

15. ***Case No. 15465 (re-opened): Application of Endurance Resources to reopen Case No. 15465 for the purpose of creating a defined Delaware oil pool subject to the special rules enacted under Division Order R-14153, Lea County, New Mexico.*** Applicant, pursuant to Order R-14153, seeks an order creating a new Delaware Oil Pool subject to the Special Pool Rules enacted under Order R-14153. These Special Pool Rules create a special depth bracket allowable of 350 barrels of oil per day per 40-acre oil spacing and proration unit and currently apply to the WC-025 G-05 S253523H; Delaware Pool (Pool Code 97779) underlying the following acreage:

Township 25 South, Range 35 East, NMPM

Section 15: S/2

Section 16: W/2 and SE/4

Section 22: NE/4

Section 23: N/2 and SW/4

Section 26: W/2

This area is located approximately 15 miles northwest of Jal, New Mexico.

16. ***Case No. 15518: Application of RKI Exploration & Production 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 W/2 of Section 17, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico. This 320-acre standard unit is to be dedicated to applicant's **RDX Federal 17 No. 35H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) to a non-standard bottom hole location in the SW/4 SW/4 (Unit M) of Section 17. The completed interval for this well will commence 330 feet from the North line and 330 feet from the West line (Unit D) to a location 330 feet from the South line and 330 feet from the West line (Unit M) of Section 17, thereby encroaching the spacing units to the North, Northwest, West, Southwest, and South. 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 & Production as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 8.5 miles southwest of Ross Place, New Mexico.

17. ***Case No. 15519: Application of Mewbourne Oil Company to revoke the injection authority granted under SWD-744 for the Willow Lake Well No. 1 operated by Pyote Well Service, LLC, Eddy County, New Mexico.*** Applicant seeks an order revoking the injection authority granted by Administrative Order SWD-744 for the Willow Lake Well No. 1 (30-015-21499), a salt water disposal well located 660 feet from the North line and 1980 feet from the West line (Unit C) in Section 22, Township 24 South, Range 28 East, N.M.P.N., Eddy County, New Mexico. This well is currently operated by Pyote Well Service, LLC and disposing produced water into the Bone Spring formation through perforations at depths of approximately 7,184 feet to approximately 8,850 feet. The well is located approximately 5 miles South of Loving, New Mexico.

(8:15 a.m.)

EXAMINER McMILLAN: Good morning. I'd like

to call to order. Today's date is July 21st -- July
21st, 2016. The time is 8:15 a.m. This is docket 30-16
my name is Michael McMILLAN. I'm the Hearing Examiner.
And also Will Jones will be hearing the cases.

What I'd like to do now is go through the
continuances and dismissals.

Okay. There are no continuances or
dismissals on page 1.

I'd like to turn to page 2. Case Number
15509 has been dismissed.

Turning to page 3, Case Number 15515 shall
be continued until August the 4th. Case Number 15516
shall be continued until August 4th. Case Number 15517
shall be dismissed.

Turning to page 4, Case Number 15519 shall
be continued to September the 1st.

Any other continuances or dismissals at
this time?

(Pre-hearing proceedings conclude, 8:16
a.m.)

I do hereby certify that the foregoing is
a true and correct report of the proceedings
of the hearing held on July 21, 2016.
Michael McMILLAN
Hearing Examiner
Oil Conservation Division

Davidson, Florene, EMNRD

From: Michael Feldewert <MFeldewert@hollandhart.com>
Sent: Monday, July 18, 2016 2:33 PM
To: Jones, William V, EMNRD; Goetze, Phillip, EMNRD; McMillan, Michael, EMNRD; Brooks, David K, EMNRD
Cc: Davidson, Florene, EMNRD; Jordan L. Kessler
Subject: Continuance of Case No. 15519 (Mewbourne v. Pyote)

Please continue Case No. 15519, Application of Mewbourne to revoke injection authority for Pyote's Willow Lake SWD, until the September 1st docket. Currently, no other party has entered an appearance in this matter.

