Page 1 STATE OF NEW MEXICO 1 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT 2 OIL CONSERVATION DIVISION 3 IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING: 4 APPLICATION OF MATADOR PRODUCTION CASE NO. 15535 5 COMPANY AND MEWBOURNE OIL COMPANY 6 FOR POOL CREATION, POOL RECLASSIFICATION, AND SPECIAL POOL RULES, EDDY COUNTY, NEW MEXICO. 7 8 REPORTER'S TRANSCRIPT OF PROCEEDINGS 9 EXAMINER HEARING 10 August 18, 2016 11 Santa Fe, New Mexico 12 13 WILLIAM V. JONES, CHIEF EXAMINER BEFORE: 14 ERH. 1-21 DAVID K. BROOKS, LEGAL EXAMINER 15 16 17 This matter came on for hearing before the New Mexico Oil Conservation Division, William V. Jones, Chief Examiner, and David K. Brooks, Legal Examiner, on 18 Thursday, August 18, 2016, at the New Mexico Energy, Minerals and Natural Resources Department, Wendell Chino 19 Building, 1220 South St. Francis Drive, Porter Hall, 20 Room 102, Santa Fe, New Mexico. 21 22 Mary C. Hankins, CCR, RPR REPORTED BY: New Mexico CCR #20 23 Paul Baca Professional Court Reporters 500 4th Street, Northwest, Suite 105 Albuquerque, New Mexico 87102 24 (505) 843-9241 25

PAUL BACA PROFESSIONAL COURT REPORTERS 500 FOURTH STREET NW - SUITE 105, ALBUQUERQUE, NM 87102

(Promedo 8/18/16) EXH-1-21

Downey Wolfcamp Pool Eddy County, New Mexico

Matador Production Company Mewbourne Oil Company

CASE 15535

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

## APPLICATION OF MATADOR PRODUCTION COMPANY AND MEWBOURNE OIL COMPANY TO ESTABLISH THE DOWNEY GAS POOL IN THE WOLFCAMP FORMATION FOR TOWNSHIPS 22 THROUGH 26 SOUTH AND RANGES 25 EAST THROUGH 31 EAST EDDY COUNTY, NEW MEXICO, AND TO ESTABLISH SPECIAL POOL RULES FOR SAID POOL

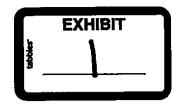
## CASE NO. 15535

## EXHIBIT LIST

August 18, 2016

- Exhibit 1 Application
- Exhibit 2 Eddy County Area Locator Map
- Exhibit 3 Wolfcamp Wells and Units
- Exhibit 4 Current Wolfcamp Pool Maps
- Exhibit 5 Current Wolfcamp Pools and Related Orders
- Exhibit 6 Wolfcamp Operators
- Exhibit 7 Wolfcamp Operator Support Letters
- Exhibit 8 Approved Non-Standard Location Orders
- Exhibit 9 Affidavit of Notice
- Exhibit 10 Wolfcamp Structure Maps
- Exhibit 11 Wolfcamp Isochore
- Exhibit 12 Cross Section From A to A' with Cumulative Wolfcamp Production and GOR
- Exhibit 13 Cross Section From B to B' with Cumulative Wolfcamp Production and GOR
- Exhibit 14 Wolfcamp Producing Wells

- Exhibit 15 Characteristics of Retrograde Gas
- Exhibit 16 GOR of Wolfcamp Producing Wells
- Exhibit 17 API Gravity v. GOR for Wolfcamp Producing Wells
- Exhibit 18 Representative PVT Analyses
- Exhibit 19 Fracture Direction v. Stress Orientation
- Exhibit 20 Section View with 660' Setbacks
- Exhibit 21 Section View with 330' Setbacks



STATE OF NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES OIL CONSERVATION DIVISION 2016 JUL 19 P 4: 32.

APPLICATION OF MATADOR PRODUCTION COMPANY AND MEWBOURNE OIL COMPANY TO ESTABLISH THE DOWNEY GAS POOL IN THE WOLFCAMP FORMATION FOR TOWNSHIPS 22 THROUGH 26 SOUTH AND RANGES 25 EAST THROUGH 31 EAST, NMPM, EDDY COUNTY, NEW MEXCO, AND TO ESTABLISH SPECIAL POOL RULES FOR SAID POOL

CASE NO. 1553

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## <u>APPLICATION</u>

Matador Production Company ("Matador") and Mewbourne Oil Company ("Mewbourne," and together with Matador the "Applicants"), by its undersigned attorneys, hereby make application to the Oil Conservation Division for an order to: (1) establish a new pool for the production of hydrocarbons from the Wolfcamp formation, and (2) adopting Special Pool Rules and Regulations for the new pool that provide for 320-acre spacing and proration units, and special well location requirements, and in support of this application state:

- 1. Matador drilled, completed, and operates the following horizontal wells from various depths within the Wolfcamp formation:
  - i. B Banker 33 23S 28E RB #221H API: 30-015-43306 Location: A-33-23S-28E
  - ii. Charlie Sweeney 31 23 28 RB #201H API: 30-015-43695 Location: 30-23S-28E
  - iii. Dr. K 24 23S 27E RB #203 API: 30-015-43378 Location: I-23-23S-27E
  - iv. Dr. K 24 23S 27E RB #206 API: 30-015-43379 Location: 1-23-23S-27E

- v. Guitar 10 24S 28E RB #202H API: 30-015-42660 Location: H-10-24S-28E
- vi. Guitar 10 24S 28E RB #222H API: 30-015-43693 Location: H-10-24S-28E
- vii. Janie Conner 13 24S 28E RB #224H API: 30-015-43037 Location: P-14-24S-28E
- viii. Janie Conner 13 24S 28E RB# 204H

\* drilled, but not yet completed (As of 7/18/16)

API: 30-015-43317 Location: P-14-24S-28E

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- ix. Janie Conner 14 24S 28E RB #207H
  API: 30-015-43615 Location: I-14-24S-28E
- x. Janie Conner 13 24S 28E RB #201H\* API: 30-015-43463 Location: 14-24S-28E
- xi. Janie Conner 13 24S 28E RB #221H\* API: 30-015-43756 Location: 14-24S-28E
- xii. Jimmy Kone 05 24S 28E RB #208H API: 30-015-43389 Location: 04-24S-28E
- xiii. Jimmy Kone 05 24S 28E RB #228H API: 30-015-43542 Location: 04-24S-28E
- xiv. Paul 25 24S 28E RB #221H API: 30-015-43018

Location: 25-24S-28E

- xv. Rustler Breaks 12 24 27 #001H API: 30-015-41775 Location: P-12-24S-27E
- xvi. Scott Walker State 36 22S 27E RB #204H API: 30-015-43162 Location: M-12-22S-27E
- xvii. Tiger 14 24S 28E RB #224H API: 30-015-42873 Location: P-14-24S-28E
- xviii. Tiger 14 24S 28E RB #204H AP1: 30-015-43087 Location: P-14-24S-28E
- xix. Tiger 14 24S 28E RB #227H API: 30-015-43505 Location: 1-14-24S-28E
- xx. Jimmy Kone 05 24S 28E RB #203H API: 30-015-43475 Location: 05-24S-28E
- 2. Mewbourne drilled, completed, and operates the following horizontal wells from various

depths within the Wolfcamp formation:

- i. Malaga 30 Federal COM #001H API: 30-015-40287 Location: I-30-24S-29E
- ii. San Lorenzo 15 DM Fee Com #1H ~ API: 30-015-40402 Location: D-15-25S-28E
- iii. San Lorenzo 15 OB #1H API: 30-015-40403 Location: O-15-25S-28E

- iv. Delaware Ranch 14 CN Fec COM #001H API: 30-015-40438 Location: C-14-26S-28E
- v. San Lorenzo 22/27 LE #2H API: 30-015-41153 Location L-22-25S-28E
- vi. San Lorenzo 9 OB Fee #1H API: 30-015-41304 Location: O-9-25S-28E

\* drilled, but not yet completed (As of 7/18/16)

- vii. Owł Draw 23 DM Federal COM ,#001H \ API: 30-015-41448
  - Location: M-14-26S-27E

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viii. Salt Draw 2 CN Fee #002H API: 30-015-41729 Location: 3-02-25S-28E

