

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

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

CASE NO. 15441

**APPLICATION OF NEARBURG EXPLORATION COMPANY LLC, SRO2 LLC
AND SRO3 LLC FOR AN ACCOUNTING AND LIMITATION ON RECOVERY
OF WELL COSTS, AND FOR CANCELLATION OF APPLICATION FOR
PERMIT TO DRILL, EDDY COUNTY, NEW MEXICO.**

CASE NO. 15481

**APPLICATION OF COG OPERATING LLC FOR A NON-STANDARD
SPACING AND PRORATION UNIT AND COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO**

CASE NO. 15482

**APPLICATION OF COG OPERATING LLC FOR A NON-STANDARD
SPACING AND PRORATION UNIT AND COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO**

ORDER NO. R-14187

ORDER OF THE DIVISION

BY THE DIVISION:

These cases came on for hearing at 9:00 a.m. on May 4, 2016, at Santa Fe, New Mexico, before Examiner William V. Jones, and counsel, David K. Brooks. All three cases were consolidated for hearing, and a single order is being issued with respect to all.

NOW, on this 29th day of June, 2016, the Division Director, having considered the testimony, the record and the recommendations of the Examiner and Counsel,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of these cases and the subject matter, except as hereinafter stated.

(2) In Case No. 15441, Nearburg Exploration Company LLC, SRO2 LLC and SRO3 LLC (collectively, "Nearburg") seeks an order:

[a] declaring that COG Operating, LLC ("COG") did not have the right to drill two horizontal wells that penetrate lands where Nearburg contends that it is the sole owner of the oil and gas working interest. The subject wells are the following:

SRO State Com Well No. 043H
API No. 30-015-41141
("the 43H Well")
190' FNL & 990' FWL, Unit D, Section 17-26S-28E

SRO State Com Well No. 044H
API No. 30-015-41142
("the 44H Well")
190' FNL & 2220' FWL, Unit C, Section 17-26S-28E

[b] declaring that COG violated Sections 14.8.B, 15.16.A and 16.15.F of Division Rules [all included in 19.15 NMAC], by drilling the subject wells without first obtaining the consent of Nearburg, and without securing voluntary or compulsory pooling of the project areas dedicated to the wells;

[c] requiring COG to account and pay to Nearburg amounts for which it contends that COG would be liable to Nearburg as a working interest owner, pursuant to NMSA 1978 Section 70-2-18.B, due to COG's failure to obtain voluntary or compulsory pooling of the project areas dedicated to the subject wells;

[d] cancelling the Division's approval of an Application for Permit to Drill filed by COG for its proposed, but not yet drilled, SRO State Com. Well No. 69H (API No. 30-015-43093) ("the 69H Well"), to be located 200 feet FNL and 1980 feet FWL in Unit C, Section 17-26S-28E; and

[e] granting "appropriate relief" regarding the SRO State Com. Well No. 16H (API No. 30-015-38071) ("the 16H Well"), located 660 feet FSL and 330 feet FWL in Unit M, Section 20-26S-28E.

(3) At the hearing, both parties appeared through counsel and presented evidence and argument in support of their respective positions. Only the evidence and contentions material to the Division's conclusions are detailed in this order.

Undisputed Facts.

The following facts are undisputed:

(4) This case involves the development of the W/2 of Section 17 and the W/2 of adjacent Section 20, Township 26 South, Range 28 East, in Eddy County. The oil and

gas estate underlying these tracts is owned by the State of New Mexico. Nearburg is the lessee of record of the state trust lease, and present owner of record of the entire working interest in the W/2 of Section 20, though COG apparently continues to contest Nearburg's title to the working interest in a pending court proceeding. Nearburg claims no interest in Section 17.

(5) Both Sections 17 and 20 were formerly included in the SRO State Unit, a State exploratory unit which was approved by the Commissioner of Public Lands ("State Land Office" or "SLO") on June 29, 2009, and subsequently terminated effective March 1, 2014.

(6) COG, as successor to Marbob Energy Corporation ("Marbob"), is the operator under the Unit Operating Agreement for the SRO State Unit. The Unit Operating Agreement, by its terms, continues in force notwithstanding termination of the Unit. [COG Exhibit 4, Article XIII]

(7) By instrument executed on June 26, 2009 [COG Exhibit 3, 4th unnumbered page], Nearburg ratified the Unit Agreement. The ratification document Nearburg signed, a form drafted by the State Land Office, is entitled "Ratification and Joinder of Unit Agreement and Unit Operating Agreement." Although that document explicitly ratifies the Unit Agreement, there is no language in the body of the document providing for ratification of the Unit Operating Agreement.

