

*Examiner Hearing – August 4, 2016*  
*Docket No. 32-16*  
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16. **Case No. 15527:** *Application of BC Operating, Inc. and Crown Oil Partners V, LP to remove Key Energy Services, Inc. as operator of record for the Grace Carlsbad Well No. 1 located on state lands, Eddy County, New Mexico.* Applicants seek an order from the Division removing Key Energy Services, Inc. as the operator of record for the **Grace Carlsbad Well No. 1** (API No. 30-015-20573) and approving a change of operator to BC Operating, Inc. This well is located on state lands 1980 feet from the South line and 660 feet from the East line (Unit 1) of Section 36, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico, approximately 4 miles south of Carlsbad, New Mexico.

17. **Case No. 15367 (re-opened):** *(Continued from the July 7, 2016 Examiner Hearing.)*  
**Application of Encana Oil & Gas (USA) Inc. To Amend Order Order R-14081 To Expand The North Alamito Unit And The Corresponding North Alamito Unit; Mancos Pool, Sandoval and San Juan Counties, New Mexico.** Applicant seeks to amend Order R-14081 to (1) expand the geographic area of the North Alamito Unit by 1,282.40 of Federal and Fee land; and (2) expand the corresponding North Alamito Unit; Mancos Pool created by that Order to allow horizontal wells to be located anywhere within the Unit so long as the completed interval is no closer than 330 feet from the outer boundary of the expanded North Alamito Unit area. The proposed expanded Unit Area will consist of approximately 14,422.78 acres of Federal, Indian Allotted, State and Fee lands located in all or parts of the following sections in Sandoval and San Juan Counties, New Mexico: Sections 3-8 of T-22-N, R-7-W; Sections 1 and 12, T-22-N, R-8-W; Sections 19-23, 25-35, T-23-N, R-7-W; and Sections 25 and 36, T-23-N, R-8-W. The unitized interval is 100 feet below the stratigraphic equivalent of the top of the Mancos Shale (base of the Mesa Verde Group) to the stratigraphic equivalent of the base of the Greenhorn Limestone as shown in the **Lybrook H36-2307 01H Well** (API No. 30-043-21117) in Section 36, Township 23 North, Range 7 West, N.M.P.M. The subject acreage is located approximately 1 mile south of Lybrook, New Mexico.

18. **Case No. 15277 (re-opened):** *Application of Blue Sky Company, Inc. to reopen Case No. 15277 to ask for an extension of the deadlines in compliance Order No. R-14155 dated April 25, 2016, Chaves County, New Mexico.* The purpose of the extension is such that Blue Sky can present a successor operator who can provide additional resources for bonding and other compliance issues, as well as other additional resources to re-establish injection authority, which will allow production on the Twin Lakes Unit in Chaves County, New Mexico.

19. **Case No. 15185 (re-opened):** *(Continued from the June 9, 2016 Examiner Hearing.)*  
**Application of Ard Energy, LLC to reopen Case No. 15185 pursuant to NMAC 19.15.13.13 and the provisions of Order No. R-13913 to determine reasonable well costs for drilling of the Ivar The Boneless Federal Well No. 11H, dedicated to a Unit, comprised of W/2 W/2 of Section 15, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico, (The Unit).** The Ivar The Boneless Federal Well No. 11H, API No. 30-025-42514, a horizontal well was drilled from a surface location 75 feet from the North line and 330 feet from the West line (Unit letter D) of Section 22, to a standard terminus 330 feet from the North line and 330 feet from the West line (Unit letter D) of Section 15. The completed interval of the well is in the Yeso formation.

20. **Case No. 15491 (re-opened):** *Application of Caza Petroleum, Inc. for Compulsory Pooling and Approval of an Unorthodox Well Location, Eddy County, New Mexico.* Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying the W/2 of Section 13, Township 24 South, Range 27 East, N.M.P.M., for all pools or formations developed on 320 acre spacing within that vertical extent. The unit will be dedicated to Applicants proposed **Mad River 13 State Well No. 1H** to be drilled at an unorthodox location approximately 330 feet from the south line and 2310 feet from the west line (surface) to 330 feet from the north line and 1980 feet from the west line (terminus) of Section 13. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Caza Petroleum, Inc. 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 four miles west of Malaga, New Mexico.

21. **Case No. 15498 (re-opened):** *Application of Matador Production Company for compulsory pooling and approval of an unorthodox well location, Eddy County, New Mexico.* Applicant in the above-styled cause seeks an order pooling all mineral interests in the Wolfcamp formation underlying the spacing unit comprised of the N/2 of Section 13, Township 24 South, Range 27 East, NMPM, Eddy County, New Mexico. Said unit is to be dedicated to applicant's proposed **Brantley State Com 13-24S-27E RB No. 221H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 18, Township 24 South, Range 28 East to a non-standard bottom hole location in the NW/4 NW/4 (Unit D) of Section 13, Township 24 South, Range 27 East. The completed interval for this well will commence 330 feet from the from the North line and 330 from the East line (Unit A) to a location 330 feet from the North Line and 330 feet from the West line (Unit D) of Section 13, thereby encroaching on the spacing units to the North, East, Northeast, West, and Northwest. 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 17 miles southeast of Carlsbad, New Mexico.