 15904: Application of Continental Resources, Inc. 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, more or less, non-standard oil spacing and proration unit (project area) comprised of the E/2 E/2 of Section 24 and the E/2 E/2 of Section 25, Township 15 South, Range 35 East, NMPM, in Lea County, and (ii) pooling all uncommitted mineral interests in the Wolfcamp formation underlying this acreage. The project area is to be dedicated to the **Reed State 24-25-1HB well**, which will be horizontally drilled from a surface location in Unit A of Section 24 to a bottom hole location in Unit P of Section 25, Township 15 South, Range 35 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 Continental Resources, Inc. 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 two (2) miles north of Lovington, New Mexico.

4. *Case No. 15905: Application of Continental Resources, Inc. for a non-standard oil spacing and proration unit, Lea County, New Mexico.* Applicant seeks an order creating a 320-acre, more or less, non-standard oil spacing and proration unit (project area) comprised of the W/2 W/2 of Section 27 and the W/2 W/2 of Section 34, Township 16 South, Range 36 East, NMPM, in Lea County. The project area is to be dedicated to the **State 27-34-1HD well**, which will be horizontally drilled from a surface location in Unit D of Section 27 to a bottom hole location in Unit M of Section 34, Township 16 South, Range 36 East. The completed interval for the well will remain within the 330-foot standard offset required by the Division's rules. The proposed project area is located approximately two (2) miles south of Lovington, New Mexico.

5. *Case No. 15906: 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 approving a non-standard spacing and proration unit in the Wolfcamp formation, comprised of the E/2 of Section 26, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico, the approval of non-standard locations, and the pooling of all uncommitted mineral interests located within the proration unit. This proposed non-standard spacing and proration unit will be the project area for the **Knife Fight Fee 24 34 26 WXY 3H, Knife Fight Fee 24 34 26 WA 6H, and Knife Fight Fee 24 34 26 WXY 19H** wells, to be horizontally drilled. The producing area for these wells will be unorthodox. 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.

6. *Case No. 15907: 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 to create a non-standard spacing and proration unit covering the Bone Spring formation, which is comprised of the E/2 E/2 of Section 26, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico, the approval of non-standard locations, and the pooling of all uncommitted mineral interests located within the proration unit. This proposed non-standard spacing and proration unit will be the project area for the **Knife Fight Fee 24 34 26 TB 7H well**, to be horizontally drilled. The producing area for this well will be unorthodox, less than 330 feet from the project area boundary. 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.

7. *Case No. 15908: 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 15, Township 24 South, Range 34 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 **Flowmaster 24 34 15 TBU 004H** and **Flowmaster 24 34 15 TBU 005H wells**, to be horizontally drilled. The producing area for these wells will be unorthodox, less than 330 feet from the project area boundary. 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 17 miles northwest of Jal, New Mexico.

8. **Case No. 15909: 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 (1) creating a non-standard 160-acre spacing a proration unit in the Bone Spring formation, comprised of the E/2 W/2 of Section 15, Township 24 South, Range 34 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 **Flowmaster 24 34 15 SB 8H well**, to be horizontally drilled. The producing area for this well will be unorthodox, located less than 330 feet from the project area boundary. 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 17 miles northwest of Jal, New Mexico

9. **Case No. 15748 (re-opened): Application of Matador Production Company to Re-Open Case No. 15748 To Amend the Initial Well Under the Terms of Compulsory Pooling Order R-14333, Eddy County, New Mexico.** Applicant in the above-styled cause seeks to amend Division Order R-14333 to change the initial well dedicated to the spacing unit to the **Stebbins 19 Federal Com No. 124H** (API No. 30-015-44172), a horizontal well to be drilled 360 feet from the South line, 130 feet from the East line (Unit P) to a standard bottom hole location 330 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.