- ix. Layla 35 MD FEE #002H API: 30-015-41730 Location: M-35-23S-28E
- x. Delaware Ranch 12 MD Federal COM #001H API: 30-015-42081 Location: M-12-26S-28E
- xi. Layla 35 W20B FEE #003H API: 30-015-42407 Location: O-35-23S-28E
- xii. Owl Draw 22 W1AP Federal COM #001H API: 30-015-42475 Location: P-15-26S-27E
- xiii. Speedwagon 27 W2DM Fee #1H AP1: 30-015-42695 Location: D-27-23S-28E
- xiv. Jester 19 30 W0AH Federal COM #001H AP1: 30-015-42830 Location: A-19-23S-27E
- xv. Jester 19 30 W2DE Federal COM #001H AP1: 30-015-42831 Location: 1-19-23S-27E
- xvi. Yardbirds 3 W2DM Fee #1H
- xxvi. Foreigner 33/4 W2JO Fee #1H\* API: 30-015-43499 Location: J-33-23S-28E

API: 30-015-42936 Location: D-3-24S-28E

- xvii. Sterling Pound 20 29 W2DE State COM #001H API: 30-015-42974 Location: C-20-23S-27E
- xviii. Bebop36 W1MD State #002H API: 30-015-43320 Location: M-36-25S-31E
- xix. Viper 29/32 W0LM Fcd Com #1H API: 30-015-43498 Location: L-29-24S-27E
- xx. Yardbirds 34 W2NC Fec #1H\* AP1: 30-015-41309 Location: N-34-23S-28E
- xxi. Goose 29/28 W2BA State Com #1H\* API: 30-015-43452 Location: B-29-23S-27E
- xxii. Yardbirds 34 W2OB Fee #1H\* API: 30-015-43464 Location: O-34-23S-28E
- xxiii. Foreigner 33/4 W2LM\* API: 30-015-43494 Location: L-33-23S-28E
- xxiv. Devon 6 Fec #211\* API: 30-015-43661 Location: A-6-25S-28E
- xxv. Fuller 13/24 W1LM Fed Com #3H\* API: 30-015-43517 Location: L-13-26S-29E

\* drilled, but not yet completed (As of 7/18/16)

xxvii. Commodore 30 W2PA Federal #1H\* API: 30-015-43296 Location: A-31-24S-27E

xxviii. Owl Draw 27/22 W2NC Fed Com #2H\* API: 30-015-43684 Location: N-27-26S-27E

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3. The Applicants have technical data which shows that the Wolfcamp formation, defined as and by the <u>Oxv Benelli #1</u>. API: 30-015-34881, located at 990' FNL & 660' FWL in Section 8-T25S-R28E, Eddy County, New Mexico, from the stratigraphic equivalent of a base of 11,525 feet to the stratigraphic equivalent of a top of 9204 feet (the "Wolfcamp Formation"), produces from a gas pool and that all wells that produce in the Wolfcamp Formation throughout the following Townships and Ranges. NMPM, Eddy County. New Mexico (the "Eddy County Area") produce hydrocarbons from the same reservoir and pool:

Township 22S Range 25E Township 22S Range 26E Township 22S Range 27E Township 22S Range 27E Township 22S Range 28E Township 23S Range 26E Township 23S Range 27E Township 23S Range 28E Township 23S Range 28E Township 24S Range 26E Township 24S Range 27E Township 24S Range 27E

Township 24S Range 29E Township 24S Range 30E Township 24S Range 31E Township 25S Range 25E Township 25S Range 26E Township 25S Range 27E Township 25S Range 28E Township 25S Range 29E Township 25S Range 30E Township 25S Range 30E Township 25S Range 31E Township 26S Range 26E Township 26S Range 27E

drilled, but not yet completed (As of 7/18/16)

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Township 26S Range 28E Township 26S Range 29E Township 26S Range 30E Township 26S Range 31E

- 4. As a result of the discovery of the character of the hydrocarbons, and horizontal technology. and in the interest of waste and the protection of correlative rights, the establishment of a new pool for the production from the Wolfcamp Formation in the Eddy County Area is needed.
- The Applicants seek the adoption of Special Pool Rules and Regulation for the proposed Downey Wolfcamp Gas Pool which provide for:
  - i. Gas spacing units in the Wolfcamp Formation comprised of 320 surface contiguous acres, more or less, comprising a half of a single section, being a legal subdivision of the U.S. Public Lands Survey;
  - ii. Wells to be located no closer than 330 feet to the outer boundary of the spacing unit on which the well is located; and
  - iii. No limitation on the density or allowable of wells within any such spacing unit.
- 6. Applicants request that any pre-existing or overlapping pools or well designations throughout the Eddy County Area are hereby amended as follows:
  - i. The following pools and wells within said pools should be reclassified as producing from the proposed Downey Wolfcamp Gas Pool:

[72122] Big Sinks[97136] Brushy Draw Wolfcamp[72123] Big Sinks South[74160] Carlsbad Wolfcamp East[72240] Black River Wolfcamp[74200]Carlsbad Wolfcamp South[97442]Black River Wolfcamp East[74270] Cass Draw WolfcampGG

[72897] Brushy Draw Wolfcamp

drilled, but not yet completed (As of 7/18/16)

[97022] Cass Draw Wolfcamp

North

[96846] Corral Draw Wolfcamp North

[97719] CP Hill

[75460] Crooked Creek

[97102] Crow Flats Wolfcamp

[75750] Culebra Bluff Wolfcamp South Gas

[91162] Eddy Undesignated Wolfcamp

[76780] Forehand Ranch Wolfcamp Gas

[96409] Forchand Ranch Wolfcamp Southwest

[96606] Happy Valley Wolfcamp

[97625] Hay Hollow Wolfcamp West

[97050] Laguna Grande Wolfcamp

[97573]Lost Tank

[97950] Milepost

[97045] Owen\_Mesa Wolfcamp

[82540] Paduca South

[82840] Phantom Draw

[96402] Pierce Crossing North

[50373] Pierce Crossing Wolfcamp

[96712] Pierce Crossing Wolfcamp NW Gas

[97157] Remuda Wolfcamp

[84330] Ross Draw Wolfcamp

[97078] Ross Draw Wolfcamp SW

[84335] Ross Ranch

[84407] Sage Draw Wolfcamp

[96890] Sage Draw Wolfcamp East

[96333] Sulphate Draw NW

[85780] Sulphate Draw Wolfcamp

[98125]WC-015-G-06-S232704H Upper Wolfcamp

[98164]WC 015 G 07 S242712P UPR Wolfcamp

[97517] WC Black River Wolfcamp

[97693] WC Black River Wolfcamp SW

[97669] WC Laguna Creek Wolfcamp

[97618] WC McGruder Wolfcamp

[97721] WC Salt Draw Wolfcamp

[97668] WC Wolfcamp

[98115]WC-015-G-06-S232607A Wolfcamp

[98145] WC-015 G-06 S252935B Upper Wolfcamp

drilled, but not yet completed (As of 7/18/16)

[98126] WC-015 G-07 S252906P			
Upper Wolfcamp	[98140]WC-015S262714M		
	Wolfcamp		
[98138] WC-015 G-07 S252923A	• .		
UPR Wolfcamp	[98017]WC-015	S262728A	
Of R wonedinp	Wolfcamp	020272011	
100/00111/0 015 0 07 505002521	woncamp		
[98099]WC-015-G-07-S252935N			
Wolfcamp	[97592] White City South		
[97954]WC-015-G-07-S262814C	[87285] White City Wolfcamp		
Wolfcamp			
4	[97766] White City Wo	Ifcamp SW	
[98106] WC-015 G-07 S262925D		<b>f</b>	
Upper Wolfcamp	[97759]Wildcat	S222710M	
opper woneamp	Wolfcamp	02227 (011	
1091001WC 016 C 09 80570000	woncamp		
[98122]WC-015-G-08-S253003O		00 (0 ( <b>1</b> ( )	
Wolfcamp	[97882] Wildcat	S262616A	
	Wolfcamp		
[98153]WC-015S222931C	[97489] Wildcat Wolfcamp		
Wolfcamp		-	
-	[96794] Wildcat	Wolfcamp	
[98170]WC-015 S232606O			

- ii. Any well within the Eddy County Area that is currently on production shall not otherwise be affected by this application. although the Operator of such a well may take action to increasing the size of spacing unit by application to the Oil Conservation Division.
- iii. Any future Wolfcamp wells drilled within the proposed Eddy County Area will be assigned to the Downey Wolfcamp Gas Pool.
- 7. Applicants request that the proposed Downey Wolfcamp Gas Pool may be expanded beyond the proposed Eddy County Area by hearing, notice, and a showing that the Wolfcamp Formation extends beyond the current Eddy County Area.
- 8. Approval of this application for new pool creation and the adoption of special spacing and well location rules will enable the Applicants to efficiently produce the reserves from

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• drilled, but not yet completed (As of 7/18/16)

Wolfcamp

this reservoir and will otherwise be in the best interest of conservation, the prevention of waste, and the protection of correlative rights.