Michael H. Feldewert
Santa Fe Office
505-988-4421
505-983-6043 (fax)
mfeldewert@hollandhart.com

HOLLAND&HART 

CONFIDENTIALITY NOTICE: This message is confidential and may be privileged. If you believe that this email has been sent to you in error, please reply to the sender that you received the message in error; then please delete this e-mail. Thank you.

Ezeanyim, Richard, EMNRD

From: J. Scott Hall <SHall@montand.com>
Sent: Tuesday, August 30, 2016 9:14 AM
To: 'Michael Feldewert'; Brooks, David K, EMNRD; 'jamesbruc@aol.com'
Cc: Ezeanyim, Richard, EMNRD
Subject: RE: Mewbourne Case No. 15519

We are in agreement.

From: Michael Feldewert [mailto:MFeldewert@hollandhart.com]
Sent: Tuesday, August 30, 2016 8:53 AM
To: Brooks, David K, EMNRD; J. Scott Hall; 'jamesbruc@aol.com'
Cc: Ezeanyim, Richard, EMNRD
Subject: Mewbourne Case No. 15519

A continuance to the September 29th docket, with September 30th available if needed, is agreeable to Mewbourne. We have only a one hour presentation.

From: Brooks, David K, EMNRD [mailto:DavidK.Brooks@state.nm.us]
Sent: Monday, August 29, 2016 3:22 PM
To: J. Scott Hall; Michael Feldewert; 'jamesbruc@aol.com'
Cc: Ezeanyim, Richard, EMNRD
Subject: RE: Mewbourne Case No. 15519

Gentlemen

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If you all agree on a date to hear the case, I expect OCD can accommodate you. However, I have received no indication of agreement from Mike or Jim. As of this moment, the case is still on the docket for this week. A continuance was tentatively granted to September 15, but you have indicated that will not work.

Will Jones is out of the office this week. Richard Ezeanyim will be the presiding examiner for the September 1 hearing.

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Sincerely

David Brooks

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Cc: 'Brian F. Antweil - Katten Muchin Rosenman (brian.antweil@kattenlaw.com)' <brian.antweil@kattenlaw.com>
Subject: RE: Mewbourne Case No. 15519

Gentlemen:

We are available for a special examiner hearing on any one of the following dates: September 20; September 27 – 30. We also have additional dates in October. The case should take less than one-half day to present. Thanks.

J. Scott Hall
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(505) 986-2646



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From: J. Scott Hall
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To: Jones, William V, EMNRD (WilliamV.Jones@state.nm.us); David Brooks (DavidK.Brooks@state.nm.us); 'Michael Feldewert'; jamesbruc@aol.com
Cc: Brian F. Antweil - Katten Muchin Rosenman (brian.antweil@kattenlaw.com)
Subject: Mewbourne Case No. 15519

Gentlemen:

This afternoon, I learned that Pyote's petroleum engineering witness, Rick Johnston, was previously scheduled to testify on behalf of XTO at a Railroad Commission hearing scheduled for September 15th in Austin. (See attached.) I apologize for this development, but was not aware of the scheduling conflict when we met this morning. On Monday, I will provide some alternative dates for a possible special examiner hearing. I will request the hearing be continued to an agreed date at that time.

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Ezeanyim, Richard, EMNRD

From: jamesbruc@aol.com
Sent: Tuesday, August 30, 2016 8:57 AM
To: MFeldewert@hollandhart.com; Brooks, David K, EMNRD; SHall@montand.com
Cc: Ezeanyim, Richard, EMNRD
Subject: Re: Mewbourne Case No. 15519

OK by me.