(8) By instrument entitled Term Assignment of Oil and Gas Lease ("the Term Assignment") [COG Exhibit 1], executed on August 24, 2009, but dated (effective) July 1, 2009, Nearburg assigned its entire working interest in its lease covering the W/2 of Section 20 to Marbob, COG's predecessor in interest. The Term Assignment provides that it continues in force only so long as the assigned lease is subject to the Unit Agreement. So long as the Term Assignment was in effect, Nearburg owned only an overriding royalty interest in the W/2 of Section 20.

(9) COG, the Unit Operator, spudded the 16H Well on March 4, 2011, and completed it on June 22, 2012 [COG Exhibit 7], while the SRO State Unit Agreement was in effect.

(10) The 16H Well is a one-mile horizontal well located entirely within Section 20 and dedicated to a project area comprising the W/2 W/2 of Section 20 only. Thus it is located entirely on land to which Nearburg now claims exclusive ownership.

(11) The 43H Well and the 44H Well are horizontal wells, each approximately two miles in length, located, respectively, in the W/2 W/2, and in the E/2 W/2, of Sections 17 and 20, and completed in the Second Bone Spring [Hay Hollow Bone Spring Pool (30215)]. COG filed APDs for the 43H Well and the 44H Well on February 26, 2013, while the SRO State Unit was in effect. [COG Exhibits 8 and 9] Although COG filed amended Well Location and Acreage Dedication Plats (form C-102s) for each of said wells

after the unit was terminated, the amended C-102s did not change the acreage to be dedicated to the wells.

(12) The SRO State Unit was terminated effective March 1, 2014.

(13) On August 2, 2014, and October 10, 2014, respectively, COG spudded the 43H Well and the 44H Well [COG Exhibits 8 and 9], without first proposing these wells to Nearburg, which it would have been required under the Unit Operating Agreement if Nearburg then owned a working interest. It also did not give Nearburg 24-hours notice prior to commencement of these wells, as it would have been required to do under the Term Assignment if that agreement remained in effect [COG Exhibit 1, Exhibit A, page 2].

(14) COG prepared Communitization Agreements ("CAs") on SLO forms for the 43H and 44H Wells, and signed those agreements on July 3, 2014 and August 21, 2014, respectively. The CAs prepared by COG purported to communitize the W/2 W/2 of Sections 17 and 20 for the 43H Well, and the E/2 W/2 of Sections 17 and 20 for the 44H Well, as to "the Bone Spring formation." [COG Exhibits 26 and 27]

(15) Nearburg executed both CAs on May 20, 2015 as lessee of record in Section 20, after changing the form to limit the communitized formation to the Second Bone Spring.

(16) The CAs were subsequently filed with SLO, approved by SLO, and filed for record in Eddy County. However, the copies recorded in Eddy County, although they included Nearburg's signature pages, do not reflect Nearburg's change limiting the communitized formation. [COG Exhibits 26 and 27] There is no evidence that this change was ever filed with, or approved by, SLO.

(17) COG filed an APD for the 69H Well on May 5, 2015, which date is after the termination of the Unit. The 69H Well was proposed as a two-mile horizontal to be completed in the Third Bone Spring [Hay Hollow Bone Spring Pool], in the E/2 W/2 of Sections 17 and 20. [Nearburg Exhibits 8 and 9] At the time of the hearing, drilling of this well had not been commenced.

Nearburg's Contentions and Evidence:

(18) In support of its Application, Nearburg contends that:

[a] COG did not have the right to drill or operate wells penetrating Section 20 pursuant to the Unit Operating Agreement because the alleged ratification of that agreement that Nearburg signed [Nearburg Exhibit 10] refers to the Unit Operating Agreement only in the title, and not in the body of the document, and thus cannot properly be construed as a ratification of that agreement, and

[b] COG did not have such a right pursuant to the Term Assignment because the Term Assignment expired on March 1, 2014, when the Unit terminated, before the 43H or 44H Wells were commenced and before the APD for the 69H Well was filed.