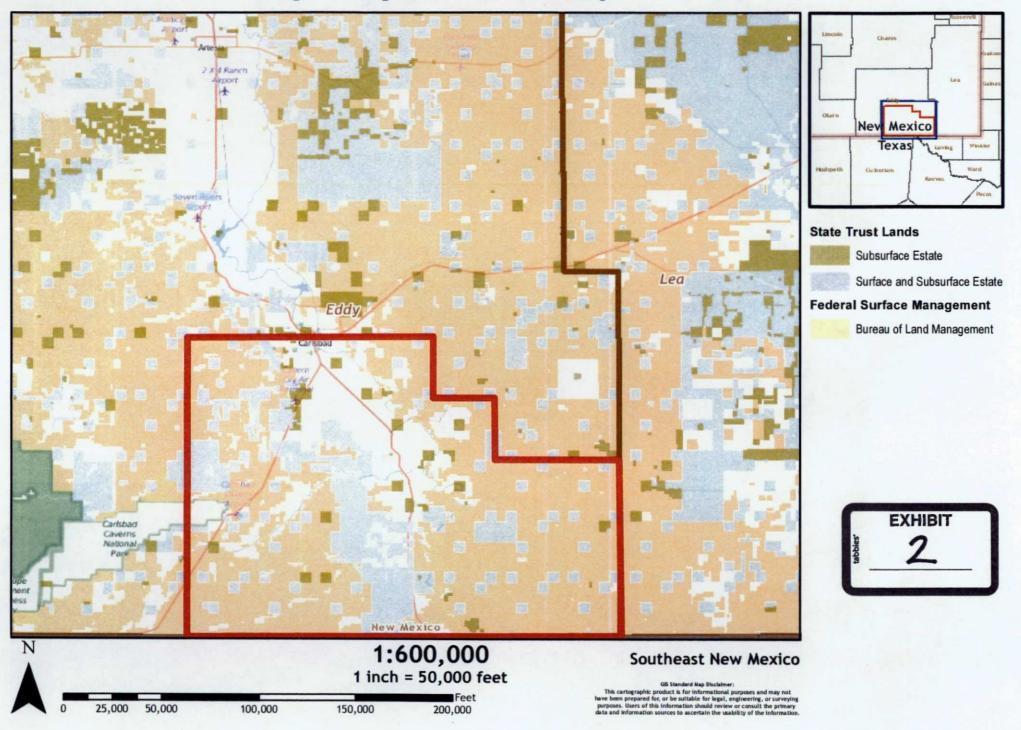
WHEREFORE. Matador and Mewbourne request that this application be set for hearing before an Examiner of the Oil Conservation Division on August 18, 2016, that notice be given as required by law and the rules of the Division and that the application be approved.

Respectfully submitted,

James Bruce Post Office Box 1056 Santa Fe, New Mexico 87504 (505) 982-2043 Attorney for Applicants

Dana Arnold Operations and Regulatory Counsel Matador Production Company 5400 LBJ Freeway Suite 1500 Dallas, Texas 75240 Office: (972) 371-5284

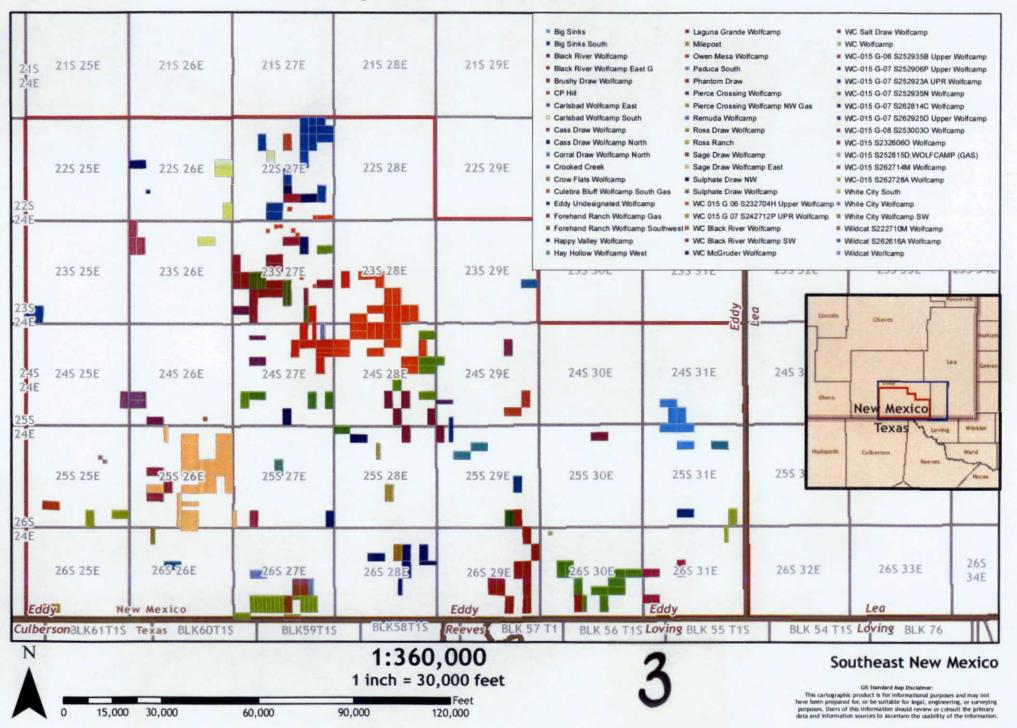
# **Eddy County Area Locator Map**



Township 22S Range 25E Township 22S Range 26E Township 22S Range 27E Township 22S Range 28E Township 23S Range 25E Township 23S Range 26E Township 23S Range 27E Township 23S Range 27E Township 23S Range 28E Township 23S Range 29E Township 24S Range 25E Township 24S Range 26E Township 24S Range 26E Township 24S Range 27E Township 24S Range 28E Township 24S Range 28E Township 26S Range 28E

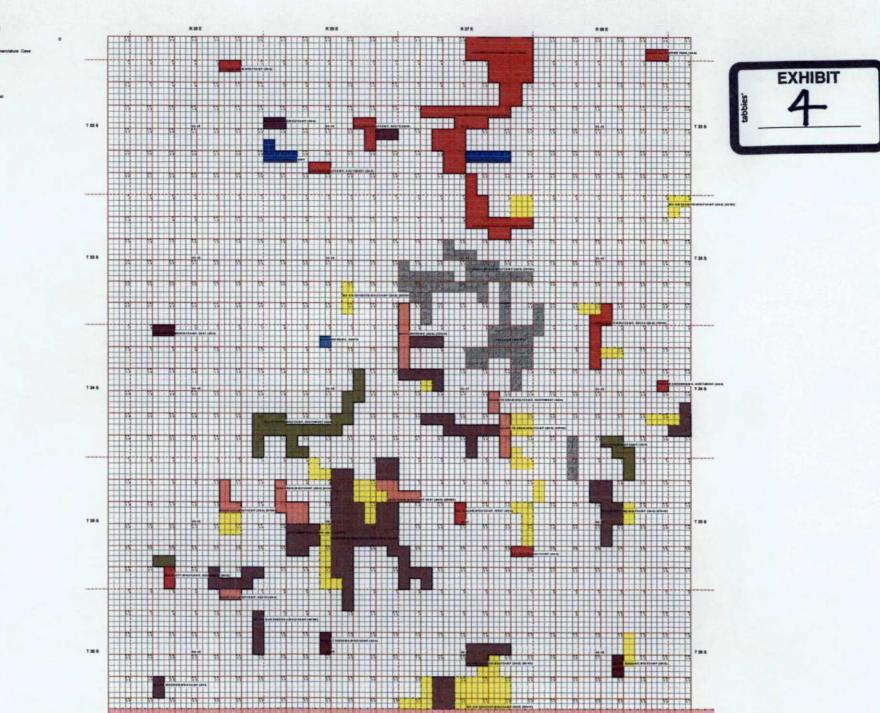
Township 24S Range 29E Township 24S Range 30E Township 24S Range 31E Township 25S Range 25E Township 25S Range 26E Township 25S Range 27E Township 25S Range 28E Township 25S Range 29E Township 25S Range 30E Township 25S Range 31E Township 26S Range 26E Township 26S Range 27E