Jim

-----Original Message-----

From: Michael Feldewert <MFeldewert@hollandhart.com>
To: Brooks, David K, EMNRD, EMNRD <DavidK.Brooks@state.nm.us>; J. Scott Hall <SHall@montand.com>; 'jamesbruc@aol.com' <jamesbruc@aol.com>
Cc: Ezeanyim, Richard, EMNRD, EMNRD <richard.ezeanyim@state.nm.us>
Sent: Tue, Aug 30, 2016 8:52 am
Subject: Mewbourne Case No. 15519

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Ezeanyim, Richard, EMNRD

From: Brooks, David K, EMNRD
Sent: Tuesday, August 30, 2016 9:24 AM
To: Davidson, Florene, EMNRD
Cc: Ezeanyim, Richard, EMNRD
Subject: Case No. 15519

Pursuant to agreement of all parties, this case will be continued to Sept. 29.

David Brooks

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Ezeanyim, Richard, EMNRD

From: Brooks, David K, EMNRD
Sent: Monday, August 22, 2016 1:54 PM
To: Ezeanyim, Richard, EMNRD; Jones, William V, EMNRD; Goetze, Phillip, EMNRD
Subject: FW: Case No. 15519 (Mewbourne v. Pyote): Pyote's motion for a continuance

Good afternoon, gentlemen

It looks like a hearing will be required on this motion. Not a rush, however, since the hearing is next week.

Since a receivership is involved, I will confer with Allison and get back to y'all.

David

From: Michael Feldewert [mailto:MFeldewert@hollandhart.com]
Sent: Monday, August 22, 2016 11:57 AM
To: Brooks, David K, EMNRD <DavidK.Brooks@state.nm.us>
Cc: J. Scott Hall <SHall@montand.com>; Jones, William V, EMNRD <WilliamV.Jones@state.nm.us>; Goetze, Phillip, EMNRD <Phillip.Goetze@state.nm.us>; Jordan L. Kessler <JLKessler@hollandhart.com>
Subject: Case No. 15519 (Mewbourne v. Pyote): Pyote's motion for a continuance

As I explained to Mr. Hall, this motion is opposed unless the operator agrees to shut-in the well. Mr. Hall has not informed whether that is acceptable.

Mewbourne will be filing a response.

From: Brooks, David K, EMNRD [mailto:DavidK.Brooks@state.nm.us]
Sent: Monday, August 22, 2016 10:56 AM
To: Michael Feldewert; Jordan L. Kessler
Cc: J. Scott Hall; Jones, William V, EMNRD; Goetze, Phillip, EMNRD
Subject: Case No. 15519; Mewbourne v. Pyote

Good morning counselors

I have received Motion for Continuance of this matter, presently set for 9/1, which raises a legal issue.

Please advise if this motion will be opposed.

Sincerely

David K. Brooks
Assistant General Counsel

Ezeanyim, Richard, EMNRD

From: Brooks, David K, EMNRD
Sent: Monday, August 29, 2016 3:22 PM
To: J. Scott Hall; 'Michael Feldewert'; 'jamesbruc@aol.com'
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David Brooks

Examiner Hearing – September 1, 2016

Docket No. 36-16

Page 4 of 4

the south line and 610 feet from the east line, and a terminus 330 feet from the north line and 500 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 unit is located approximately 2-1/2 miles north of Malaga, New Mexico.

15. Case No. 15515: (Continued from the August 4, 2016 Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling and an unorthodox well location, Eddy County, New Mexico. Mewbourne Oil Company seeks an order pooling all mineral interests in the Wolfcamp formation underlying the W/2 of Section 34, Township 23 South, Range 28 East, NMPM, to form a standard 320-acre gas spacing and proration unit. The unit will be dedicated to the **Yardbirds 34 W2NC Fee Well No. 1H**, a horizontal well with a surface location 150 feet from the south line and 2240 feet from the west line, and a terminus 330 feet from the north line and 2240 feet from the west line, of Section 34. 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 2-1/2 miles north of Malaga, New Mexico.