(19) Nearburg presented evidence that COG had been advised by its title attorneys prior to commencement of the 43H and 44H Wells that the Term Assignment had expired. The evidence presented included Nearburg Exhibit 21, a partial copy of a Drilling Title Opinion dated two days before the spud date of the 44H Well, which includes the statement that “it appears that the primary term of the Term Assignment is now expired and the interests assigned thereunder . . . have reverted back to Nearburg Exploration Company, LLC.”

(20) In regard to the ratification document, COG presented evidence that the Unit Agreement required an owner committing an interest to the Unit after execution of the Unit Agreement, if a working interest owner, do so “by subscribing to the operating agreement . . .” [COG Exhibit 5]. Also the ratification document was a form prescribed by SLO, provided on its website, and was the only form so prescribed for ratification of a unit operating agreement.

(21) COG contends, citing the Commission’s decision in *Application of TMBR/Sharp etc.*, Order No. R-11700-B issued in Cases No. 12731 and 12744 on April 26, 2002, that the only issue raised by Paragraphs A or B of the Application is whether, at the time it drilled the 43H and 44H Wells, COG had a good faith belief that it had a right to do so.

(22) In support of its contention that it had such a good faith belief, COG presented evidence of continuing negotiations between COG and Nearburg looking toward the renewal or reinstatement of the Term Assignment. Some of the communications placed in evidence can be read as indicating that both parties contemplated a renew or extension of the Term Assignment, although there is no exhibit that is signed by both parties and provides for renewal or extension on terms therein set forth.

(23) Nearburg’s land witness confirmed that there were ongoing negotiations for renewal of the Term Assignment until Nearburg learned, on April 22, 2015, that the 43H and 44H Wells had already been drilled.

Division Conclusions in Case No. 15441:

Application Paragraphs A and B – Authority to Drill the 43H and 44H Wells

(24) In Application Paragraphs A and B, Nearburg seeks an order declaring that COG did not have the right to drill the 43H and 44H Wells into Section 20 after the Unit terminated.

(25) COG correctly sets forth the standard the Commission has dictated where the issue presented is whether the OCD should cancel approval of an APD because the applicant does not have a legal right to drill the proposed well at its proposed location. That standard is that the party filing the APD must “do so under a good faith claim to title and a good faith belief that it is authorized to drill the well applied for.” *Application of TMBR/Sharp etc., supra*, at P 28, p.5. The Division construes this standard to mean that an operator must at least; (a) have a good faith belief that it has permission to drill the

proposed well; (b) from a person whom the operator in good faith believes owns a valid and subsisting working interest in the drillsite. To construe the *TMBR/Sharp* standard to require that the Operator itself have a claim to *title* would conflict with oil industry practice.

(26) As applied to horizontal wells, Division Rule 19.15.16.15.A NMAC extends the TMBR/Sharp requirement beyond the drillsite tract to include every tract the well will penetrate.

(27) The evidence indicates that COG did have the requisite good faith belief that it was the duly authorized “operator” of the W/2 of Section 20 on the dates when it commenced drilling the 43H Well and the 44H Well. COG could, in good faith, have believed, and apparently did believe, that the SLO-prescribed form of Ratification of the Unit Agreement, executed by Nearburg [COG Exhibit 3], was effective to ratify the Unit Operating Agreement.

(28) COG could also have apparently believed, based on email correspondence, that Nearburg, who owned the underlying title, had authorized it to “mov[e] forward on the assumption that it was intended to keep the [Term] assignment effective” [COG Exhibit 10, at page 2]. In view of the continued exchange of emails evidencing intention on the part of both parties to renew the term assignment, and the absence of other evidence of bad faith, the Division concludes that COG believed, in good faith, that it had permission to develop this property assuming Nearburg would remain a royalty owner only.

(29) Whether either or both of these propositions was legally correct, and conferred on COG an actual right to drill the 43H or the 44H wells when and where it did, are issues that the Division does not have jurisdiction to determine.

(30) COG’s apparent belief in Applicant’s intention to renew the Term Assignment materially distinguishes this case from one in which an Operating Agreement is the sole basis for an operator’s authority to drill a well. This order should not be understood as precedent for a conclusion that an operator could be considered as acting in good faith if it drilled a well on or into land in which one or more non-operators owned the entire working interest without first proposing the well to the non-operators under the terms of the operating agreement.