10. **Case No. 15780 (re-opened): Application of OXY USA WTP Limited Partnership to Re-Open Case No. 15780 To Pool the Interests of Record Title Owners Under the Terms of Compulsory Pooling Order R-14471, Eddy County, New Mexico.** Applicant in the above-styled cause seeks to amend Division Order R-15780 to include the pooling of record title owners in the Bone Spring formation underlying the N/2 S/2 of Section 9 and the N/2 S/2 of Section 10, Township 19 South, Range 29 East, NMPM, in Eddy County, New Mexico. Said unit is dedicated to the **Turkey Track 9 10 State Com Well No. 23H** and is located 25 miles north of Malaga, New Mexico.

11. **Case No. 15781 (re-opened): Application of OXY USA WTP Limited Partnership to Re-Open Case No. 15781 To Pool the Interests of Record Title Owners Under the Terms of Compulsory Pooling Order R-14472, Eddy County, New Mexico.** Applicant in the above-styled cause seeks to amend Division Order R-15781 to include the pooling of record title owners in the Bone Spring formation underlying the S/2 S/2 of Section 9 and the S/2 S/2 of Section 10, Township 19 South, Range 29 East, NMPM, in Eddy County, New Mexico. Said unit is dedicated to the **Turkey Track 9 10 State Com Well No. 24H** and is located 25 miles north of Malaga, New Mexico.

12. **Case No. 15910: Application of EOG Y Resources, 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 240-acre spacing and proration unit comprised of the E/2 SE/4 of Section 11 and the E/2 E/2 of Section 14, Township 26 South, Range 26 East, NMPM, Eddy 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 **Plucky 14 Fed Com No. 502H** (API No. 30-015-44144), which will be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 14 to a bottom hole location in NE/4 SE/4 (Unit I) of Section 11. The project area is located within the Welch Bone Spring Pool (64010). The completed interval for this well will commence and 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 EOG Y Resources, Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 16 miles southwest of Malaga, New Mexico.

13. **Case No. 15911: Application of Black River Water Management Company, LLC to Amend Administrative Order SWD-1695 for a Salt Water Disposal Well Located in Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order amending Administrative Order SWD-1695 to permit increase the diameter of the injection tubing in its **Rustler Breaks SWD No. 3 Well** (API No. 30-015-44303) from 4-½ inches to 5-½ inches. Administrative Order SWD-1695 currently only allows for tubing that is 4-½ inches or smaller. The subject well is located in Unit J (NW/4 SE/4) of Section 24, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico. All other approved well designs and permit conditions under Administrative Order SWD-1695 are proposed to remain unchanged. The Rustler Breaks SWD No. 3 well is located approximately 6 miles northwest of Malaga, N.M.

14. **Case No. 15912: Application of Kaiser-Francis Oil Company for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Kaiser-Francis Oil Company seeks an order approving a 240-acre non-standard oil spacing and proration unit (project area) in the Delaware formation comprised of the E/2 NW/4 of Section 25 and the E/2 W/2

Examiner Hearing December 21, 2017

Docket No. 45-17

Page 4 of 9

of Section 24, Township 23 South, Range 28 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Delaware formation underlying the non-standard unit. The unit will be dedicated to the **Williams Fee 2524 LBC Well No. 1H**, a horizontal well with a surface location 2290 feet from the north line and 2130 feet from the west line of Section 25, and a terminus 250 feet from the north line and 1980 feet from the west line of Section 24. The producing interval will be orthodox. 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 miles east of Loving, New Mexico.

15. Case No. 15886: (Continued from the November 30, 2017 Examiner Hearing.)

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. 15913: Application of Mewbourne Oil Company for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order approving a 478.13-acre non-standard spacing and proration unit in the Wolfcamp formation underlying Lots 3-7, SE/4 NW/4, and E/2 SW/4 (the W/2) of Section 6 and Lots 1, 2, and E/2 NW/4 (the NW/4) of Section 7, Township 24 South, Range 29 East, NMPM, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit. The unit will be dedicated to the **Pecos Valley W2ED Fed. Com. Well No. 1H**, a horizontal well with a surface location in Lot 3 of Section 7, and a terminus in Lot 4 of Section 6. The producing interval will be orthodox. 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 miles northeast of Malaga, New Mexico.