16. Case No. 15516: (Continued from the August 4, 2016 Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling and an unorthodox well location, Eddy County, New Mexico. Mewbourne Oil Company seeks an order pooling all mineral interests in the Wolfcamp formation underlying the E/2 of Section 34, Township 23 South, Range 28 East, NMPM, to form a standard 320-acre gas spacing and proration unit. The unit will be dedicated to the **Yardbirds 34 W2OB Fee Well No. 1H**, a horizontal well with a surface location 150 feet from the south line and 2310 feet from the east line, and a terminus 330 feet from the north line and 2160 feet from the east line, of Section 34. 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 2-1/2 miles north of Malaga, New Mexico.

17. Case No. 15519: (Continued from the July 21, 2016 Examiner Hearing.)

Application of Mewbourne Oil Company to revoke the injection authority granted under SWD-744 for the Willow Lake Well No. 1 operated by Pyote Well Service, LLC, Eddy County, New Mexico. Applicant seeks an order revoking the injection authority granted by Administrative Order SWD-744 for the Willow Lake Well No. 1 (30-015-21499), a salt water disposal well located 660 feet from the North line and 1980 feet from the West line (Unit C) in Section 22, Township 24 South, Range 28 East, N.M.P.N., Eddy County, New Mexico. This well is currently operated by Pyote Well Service, LLC and disposing produced water into the Bone Spring formation through perforations at depths of approximately 7,184 feet to approximately 8,850 feet. The well is located approximately 5 miles South of Loving, New Mexico.

18. Case No. 15491 (re-opened): (Continued from the August 4, 2016 Examiner Hearing.)

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.

19. Case No. 15498 (re-opened): (Continued from the August 4, 2016 Examiner Hearing.)

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 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.

J. Scott Hall

From: J. Scott Hall
Sent: Friday, September 09, 2016 3:30 PM
To: 'Michael Feldewert'
Cc: 'jamesbruc@aol.com'; 'brian.antweil@kattenlaw.com'
Subject: RE: OCD Case No. 15519: Request for documents regarding Oxy's Stent well

Mike:

(1). In reply to your last message, below, the relevance of the well logs for the Oxy Stent "21" Federal Com. No. 2H well was established by the Preferential Frac Direction exhibit previously provided by Mewbourne which attempts to demonstrate a fracture orientation pointing almost directly from the Stent well to the Willow Lake SWD well. They are also made relevant by Mewbourne's associated Performance Comparison exhibits specifically highlighting production from the Stent well. The possibility of horizontal and vertical migration of water near the Stent well are directly relevant to the Application. Further, NMOCD records show that Oxy obtained an open-hole log on the Stent well dated *December 16, 2013*. Although Oxy was required to do so, that well log does not appear to have been filed with NMOCD. In any event the time period for Oxy to avail itself of the confidentiality provisions of the Division's rules has long since passed. (See 19.15.7.16 NMAC).

(2, 3, 4). As to these matters, our requests would include any internal reports that were not filed with NMOCD. They are necessary to allow for a proper assessment of the Stent well's performance. Again, the issue of the performance of offsetting wells was raised in the Application and Pre-Hearing Statement filed on behalf of Mewbourne and Oxy.

(5). This is a new request: We would like to be provided from both Mewbourne and Oxy any analyses of the water produced from the Stent well or delivered to the Willow Lake SWD well.

Please let me know if you have any questions.

J. Scott Hall
Montgomery & Andrews, P.A.
P. O. Box 2307
Santa Fe, NM 87504-2307
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(505) 986-2646



THIS MESSAGE CONTAINS INFORMATION WHICH MAY BE CONFIDENTIAL AND PRIVILEGED. UNLESS YOU ARE THE ADDRESSEE (OR AUTHORIZED TO RECEIVE FOR THE ADDRESSEE), YOU MAY NOT USE, COPY OR DISCLOSE TO ANYONE THE MESSAGE OR ANY INFORMATION CONTAINED IN THE MESSAGE. IF YOU HAVE RECEIVED THIS MESSAGE IN ERROR, PLEASE ADVISE THE SENDER BY REPLY E-MAIL TO shall@montand.com AND DELETE THE MESSAGE. THANK YOU.