(31) The Commission’s decision in *Application of Samson Resources*, Order No. R-12343-E, issued in Cases Nos. 13492 and 13493, indicates that an operator, although it may file an APD proposing dedication of a non-owned tract to a well, cannot commence drilling a well on or into such a tract without the owner’s consent and without first acquiring rights in such by voluntary or compulsory pooling.

(32) *Application of Samson* does not, however, govern this case. It was undisputed in that case that Chesapeake, the drilling party, had no ownership interest in Samson’s tract, and that Samson had expressly rescinded its alleged consent before Chesapeake started drilling. Order R-12343-E, Finding PP 27 & 28, at Page 5. COG’s reasonable belief that Nearburg had inferentially consented to its treating the Term Assignment as continuing in effect provides a clear distinction.

(33) For the foregoing reasons, Applicant's requests, in Application Paragraph A, for a declaration that COG did not have the authority to drill the 43H and 44H Wells, and, in Paragraph B, for a declaration that in so doing COG violated Division Rules 19.15.14.8.B and/or 19.15.16.15.A (both of which require authorization from an owner prior to drilling on or into a tract of land), should be denied.

(34) Applicant's request for a declaration that COG violated Division Rule 19.15.16.15.F, requiring an operator of a horizontal well to consolidate ownership of interests in the well's project area through voluntary or compulsory pooling, should be dismissed for want of jurisdiction.

(35) The Unit Operating Agreement, if binding on Nearburg, at least arguably constituted such a consolidation.¹ The CAs modified by Nearburg could also arguably be considered as constituting a consolidation if they are construed as contractually binding on COG and Nearburg even though they would not be binding on the Commissioner. Until the District Court resolves these legal issues, the Division cannot determine whether any violation of Rule 19.15.16.15.F occurred.

(36) This order should not be construed as expressing any opinion as to whether Rule 19.15.16.15.F requires an operator to pool a horizontal well's project area before filing a C-104, or whether it merely directs the Division to withhold approval of the C-104 until pooling is effected.

Application Paragraph C – Accounting

(37) In Application Paragraph C, Nearburg seeks an order requiring COG to account and pay to Nearburg amounts COG claims that Nearburg should be entitled to under NMSA 1978 Section 70-2-18.B on account of COG's failure to consolidate ownership of the project areas for the 43H and 44H Wells.

(38) In support of its contention that the Division has authority to order an operator to account and pay to an applicant its share of production from a well, Applicant cites the Commission's order in *Application of Energen Resources Corporation*, Order No. R-1960-B, issued in Case No. 13597 on August 13, 2009.

(39) *Application of Energen* involved rights under a pre-existing compulsory pooling order. It did not involve or refer to NMSA 1978 Section 70-2-18.B, and thus constitutes no precedent for Division authority to require an accounting under that statute.

¹ Nearburg signed the alleged Ratification on June 26, 2009, at a time when it owned 100% of the working interest in the W/2 of Section 20, as correctly reflected in Exhibit B to the Unit Agreement and Unit Operating Agreement. It did not sign the Term Assignment until August 24, 2009. However, the Division of Interest provided in Exhibit A to the Unit Operating Agreement clearly contemplated the subsequently executed Term Assignment since it credits no working interest in the Unit to Nearburg. This presents complex legal questions if it is assumed that the Ratification committed Nearburg's entire interest to the Unit Operating Agreement, and that the Term Assignment subsequently terminated and was not renewed or extended. For purposes of this Order it is sufficient to conclude that the Division does not have jurisdiction to resolve these questions.

(40) It may be assumed, but need not be here decided, that the Division does have jurisdiction, as an incident to its power to issue compulsory pooling orders, to require an operator to account to a pooled party for proceeds of past production, as the Commission did in Order No. R-1960-B, issued in Case No. 13957 on August 13, 2009. However, the Division has determined, as discussed below, that issuance of any compulsory pooling order in these cases is not appropriate at this time. No authority has been cited that suggest that the Division can order an operator to account to an interest owner for proceeds of production, pursuant to Section 70-2-18.B or otherwise, except pursuant to the exercise of its compulsory pooling power.

(41) Accordingly, Nearburg's request, pursuant to Paragraph C, for an order that COG render an accounting under the cited statute, should be denied.