# **Wolfcamp Wells & Unit Sizes**

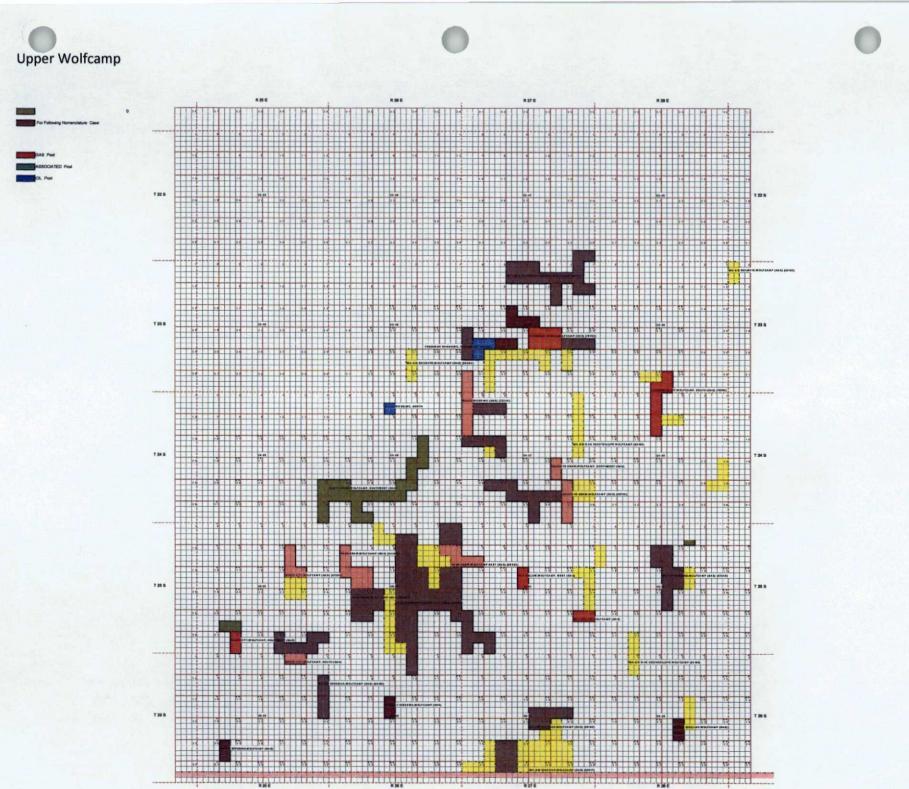




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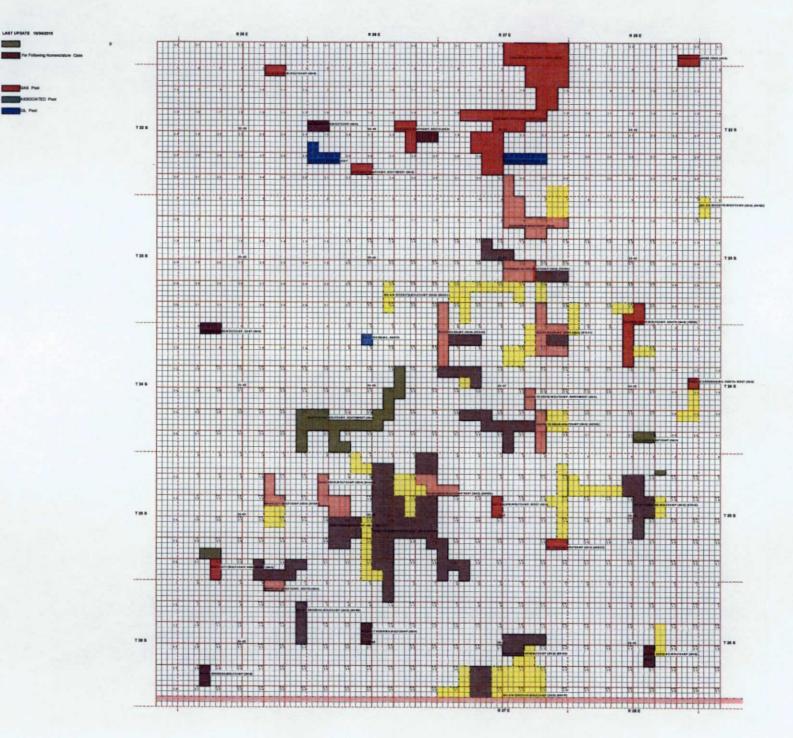
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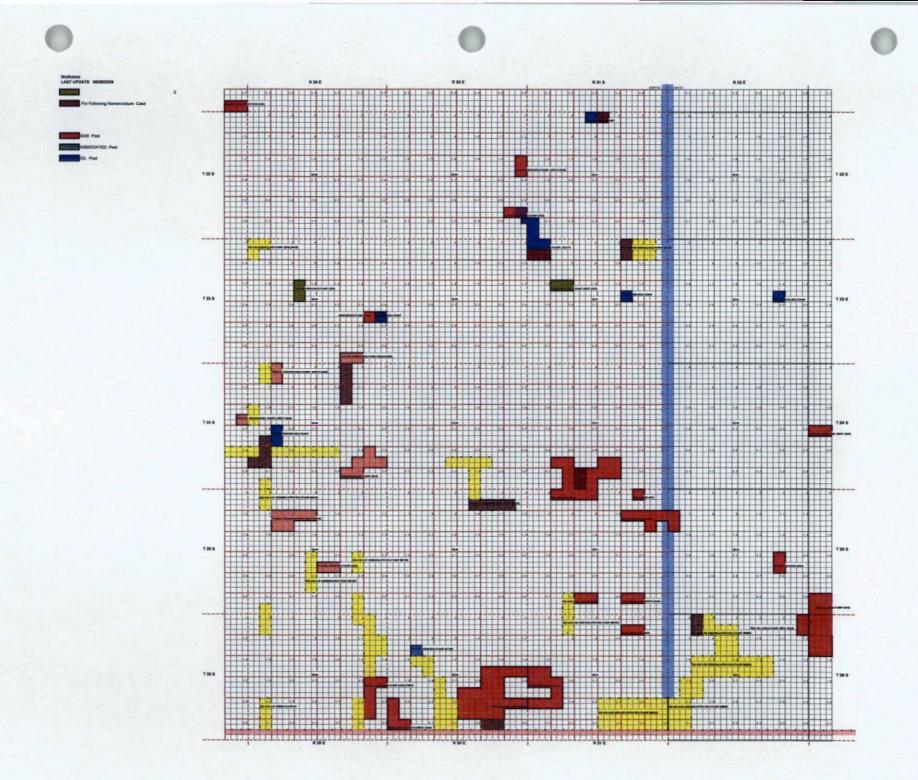