17. Case No. 15914: Application of Mewbourne Oil Company for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order approving a 479.88-acre non-standard spacing and proration unit in the Wolfcamp formation underlying Lots 1, 2, S/2 NE/4, and SE/4 (the E/2) of Section 6 and the NE/4 of Section 7, Township 24 South, Range 29 East, NMPM, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit. The unit will be dedicated to the **Pecos Valley W2HA Fed. Com. Well No. 1H**, a horizontal well with a surface location in the SE/4NE/4 of Section 7, and a terminus in Lot 1 of Section 6. The producing interval will be orthodox. 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 northeast of Malaga, New Mexico.

18. Case No. 15915: Application of Mewbourne Oil Company for a non-standard gas spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order approving a 320-acre non-standard gas spacing and proration unit in the Wolfcamp formation underlying the NE/4 of Section 20 and the NW/4 of Section 21, Township 23 South, Range 28 East, NMPM, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit. The unit will be dedicated to: (i) the **Whitesnake 20/21 W0BC Fee Well No. 2H**, to be drilled to a depth sufficient to test the Wolfcamp formation. The well is a horizontal well, with a surface location in the NW/4NE/4 of Section 20 and a terminus in the NE/4 NW/4 of Section 21. The beginning and end of the producing interval will be orthodox; and (ii) the **Whitesnake 20/21 W2BC Fee Well No. 1H** to be drilled to a depth sufficient to test the Wolfcamp formation. The well is a horizontal well, with a surface location in the NW/4NE/4 of Section 20 and a terminus in the NE/4 NW/4 of Section 21. The beginning and end of the producing interval will be orthodox. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The unit is located approximately 1/2 miles north of Loving, New Mexico.

19. Case No. 15916: 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 **J.H. Day Well No. 1**, to be re-entered and deepened at an orthodox location 2310 feet from the south and west lines of Section 6. Also to be

Examiner Hearing December 21, 2017

Docket No. 45-17

Page 5 of 9

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.

20. Case No. 15917: 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 SE/4 NW/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 **J.H. Day Well No. 2**, to be re-entered and deepened at an orthodox location 1980 feet from the north and west lines of Section 6. 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.

21. Case No. 15918: 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 SE/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 **J.H. Day Well No. 3**, to be re-entered and deepened at an orthodox location 330 feet from the south line and 2310 feet from the west line of Section 6. 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.

22. Case No. 15919 (re-advertised): Application of Southland Royalty Company LLC for Designation of a Non-Standard Spacing and Proration Unit and Project Area, and for Exception to the Well Location Provisions of the Special Rules and Regulations for the Basin-Mancos Gas Pool and the Basin-Dakota Pool, Rio Arriba County, New Mexico. Applicant seeks approval of its designated 800-acre+/- non-standard spacing and proration unit or units in the Mancos and Dakota formations, Basin-Mancos Gas Pool (97232) and Basin-Dakota pool (71599) for Applicant's communitized horizontal drilling project area comprised of the following lands in Township 32 North, Range 5 West, NMPM: Section 27: SE/4, Section 26: S/2, Section 25: S/2. Applicant also seeks a blanket exception to the well setback location provisions of the Special Pool Rules for the Basin Mancos Gas Pool (Order No. R-12984) and the Basin-Dakota Pool (Order No. R-10987-B[2]) authorizing well locations within 330 feet of the outer boundaries of the project area. The first two wells to be drilled within the unit will be drilled from a common pad at the following locations:

Carracas 101H

Surface Hole Location: NAD83 36.949357N 107.344408W
1,933' FSL & 1,077' of Section 27

Bottom Hole Location: 1,650' FSL & 350' FEL of Section 25

Carracas 102H

Surface Hole Location: NAD83 36.949369N 107.344439W
1,938' FSL & 1,086' FEL Section 27

Bottom Hole Location: 990' FSL & 350' FEL of Section 25

The project area is located approximately 7 miles southeast of Arboles, Colorado.