Application Paragraph D – The 69H Well

(42) In Paragraph D, Nearburg seeks an order cancelling Division approval of COG's APD, filed on May 5, 2015, for the proposed 69H Well, to be drilled in the Third Bone Spring.

(43) Nearburg's land witness testified that Applicant did not decide to terminate negotiations for renewal or extension of the Term Assignment that was the basis of COG's claim to the subject land until it learned about the drilling of the 43H and 44H Wells, on April 22, 2015. (Tr. 174)

(44) There is no specific evidence in the record that Applicant communicated its decision to terminate negotiations for renewal of the Term Assignment between April 22 and May 5, 2015.

(45) The Communitization Agreements that Nearburg executed on May 20, 2015, after limiting the communitized interval to the Second Bone Spring sand, does not affect our analysis because Applicant signed and delivered the altered CA *after* COG filed the APD for the 69H Well.

(46) Furthermore, it is undisputed that the CA filed with, and approved by, the State Land Office did not contain the attempted alteration. Since the CA including the entire Bone Spring was never signed by Nearburg, and that limited to the Second Bone Spring was never approved by the Commissioner, neither became effective.

(47) The Division concludes that COG still had a reasonable basis for a good faith belief in its right to conduct operations on the W/2 of Section 20 when it filed its APD for the 69H Well. Accordingly, Applicant's request for cancellation of the subject APD should be denied.

(48) COG should be admonished, however, that the Division's refusal to cancel the APD may be retroactively reversed if a court subsequently rejects COG's claimed right. In fact, that was exactly what the Commission did in *TMBR/Sharp, supra*.

Application Paragraph E – The 16H Well

(49) In Paragraph E, Nearburg seeks “appropriate relief regarding [the 16H Well] . . . which may include designating Nearburg Producing Company as operator of the well.”

(50) At the hearing, Nearburg’s counsel stated that Nearburg is not requesting removal of COG as operator of the 16H Well at this time. Counsel did not suggest any other “appropriate relief.”

(51) Accordingly, Paragraph E of the Application should be dismissed without prejudice.

Cases Nos. 15481 and 15482

(52) The foregoing Findings (1) through (51) are incorporated herein insofar as they are relevant.

(53) In Case No. 15481, COG, as applicant, seeks an order (1) creating a non-standard 320-acre spacing and proration unit in the Bone Spring formation comprising the W/2 W/2 of Section 17, and the W/2 W/2 of Section 20, Township 26 South, Range 28 East, NMPM, Eddy County, New Mexico; (2) pooling all uncommitted interests in said unit; and (3) dedicating said unit to COG’s SRO State Com. Well No. 43H (API No. 30-015-41141), a two-mile long horizontal well having its surface location in the NW/4 NW/4 (Unit D) of Section 17, and its bottomhole location in the SW/4 SW/4 (Unit M) of Section 20.

(54) In Case No. 15482, COG, as applicant, seeks an order (1) creating a non-standard 320-acre spacing and proration unit in the Bone Spring formation comprising the E/2 W/2 of Section 17, and the E/2 W/2 of Section 20, Township 26 South, Range 28 East, NMPM, Eddy County, New Mexico; (2) pooling all uncommitted interests in said unit; and (3) dedicating said unit to COG’s SRO State Com. Well No. 44H (API No. 30-015-41142), a two-mile long horizontal well having its surface location in the NE/4 NW/4 (Unit C) of Section 17, and its bottomhole location in the SE/4 SW/4 (Unit N) of Section 20.

Division Conclusions in Cases Nos. 15481 and 15482

(55) NMSA 1978 Section 70-2-17.C directs the Division to pool a spacing unit if two conditions are satisfied: (1) the owners have not agreed to pool their interests; and (2) an owner who has the right to drill has drilled or proposes to drill a well on said unit.

(56) In this case, the Division cannot determine that either of these conditions precedent to compulsory pooling is satisfied.

(57) If the Ratification committed the entire lease interest that Nearburg owned of record on June 26, 2009 to the Unit Operating Agreement, or the altered CAs were

accepted by COG and can operate as agreements between the parties absent the Commissioner's approval, then the owners *have* agreed to pool their interests, and the Division cannot order compulsory pooling, even if the Term Assignment has expired and has not been renewed or extended.