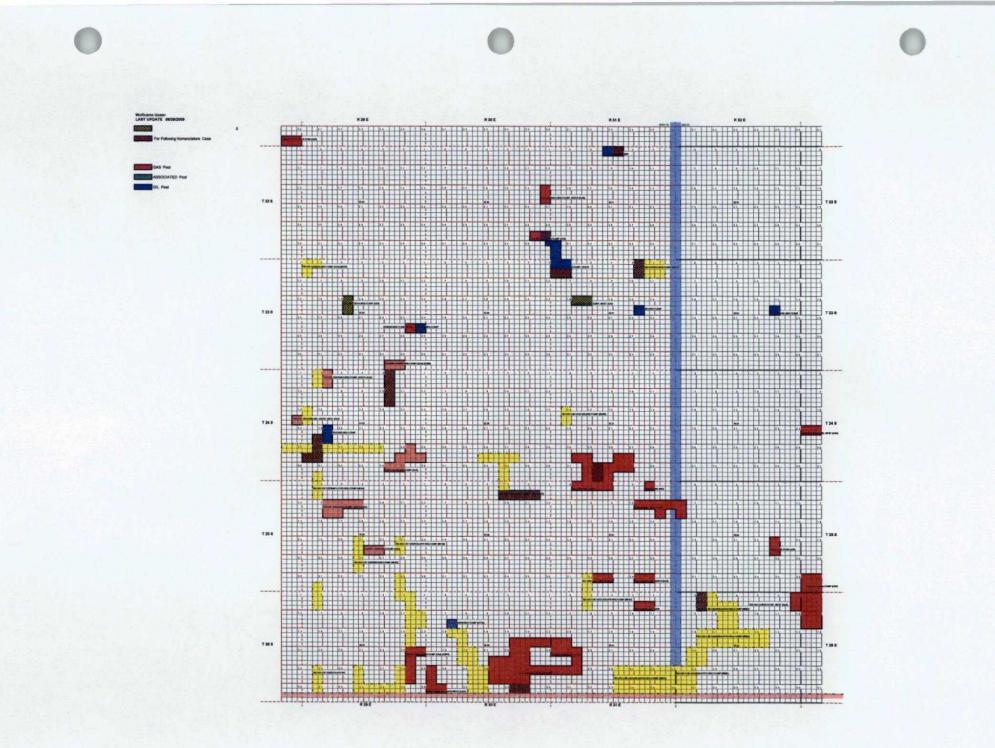
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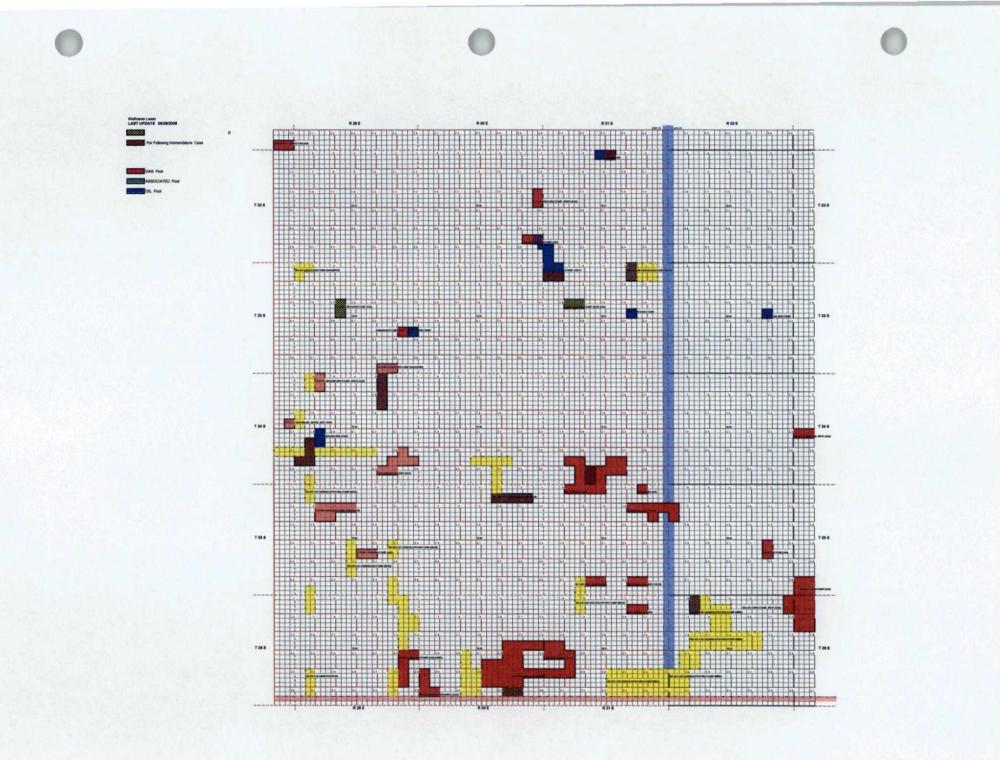
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	Pool_ID	Pool Name	Poo	l Type	Spec	ial Pool Order
$\bigcirc$	72122	BIG SINKS;WOLFCAMP (GAS)	Gas		r 	
$\bigcirc$	72123	BIG SINKS;WOLFCAMP, SOUTH (GAS)	Gas		d a	
1	97442	BLACK RIVER; WOLFCAMP, EAST (G)	Gas		d	
,	72240	BLACK RIVER; WOLFCAMP (GAS)	Gas		Jan sinaan i	·····
	97136	BRUSHY DRAW; WOLFCAMP (O)	Oil		•	
	72897	BRUSHY DRAW; WOLFCAMP (GAS)	Gas			
	74160	CARLSBAD;WOLFCAMP, EAST (GAS)	Gas		R-5144	ماند و منابع
	74200	CARLSBAD;WOLFCAMP, SOUTH (GAS)	Gas	-	R-4683	
	97022	CASS DRAW; WOLFCAMP, NORTH (O)	Oil		R-11396	·
	74270	CASS DRAW;WOLFCAMP (GAS)	Gas			
	96846	CORRAL DRAW; WOLFCAMP; NORTH (GAS)	Gas			• .
	75460	CROOKED CREEK;WOLFCAMP (GAS)	Gas			
	97102	CROW FLATS; WOLFCAMP	Oil	-		
	75750	CULEBRA BLUFF; WOLFCAMP, SOUTH (GAS)	Gas			
	91162	EDDY UNDESIGNATED; WOLFCAMP (GAS)	Gas			
I	76780	FOREHAND RANCH; WOLFCAMP (GAS)	Gas		_	
	96409	FOREHAND RANCH; WOLFCAMP, SOUTHWEST	Oil			
,	96606	HAPPY VALLEY; WOLFCAMP (O)	Oil			
	97625	HAY HOLLOW; WOLFCAMP, WEST (G)	Gas			
r	97050	LAGUNA GRANDE; WOLFCAMP (GAS)	Gas			
	97573	LOST TANK; WOLFCAMP	Oil			
$\bigcirc$	97045	OWEN MESA; WOLFCAMP GAS	Gas		/	• • • • •
$\bigcirc$	82540	PADUCA; WOLFCAMP, SOUTH (GAS)	Gas			
	82840	PHANTOM DRAW; WOLFCAMP (GAS)	Gas			
:	96402	PIERCE CROSSING; WOLFCAMP, NORTH	Oil			
	50373	PIERCE CROSSING;WOLFCAMP	Oil			
	- ····	PIERCE CROSSING;WOLFCAMP,NW (GAS)	Gas		<i>.</i> .	
	X A / TA / ALL ALL INTERPORTED AND AND AND AND AND AND AND AND AND AN	REMUDA; WOLFCAMP (G)	Gas			,
	·· _ · _ · _ · _ · · · · · · · · · · ·	ROSS DRAW; WOLFCAMP, SW (G)	Gas			···
		ROSS DRAW;WOLFCAMP (GAS)	Gas			
:	• . • •	ROSS RANCH;WOLFCAMP (GAS)	Gas			- ne trae
		SAGE DRAW; WOLFCAMP, EAST (G)	Gas	-		· ·· · · · · · · · · ·
ł		SAGE DRAW;WOLFCAMP (GAS)	Gas	<b>.</b> .	··· ·	
1		SULPHATE DRAW;WOLFCAMP (GAS)	Gas			
÷		SULPHATE DRAW;WOLFCAMP, NW (GAS)	Gas			
:	· · · · · · · · · · · · · · · · · · ·	WC MCGRUDER; WOLFCAMP GAS	Gas			-
		WC; BLACK RIVER; WOLFCAMP	Oil			
		WC; LAGUNA CREEK; WOLFCAMP (G)	Gas	<b>.</b>		
		WC; WOLFCAMP (OIL)	Oil			
		WC;BLACK RIVER;WOLFCAMP,SW(G)	Gas		• •	·
		WC;CP HILL;WOLFCAMP (G)	Gas		, 	
_		WC;SALT DRAW;WOLFCAMP, (G)	Gas		+	
()		WC-015 G-06 S2326074H;UPPER WOLFCAMP	Oil			
$\sim$		WC-015 G-06 S232607A;WOLFCAMP	Oil			EXHIBIT
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l	98164	WC-015 G-07 S242712P;UPR WOLFCAMP	Oil		tapti	