From: Michael Feldewert [mailto:MFeldewert@hollandhart.com]
Sent: Wednesday, September 07, 2016 3:10 PM
To: J. Scott Hall
Cc: 'jamesbruc@aol.com'; 'brian.antweil@kattenlaw.com'
Subject: OCD Case No. 15519: Request for documents regarding Oxy's Stent well

Scott:

I have visited with Oxy about the four paragraphs in your attached September 2nd letter requesting documents relating to Oxy's Stent "21" Federal Com. No. 2H well.

With respect to paragraph 1, the well logs and associated LAS files are confidential, have not been provided to Mewbourne (the applicant in Case No. 15519), and have no apparent relevancy to the issues raised by Mewbourne's application. Oxy therefore declines to provide this confidential information to your client.

With respect to paragraphs 2 and 3, daily drilling and completion reports for the Stent well can be found in the NMOCD's public files.

With respect to paragraph 4, Oxy does not know what you mean by "all documents relating to the period of non-production for February, March and April of 2015." Further, Oxy does not see how this brief period of non-production in 2015, which was the result of a normal tubing failure, has any potential bearing on the issues raised by Mewbourne's application.

I am available to discuss further at your convenience.

Michael H. Feldewert
Santa Fe Office
505-988-4421
505-983-6043 (fax)
mfeldewert@hollandhart.com

HOLLAND&HART 

CONFIDENTIALITY NOTICE: This message is confidential and may be privileged. If you believe that this email has been sent to you in error, please reply to the sender that you received the message in error; then please delete this e-mail. Thank you.

From: Diana Luna [mailto:dluna@montand.com]
Sent: Friday, September 02, 2016 4:06 PM
To: Michael Feldewert
Cc: 'jamesbruc@aol.com'; 'brian.antweil@kattenlaw.com'; J. Scott Hall
Subject: Mewbourne Oil Company - OCD Case No. 15519

Please see attached letter from J. Scott Hall dated September 2, 2016.

Diana M. Luna
Assistant to J. Scott Hall, Louis W. Rose, Jeffrey J. Wechsler
Montgomery & Andrews, P.A.
P.O. Box 2307
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(505) 986-2685 (direct line)
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southeast of Loco Hills, New Mexico.

20. **Case No. 15555:** *Application of EOG Resources For Approval Of A 640-Acre Non-Standard Project Area Comprised Of Acreage Subject To A Proposed State Communitization Agreement, Lea County, New Mexico.* Applicant in the above-styled cause seeks an order approving a 640-acre non-standard project area in the Wolfcamp formation comprised of acreage subject to a proposed state communitization agreement covering all of Section 26, Township 25 South, Range 33 East, NMPM, Lea County, New Mexico. This acreage has been placed in the WC-025 G-09 S253336D; Upper Wolfcamp pool (Pool Code 98094) subject to the Division's general statewide rules for oil development. This acreage is located approximately 25 miles West of Jal, New Mexico.

21.. **Case No. 15519:** *(Continued from the September 1, 2016 Examiner Hearing.)*
Application of Mewbourne Oil Company to revoke the injection authority granted under SWD-744 for the Willow Lake Well No. 1 operated by Pyote Well Service, LLC, Eddy County, New Mexico. Applicant seeks an order revoking the injection authority granted by Administrative Order SWD-744 for the Willow Lake Well No. 1 (30-015-21499), a salt water disposal well located 660 feet from the North line and 1980 feet from the West line (Unit C) in Section 22, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. This well is currently operated by Pyote Well Service, LLC and disposing produced water into the Bone Spring formation through perforations at depths of approximately 7,184 feet to approximately 8,850 feet. The well is located approximately 5 miles South of Loving, New Mexico.

22. **Case No. 15491 (re-opened):** *(Continued from the September 15, 2016 Examiner Hearing.)*
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.

23. **Case No. 15498 (re-opened):** *(Continued from the September 15, 2016 Examiner Hearing.)*
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 North line and 330 feet 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.