(58) On the other hand, if the Ratification did not ratify the Unit Operating Agreement, or if it effectively committed thereto only Nearburg's overriding royalty interest reserved in the subsequently executed Term Assignment, and the Term Assignment has not been renewed or extended, then COG was not an owner who had the right to drill the 43H Well or the 44H Well at the time it did so, or at the present time, and so is not entitled to invoke the remedy of compulsory pooling.²

(59) The Division does not have jurisdiction to construe contracts or to determine their validity. Hence the Division cannot determine whether or not either of the statutory prerequisites for compulsory pooling have been satisfied.

(60) Even assuming that the Division would have authority to issue compulsory pooling orders in this situation, it would not be appropriate for it to do so prior to determination of rights of the parties in the pending District Court proceeding because the rights that Nearburg would have to proceeds from the subject wells if COG drilled them as a trespasser are materially different from the rights it would otherwise have under a typical compulsory pooling order.

(61) Accordingly, COG's applications for compulsory pooling should be denied at this time.

IT IS THEREFORE ORDERED THAT:

[1] The Application of Nearburg Exploration Company LLC, SR02, LLC and SR03, LLC (collectively "Nearburg") in Case No. 15441 for an order declaring that COG Operating LLC ("COG") did not have the right to drill its SRO State Com. Well No. 43H (API No. 30-015-41141) and its SRO State Com. Well No. 44H (API No. 30-015-41142) into the Bone Spring formation underlying the W/2 of Section 20, Township 26 South, Range 28 East, NMPM; and that, in so doing, COG violated Division Rules 19.15.14.8.B, 19.15.16.15.A, is hereby denied.

[2] The Application in Case No. 15441 for an order declaring that COG Operating LLC ("COG") violated Division Rule 19.15.16.15.F by failing to consolidate the project areas dedicated to its SRO State Com. Well No. 43H and its SRO State Com. Well No. 44H is hereby dismissed.

[3] The Application of Nearburg in Case No. 15441 for an order requiring COG to account to Nearburg for proceeds of past production from the SRO State Com. Well No.

² No opinion is expressed as to whether the remedy of compulsory pooling would be available if Nearburg were the applicant in these cases.

43H and the SRO State Com. Well No. 44H to which Nearburg claims to be entitled under NMSA 1978 Section 70-2-18.B is hereby denied.

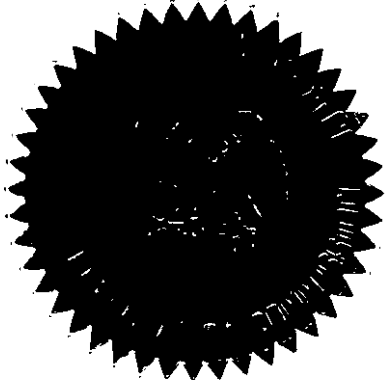
[4] The Application of Nearburg in Case No. 15441 for an order cancelling the Division's approval of COG's Application for Permit to Drill its proposed SRO State Com. Well No. 69H (API No. 30-015-43093), a two-mile horizontal well that will penetrate the W/2 of Sections 17 and 20, Township 26 South, Range 28 East in the Third Bone Spring, is hereby denied.

[5] The Application of Nearburg in Case No. 15441 for "appropriate relief" with respect to the SRO State Com. Well No. 16, a horizontal Second Bone Spring well, which was drilled entirely within the W/2 of Section 20 prior to termination of the SRO Unit, is dismissed since Nearburg declined to specify what would constitute "appropriate relief."

[6] The Applications of COG in Cases Nos. 15481 and 15482 for creation of 320-acre non-standard spacing and proration units in the Bone Spring formation (Hay Hollow Bone Spring Pool, 30215) comprising, respectively, the W/2 W/2 and the E/2 W/2 of Sections 17 and 20, Township 26 South, Range 28 East, NMPM, in Eddy County, New Mexico, to be dedicated to the SRO State Com Well No. 43 and the SRO State Com Well No. 44, respectively, and for compulsory pooling of the spacing units so created, are hereby denied, without prejudice to their being re-filed, if appropriate, after a judicial determination of the rights of the parties.

[7] Jurisdiction of these cases is retained for the entry of such further orders as may be deemed necessary, including, but not limited to, such orders as may be appropriate in the light of any decision in Case No. D-101-CV-2015-02541, now pending in the District Court of Santa Fe County, New Mexico.

DONE at Santa Fe, New Mexico, on the date herein above stated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

David R. Catanach

DAVID R. CATANACH
Director