98	126 WC-015 G-07 S252906P;UPPER WOLFCAMP	Oil	
98	138 WC-015 G-07 S252923A;UPR WOLFCAMP	Oil	
98	099 WC-015 G-07 S252935N;WOLFCAMP	Oil	
97	954 WC-015 G-07 S262814c;WOLFCAMP	Oil	
98	106 WC-015 G-07 S262925D;UPPER WOLFCAMP	'Oil	
98	122 WC-015 G-08 S2530030;WOLFCAMP	Oil	
98	153 WC-015 S222931C;WOLFCAMP (GAS)	Gas	-
98	170 WC-015 S232606O;WOLFCAMP (GAS)	Gas	
97	950 WC-015 S262529E;WOLFCAMP (GAS)	Gas	
98	140 WC-015 S262714M;WOLFCAMP (GAS)	Gas	
98	017 WC-015 S262919M;LWR WOLFCAMP	Gas	
87	285 WHITE CITY;WOLFCAMP (GAS)	Gas	
97	592 WHITE CITY; WOLFCAMP, SOUTH (GAS)	Gas	
97	766 WHITE CITY;WOLFCAMP, SW (GAS)	Gas	
97	759 WILDCAT S222710M;WOLDCAMP	Oil	
97	382 WILDCAT S262616A;WOLFCAMP (GAS)	Gas	
97	189 WILDCAT; WOLFCAMP GAS	Gas	
96	794 WILDCAT; WOLFCAMP OIL	Oil	-

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## 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:

NOMENCLATURE CASE NO. 12367 ORDER NO. R-11396

## APPLICATION OF SANTA FE SNYDER CORPORATION FOR POOL CREATION, SPECIAL POOL RULES, AND AN UNORTHODOX OIL WELL LOCATION, EDDY COUNTY, NEW MEXICO.

## **ORDER OF THE DIVISION**

### **BY THE DIVISION:**

This case came on for hearing at 8:15 a.m. on May 4, 2000, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this Att day of June, 2000, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

## FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

- (2) The applicant, Santa Fe Snyder Corporation ("Santa Fe"), seeks:
  - (a) the creation a new pool for the production of oil from the Wolfcamp formation comprising the NW/4 of Section 27, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico;
  - (b) the promulgation of special pool rules including provisions for 160-acre spacing and proration units with wells to be located no closer than 330 feet to any quarter-quarter section line or subdivision inner boundary;

- (c) an effective date of February 1, 2000 for the special pool rules; and
- (d) an exception to the proposed rules for an unorthodox well location for its Weems Well No. 1
   (API No. 30-015-24827) located 990 feet from the North line and 1330 feet from the West line (Unit C) of Section 27.

(3) Harold J. Grandi, Elizabeth Ann Grandi Revocable Trust, Enea Maurice Grandi, Jr., Iris Jeannie Grandi, Charlotte Louise Bingman, Raymond Henry Grandi and Norma Jean Kelly (collectively referred to as the "Grandi Group"), all interest owners within the NW/4 of Section 27, appeared at the hearing through legal counsel.

(4) Division records indicate that the Weems Well No. 1 was originally drilled in 1984 at an unorthodox gas well location approved by Division Order No. NSL-1798. The well subsequently produced from the Carslbad-Strawn Gas Pool, the South Carlsbad-Morrow Gas Pool and the Otis-Atoka Gas Pool. On or about February 6, 2000, Santa Fe recompleted the well to the Wolfcamp formation through perforations from 9,062 feet to 9,114 feet. The well IP'd at a rate of 347 BOPD and 485 MCFGPD.

(5) Pursuant to Division rules, the Weems Well No. 1 has been classified as an oil well.

(6) The Weems Well No. 1 is located within one mile of both the Cass Draw-Wolfcamp and East Carlsbad-Wolfcamp Gas Pools. There are no Wolfcamp oil pools within one mile of the Weems Well No. 1.

(7) The applicant's evidence demonstrates that there are approximately six separate fee leases within the NW/4 of Section 27 and the interest ownership within these leases is very complex.

- (8) The applicant's geologic evidence demonstrates that:
  - (a) the Weems Well No. 1 is producing from an oilproductive Upper-Wolfcamp interval that is stratigraphically higher than the Wolfcamp intervals being produced in the Cass Draw-Wolfcamp and East Carlsbad-Wolfcamp Gas Pools;

- (b) the entire NW/4 of Section 27 should be productive from this Upper-Wolfcamp interval; and
- (c) the Weems Well No. 1 appears to have penetrated this Upper-Wolfcamp interval in the area of greatest carbonate thickness.
- (9) The applicant's engineering evidence demonstrates that:
  - (a) the Weems Well No. 1 is currently producing at a rate of approximately 50 BOPD and 80 MCFGPD. The well should ultimately recover approximately 39 MBO and 117 MMCFG;
  - (b) the Weems Well No. 1 should ultimately drain an area of approximately 118 acres;
  - (c) due to its location, the Weems Well No. 1 should drain Upper-Wolfcamp oil and gas reserves from all four quarter-quarter sections within the NW/4 of Section 27; and
  - (d) due to projected low recoveries, it is uneconomic to drill additional wells to recover Upper-Wolfcamp oil and gas reserves within the NW/4 of Section 27.

(10) The Grandi Group expressed some concern over the proposed 160-acre spacing; however, it did not present any evidence to contest Santa Fe's application.

(11) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

(12) The evidence presented demonstrates that the Weems Well No. 1 has discovered a new common source of supply in the Wolfcamp formation.

(13) A new pool for the production of oil from the Wolfcamp formation should be created and designated the North Cass Draw-Wolfcamp Pool with vertical limits comprising the Wolfcamp formation and horizontal limits comprising the NW/4 of Section 27, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico.

(14) In order to prevent waste and protect correlative rights, special pool rules providing for 160-acre spacing and proration units should be established for the North Cass Draw-Wolfcamp Pool.

(15) The special pool rules should provide for designated well locations such that a well shall be located no closer than 660 feet to any outer boundary of a spacing and proration unit and no closer than 330 feet to any quarter-quarter section line or subdivision inner boundary.

(16) In order to allow all interest owners within the NW/4 of Section 27 to share in production from the Weems Well No. 1 from the date of first production, the special pool rules for the North Cass Draw-Wolfcamp Pool should be made effective February 1, 2000.

(17) Approval of the unorthodox well location will afford Santa Fe the opportunity to produce its just and equitable share of the oil underlying the NW/4 of Section 27 and will otherwise prevent waste and protect correlative rights.

(18) Pursuant to Division Rules No. 505.A. and 506.A., the subject pool should be assigned a depth bracket allowable of 515 barrels of oil per day at a limiting gas-oil ratio of 2,000 cubic feet of gas per barrel of oil.

### IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of Santa Fe, a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production is hereby created and designated the North Cass Draw-Wolfcamp Pool, with vertical limits comprising the Wolfcamp formation and horizontal limits comprising the following described area:

## TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM

Section 27: NW/4

(2) Special pool rules for the North Cass Draw-Wolfcamp Pool are hereby adopted as follows:

## SPECIAL POOL RULES FOR THE NORTH CASS DRAW-WOLFCAMP POOL

<u>RULE 1</u>. Each well completed in or recompleted in the North Cass Draw-Wolfcamp Pool or in the Wolfcamp formation within one mile thereof, and not nearer to

or within the limits of another designated Wolfcamp pool, shall be spaced, drilled, operated and produced in accordance with these rules.

<u>RULE 2</u>. Each well completed or recompleted in the North Cass Draw-Wolfcamp Pool shall be located on a unit containing 160 acres, more or less, which consists of the NE/4, SE/4, SW/4 or NW/4 of a single governmental section.

<u>RULE 3</u>. The Director may grant an exception to the requirements of Rule 2 without hearing when an application has been filed for a non-standard unit consisting of less than 160 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 20 days after the Director has received the application.

<u>RULE 4</u>. Each well shall be located no closer than 660 feet to any outer boundary of a proration unit and no closer than 330 feet to any quarter-quarter section line or subdivision inner boundary.

<u>RULE 5.</u> The Division Director may grant an exception to the requirements of Rule 4 without hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to a deeper horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

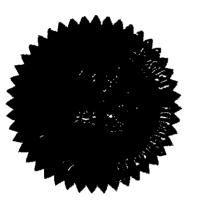
<u>RULE 6</u>. The allowable for a standard 160-acre oil proration unit (158 through 162 acres) shall be based on a depth bracket allowable of 515 BOPD with a limiting GOR of 2000 cubic feet of gas per barrel of oil. The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 160 acres.

