

Examiner Hearing – September 1, 2016

Docket No. 36-16

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NE/4 (Unit A) of Section 34. 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 BC Operating, Inc., as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 3 miles south of Malaga, New Mexico.

4. **Case No. 15539: Application Of Encana Oil & Gas (USA) Inc. To Contract The Horizontal Limits Of The Nageezi-Gallup Pool (47540) In The Mancos Formation By Excluding The W/2 Of Section 10, Township 23 North, Range 8 West, NMPM, San Juan County, New Mexico.** Applicant seeks an order removing the W/2 of Section 10, Township 23 North, Range 8 West, NMPM, San Juan County, New Mexico, from the horizontal limits of the Nageezi-Gallup Pool (47540). The E/2 of Section 10 is currently within the Basin Mancos Gas Pool, which allows for 320-acre spacing, while the W/2 of Section 10 is in the Nageezi Gallup Pool which allows for 40-acre spacing. The subject area is located approximately 1 mile south of Highway 550 and four miles east of Nageezi, New Mexico.

5. **Case No. 15540: Application OXY USA Inc. For Approval of Surface Pool-Lease Commingling, Off-Lease Storage, and Off-Lease Measurement, Eddy County, New Mexico.** Applicant seeks an order authorizing 1) pool-lease commingling from all existing and future wells drilled on leases and associated spacing units in Sections 22, 23, and 24 of Township 23 South, Range 29 East, N.M.P.M., Eddy County, New Mexico; 2) off-lease storage; and 3) off-lease measurement. OXY seeks to commingle production from the Pierce Crossing; Bone Spring East Pool (96473) and the Corral Draw Bone Spring Pool (96238) from all existing and future wells and leases located in Sections 22, 23, and 24 at the Cedar Canyon 23-3H satellite facility, located at the **Cedar Canyon 23 Federal No 3H well** pad. This will be an off-lease location for all spacing units, excluding leases in the N/2 S/2 of Section 22. Oxy intends to allocate production to the spacing units using the well test method. Said area is approximately six miles east of Malaga, New Mexico.

6. **Case No. 15521: (Continued from the August 18, 2016 Examiner Hearing.)** **Application of Chi Operating, Inc. for compulsory pooling, Eddy County, New Mexico.** Chi Operating, Inc. seeks an order pooling all mineral interests from the surface to 5000 feet subsurface underlying the SW/4 SE/4 of Section 13, Township 18 South, Range 30 East, NMPM, to form a standard 40 acre oil spacing and proration unit for all pools or formations developed on 40 acre spacing within that vertical extent. The unit is dedicated to the **Shugart West 13 Fed. Well No. 1**, located at an orthodox location in the SW/4 SE/4 of Section 13. Also to be considered will be the cost of drilling and completing, or recompleting, the well and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of applicant as operator of the well, and setting a 200% charge for the risk involved in drilling and completing, or recompleting, the well. The unit is located approximately 6 miles south-southeast of Loco Hills, New Mexico.

7. **Case No. 15531: (Continued from the August 18, 2016 Examiner Hearing.)** **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 **Day Well No. 9**, to be drilled at an orthodox location. 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.

8. **Case No. 15490: (Continued from the June 23, 2016 Examiner Hearing.)** **Application of Mewbourne Oil Company for a nonstandard spacing and proration unit, compulsory pooling, and an unorthodox gas well location, Eddy County, New Mexico.** Mewbourne Oil Company seeks an order approving a 640 acre non-standard spacing and proration unit in the Wolfcamp formation underlying the W/2 of Section 22 and the W/2 of Section 27, Township 26 South, Range 27 East, NMPM, pooling all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit, and approving an unorthodox gas well location. The unit is to be dedicated to the **Owl Draw 27/22 W2NC Fed. Com. Well No. 2H**, a horizontal well with a surface location 170 feet from the south line and 2230 feet from the west line of Section 27, and a terminus 330 feet from the north line and 2310 feet from the west line of Section 22. The beginning and end of the producing interval will be unorthodox. 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 south-southeast of Black River Village, New Mexico.

9. **Case No. 15507: (Continued from the August 4, 2016 Examiner Hearing.)** **Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.** Mewbourne Oil Company seeks an order pooling all mineral interests in the Wolfcamp formation underlying Lots 3, 4, S/2 NW/4, and SW/4 (the W/2) of Section 3, Township 24 South, Range 28 East, NMPM, to form a standard 319.21-acre gas spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent. The unit will be dedicated to the **Yardbirds 3 W2DM Fee Well No. 1H**, a horizontal well with a surface location 175 feet from the north line and 1070 feet from the west line, and a terminus