23. Case No. 15920: (This case will be dismissed.)

Application of NGL Water Solutions Permian, LLC for Authorization to Inject, Lea County, New Mexico. Applicant seeks an order authorizing the injection of water for disposal into the Silurian-Devonian formation, Silurian-Devonian SWD pool (96101) in Lea County, New Mexico in the following well:

Striker 4 SWD No. 1

1,127 FSL & 990' FWL (Unit M)

Section 24

T-24-S, R-34-E, NMPM

Lea County, New Mexico

Applicant proposes to drill the well at the above location and utilize it for injection of produced water at depths of 17,100' to 18,600' subsurface. The well is located approximately .8 miles southeast of the intersection of State Highway 128 and County Road 2B.

24. Case No. 15755 (re-advertised): (Continued from the November 30, 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

Examiner Hearing December 21, 2017

Docket No. 45-17

Page 6 of 9

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.

25.. **Case No. 15800:** (Continued from the November 30, 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

26. **Case No. 15921:** *In the matter of the hearing of the Oil Conservation Division upon its own motion to expand the Otero-Chacra Gas Pool in San Juan and Rio Arriba Counties, New Mexico, as follows:*

TOWNSHIP 29 NORTH, RANGE 12 WEST, NMPM

Section 5: SW/4

Section 6: SE/4

Section 8: W/2

Section 10: W/2

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM

Section 27: NE/4

TOWNSHIP 30 NORTH, RANGE 11 WEST, NMPM

Section 15: NE/4

IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

27. **Case No. 15806 (re-opened):** (Continued from the November 30, 2017 Examiner Hearing.)

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 initials well. 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.

28. **Case No. 15872:** (Continued from the November 30, 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.

29. **Case No. 15874:** (Continued from the November 30, 2017 Examiner Hearing.)

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

Examiner Hearing December 21, 2017

Docket No. 45-17

Page 7 of 9

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. Said location is approximately two miles north of Loco Hills, New Mexico, and 12.6 miles north west of Maljamar, New Mexico.

30. Case No. 15782: *(Continued from the October 26, 2017 Examiner Hearing.)*

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 W/2 W/2 of Section 16, Township 19 South, Range 34 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 **Cimarron 16-19S-34E RN No. 131H 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 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 25 miles west of Hobbs, NM.

31. Case No. 15783: *(Continued from the October 26, 2017 Examiner Hearing.)*

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 W/2 of Section 16, Township 19 South, Range 34 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 **Cimarron State 16-19S-34E RN No. 132H Well**, which will be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) to a standard bottom hole location in the NE/4 NW/4 (Unit C) 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 25 miles west of Hobbs, NM.

32. Case No. 15888: *(Continued from the November 30, 2017 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 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.

33. Case No. 15900: *(Continued from the November 30, 2017 Examiner Hearing.)*

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.

34. Case No. 15889: *(Continued from the November 30, 2017 Examiner Hearing.)*

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

Examiner Hearing December 21, 2017
Docket No. 45-17
Page 8 of 9

11 miles west-northwest of Jal, New Mexico.

35. **Case No. 15890:** (Continued from the November 30, 2017 Examiner Hearing.)

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.

36. **Case No. 15891:** (Continued from the November 30, 2017 Examiner Hearing.)

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.

37. **Case No. 15892:** (Continued from the November 30, 2017 Examiner Hearing.)

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.

38. **Case No. 15893:** (Continued from the November 30, 2017 Examiner Hearing.)

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.

39. **Case No. 15901:** (Continued from the November 30, 2017 Examiner Hearing.)

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.

40. **Case No. 15773:** (Continued from the November 30, 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

Examiner Hearing December 21, 2017

Docket No. 45-17

Page 9 of 9

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 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.

41. Case No. 15774; (Continued from the November 30, 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 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.