## **IT IS FURTHER ORDERED THAT:**

(3) An unorthodox oil well location for the Weems Well No. 1 (API No. 30-015-24827) located 990 feet from the North line and 1330 feet from the West line (Unit C) of Section 27 in the North Cass Draw-Wolfcamp Pool is hereby approved.

(4) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



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STATE OF NEW MEXICO OIL CONSERVATION DIVISION

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#### BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

> CASE NO. 5099 Order No. R-4683

APPLICATION OF PENNZOIL COMPANY FOR A POOL CREATION, SPECIAL POOL RULES AND AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO.

#### ORDER OF THE COMMISSION

#### BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 14, 1973, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this <u>30th</u> day of November, 1973, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Pennzoil Company, seeks the creation of a new gas pool for Wolfcamp production in Eddy County, New Mexico, and the promulgation of special rules and regulations governing said pool, including a provision for 320-acre spacing units.

(3) That the Moore Com Well No. 1 located at an unorthodox Wolfcamp location 2310 feet from the South line and 660 feet from the East line of Section 23, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico, having its top perforations at 9605 feet, has discovered a separate common source of supply which should be designated the South Carlsbad-Wolfcamp Gas Pool; that the vertical limits of said pool should be the Wolfcamp formation and that the horizontal limits of said pool should be the E/2 of said Section 23.

(4) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 320-acre spacing units should be promulgated for the South Carlsbad-Wolfcamp Gas Pool.

(5) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the

-2-CASE NO. 5099 Order No. R-4683

pool and protect correlative rights.

(6) That special rules and regulations should be established for a temporary period to expire one year from the date that a pipeline connection is first obtained for a well in the pool; that during this temporary period all operators in the subject pool should gather all available information relative to drainage and recoverable reserves.

(7) That this case should be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the South Carlsbad-Wolfcamp Gas Pool, at which time the operators in the subject pool should appear and show cause why the South Carlsbad-Wolfcamp Gas Pool should not be developed on 160-acre spacing units.

(8) That the first operator to obtain a pipeline connection for a well in the South Carlsbad-Wolfcamp Gas Pool should notify the Commission in writing of such fact, and that the Commission should thereupon issue a supplemental order designating an exact date for reopening this case.

#### IT IS THEREFORE ORDERED:

(1) That a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production, is hereby created and designated the South Carlsbad-Wolfcamp Gas Pool, with vertical limits comprising the Wolfcamp formation and horizontal limits comprising the following-described area:

#### EDDY COUNTY, NEW MEXICO TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM Section 23: E/2

(2) That temporary Special Rules and Regulations for the South Carlsbad-Wolfcamp Gas Pool, Eddy County, New Mexico, are hereby promulgated as follows:

#### SPECIAL RULES AND REGULATIONS FOR THE SOUTH CARLSBAD-WOLFCAMP GAS POOL

<u>RULE 1.</u> Each well completed or recompleted in the South Carlsbad-Wolfcamp Gas Pool or in the Wolfcamp formation within one mile thereof, and not nearer to or within the limits of another designated Wolfcamp gas pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

<u>RULE 2.</u> Each well shall be located on a standard unit containing 320 acres, more or less, consisting of a governmental half section.

<u>RULE 3.</u> The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the

-3-CASE NO. 5099 Order No. R-4683

unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental half section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the half section in which the nonstandard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

<u>RULE 4.</u> Each well shall be located no nearer than 660 feet to the nearest side boundary nor nearer than 1980 feet to the nearest end boundary nor nearer 330 feet to any governmental quarter-quarter section line.

<u>RULE 5.</u> The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proration unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proration unit or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

#### IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the South Carlsbad-Wolfcamp Gas Pool or in the Wolfcamp formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District Office of the Commission in writing of the name and location of the well on or before December 20, 1973. -4-CASE NO. 5099 Order No. R-4683

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the South Carlsbad-Wolfcamp Gas Pool shall have dedicated thereto 320 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have nonstandard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 320 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60day limitation, each well presently drilling to or completed in the South Carlsbad-Wolfcamp Gas Pool or in the Wolfcamp formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the South Carlsbad-Wolfcamp Gas Pool, at which time the operators in the subject pool may appear and show cause why the South Carlsbad-Wolfcamp Gas Pool should not be developed on 160-acre spacing units.

(4) That the first operator to obtain a pipeline connection for a well in the South Carlsbad-Wolfcamp Gas Pool shall notify the Commission in writing of such fact, and that the Commission will thereupon issue a supplemental order designating an exact date for reopening this case.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF, NEW MEXICO OIL CONSERVATION COMMISSION ~/ TR. TRUJILLO, Chairman JR., Member 🛿 Secretary

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#### BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

> CASE NO. 5099 (REOPENED) Order No. R-4683-A

IN THE MATTER OF CASE 5099 BEING REOPENED PURSUANT TO THE PROVISIONS OF ORDER NO. R-4683, WHICH ORDER ESTABLISHED TEMPORARY SPECIAL POOL RULES FOR THE SOUTH CARLSBAD-WOLFCAMP GAS POOL, EDDY COUNTY, NEW MEXICO, INCLUDING A PROVISION FOR 320-ACRE SPACING UNITS.

#### ORDER OF THE COMMISSION

#### BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 5, 1975, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this <u>llth</u> day of February, 1975, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

#### FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-4683, dated November 30, 1973, temporary special rules and regulations were promulgated for the South Carlsbad-Wolfcamp Gas Pool, Eddy County, New Mexico, establishing temporary 320-acre spacing units.

(3) That pursuant to the provisions of Order No. R-4683, this case was reopened to allow the operators in the subject pool to appear and show cause why the South Carlsbad-Wolfcamp Gas Pool should not be developed on 160-acre spacing units.

(4) That although a statement was submitted in support of continuance of the special pool rules in said pool, no operator appeared and presented testimony relative to drainage, recoverable reserves, or to otherwise show why the South Carlsbad-Wolfcamp Gas Pool should not be developed on 160-acre spacing units.

-2-Case No. 5099 (Reopened) Order No. R-4683-A

(5) That the Temporary Special Rules and Regulations for the South Carlsbad-Wolfcamp Gas Pool should be rescinded and said pool should be governed by the Statewide Rules for gas pools in the State, effective April 1, 1975.

#### IT IS THEREFORE ORDERED:

(1) That effective April 1, 1975, the Temporary Special Rules and Regulations for the South Carlsbad-Wolfcamp Gas Pool, promulgated by Order No. R-4683, dated November 30, 1973, are hereby rescinded and the pool is placed under the Statewide Rules for gas pools in the State.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

> STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

I. R. TRUJILLO, Chairman, And the R. LUCERO, Member PHIL

A. L. PORTER, Jr., Member & Secretary

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#### BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

> CASE NO. 5444 Order No. R-4683-B

NOMENCLATURE

APPLICATION OF C & K PETROLEUM, INC., FOR POOL CREATION AND SPECIAL POOL RULES, EDDY COUNTY, NEW MEXICO.

#### ORDER OF THE COMMISSION

#### BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 19, 1975, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 25th day of March, 1975, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, C & K Petroleum, Inc., seeks the creation of a new gas pool for Wolfcamp production in Eddy County, New Mexico, and the promulgation of special pool rules governing said pool, including a provision for 320-acre spacing.

(3) That applicant's well, the Harold Olive Com Well No. 1, located 660 feet from the South line and 1980 feet from the East line of Section 14, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico, is within one mile of the horizontal limits of the South Carlsbad-Wolfcamp Gas Pool and in fact is producing from the same common source of supply as said South Carlsbad-Wolfcamp Gas Pool.

(4) That rather than create a new gas pool for Wolfcamp production for applicant's Harold Olive Com Well No. 1, the Commission should extend said South Carlsbad-Wolfcamp Gas Pool to include said well. -2-Case No. 5444 Order No. R-4683-B

(5) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the temporary special rules and regulations providing for 320-acre spacing units for the South Carlsbad-Wolfcamp Gas Pool, which are due to expire April 1, 1975, should be continued in full force and effect for an additional one-year period.

(6) That the South Carlsbad-Wolfcamp Gas Pool as heretofore classified, defined, and described, should be extended to include therein:

### TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM Section 14: 5/2

(7) That this case should be reopened at an examiner hearing in March, 1976, to permit the operators in the subject gas pool to appear and show cause why the South Carlsbad-Wolfcamp Gas Pool should not be developed on 160-acre spacing units.

#### IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the South Carlsbad-Wolfcamp Gas Pool, Eddy County, New Mexico, promulgated by Order No. R-4683, are hereby continued in full force and effect until April 1, 1976.

(2) That the South Carlsbad-Wolfcamp Gas Pool, Eddy County, New Mexico, as heretofore classified, defined, and described is hereby extended to include:

### TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM Section 14: S/2

(3) That this case shall be reopened at an examiner hearing in March, 1976, at which time the operators in the subject pool may appear and show cause why the South Carlsbad-Wolfcamp Gas Pool should not be developed on 160-acre spacing units.

(4) That Order No. R-4683-A is hereby rescinded.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary. -3-Case No. 5444 Order No. R-4683-B

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

> STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

\* 4 I. R. TRUJILLO, Chairman

Phil K. Lucero PHIL R. LUCERO, Member

A. L. PORTER, Jr., Member & Secretary

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Entered Junuary 14, 1976

### BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

> CASE NO. 5600 Order No. R-5144

APPLICATION OF CHAMPLIN PETROLEUM COMPANY FOR THE ADOPTION OF POOL RULES, EDDY COUNTY, NEW MEXICO.

### ORDER OF THE COMMISSION

#### BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 7, 1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this <u>14th</u> day of January, 1976, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Champlin Petroleum Company, is an owner and operator in the East Carlsbad-Wolfcamp Gas Pool, Eddy County, New Mexico.

(3) That said East Carlsbad-Wolfcamp Gas Pool was created and designated by the Commission by Order No. R-5015 effective June 1, 1975.

(4) That by Commission Order No. R-5113, dated October 28, 1975, Rule 104 of the Commission Rules and Regulations was amended to provide that all gas pools for Wolfcamp gas production in Southeast New Mexico which were created and defined November 1, 1975, or later shall have 320-acre spacing and proration units, inasmuch as it was found that in Southeast New Mexico. . . "a gas well completed in the Wolfcamp or deeper formations will efficiently and economically drain and develop a 320-acre tract."

(5) That the applicant in the instant case seeks the promulgation of rules including a provision for 320-acre spacing for the East Carlsbad-Wolfcamp Gas Pool, in Eddy County, New Mexico, inasmuch as that pool was excluded from the provisions of Order No. R-5113, because it was created and defined prior to the cut-off date of November 1, 1975. -2-Case No. 5600 Order No. R-5144

(6) That no appearances were made in opposition to the application at the hearing of the instant case and no objection was received to the inclusion of the East Carlsbad-Wolfcamp Gas Pool under the provisions of Rule 104 of the Commission Rules and Regulations for gas pools of the Wolfcamp or older formations.

(7) That one well in the East Carlsbad-Wolfcamp Gas Pool in Eddy County, New Mexico, will efficiently and economically drain and develop 320 acres, and the inclusion of said pool under the 320-acre provisions of Rule 104 for pools of Wolfcamp or older formations will not cause waste nor violate correlative rights, and should be approved.

### IT IS THEREFORE ORDERED:

(1) That effective February 1, 1976, each well completed or recompleted in the East Carlsbad-Wolfcamp Gas Pool or in the Wolfcamp formation within one mile thereof shall be subject to the provisions of Rule 104 of the Commission Rules and Regulations notwithstanding the fact said pool was created and defined prior to November 1, 1975.

#### IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the East Carlsbad-Wolfcamp Gas Pool or in the Wolfcamp formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District Office of the Commission in writing of the name and location of the well by February 15, 1976.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, all existing wells in the East Carlsbad-Wolfcamp Gas Pool shall have dedicated thereto 320 acres in accordance with Rule 104 of the Commission Rules and Regulations; or pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard units dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 320 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the effective date of this order shall subject the well to cancellation of allowable.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

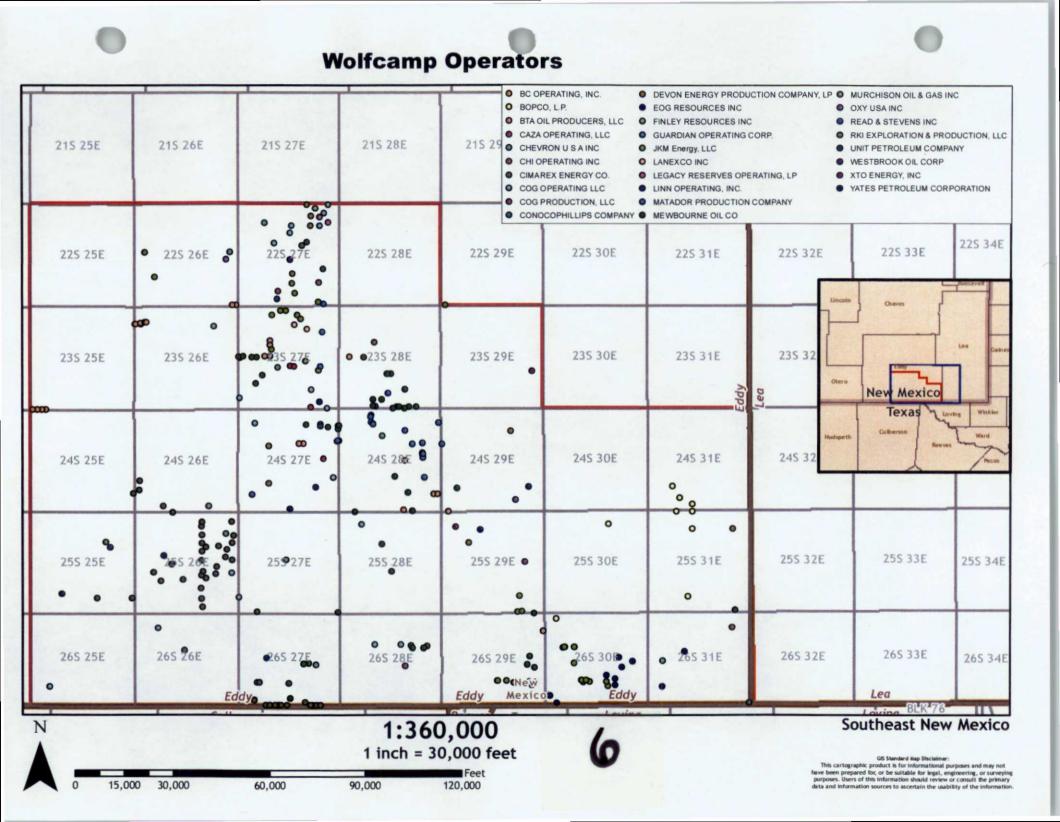
-3-Case No. 5600 Order No. R-5144

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

> STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chaj/man ann ARNOLD, **ÉME**RY Member RAMEY, Member & Secretary JOE D.

SEAL



500 West Texas, Suite 1020 Midland, Texas 79701 Phone (432) 682-3715

June 15, 2016

BC Operating, Inc. 4000 N. Big Spring St #310 Midland, TX 79705

## Re: Proposed creation of Wolfcamp Gas Pool for Eddy County, New Mexico

Dear Sir or Madam,

Mewbourne Oil Company and Matador Production Company are preparing to jointly file an application with the New Mexico Oil Conservation Division to establish a new Wolfcamp pool for Eddy County, New Mexico and adopt special pool rules and regulations for the new pool that provide for 320-acre spacing and proration units and the creation special well location requirements to establish a minimum setback of 330 feet from the outer boundary of each spacing unit.

The current Wolfcamp wells will not be affected by this application other than a change to the name of the designated pool. Our records show that you currently have a well producing from one of the current Wolfcamp wells described on the list enclosed as Exhibit "A". Matador and Mewbourne are seeking the support of Operators within the pools and of Operators within a one mile radius of each pool for the proposed change prior to filing its application. Please indicate your support by signing and returning this letter to Mewbourne in the space provided below. If you have any questions concerning this matter, please do not hesitate to contact me at drobison@mewbourne.com or directly at 432-682-3715.

Respectfully,

MEWBOURNE OIL COMPANY

Drew Robison Asst. Exploration Manager - Permian

Company:	BC Operating, Inc.	_
Name:	Fromah Bruce	_
Title:	Vice Provident	_
		BA

Hereby supports the creation of a Wolfcamp Gas Pool for Eddy County, New Mexico.

500 West Texas, Suite 1020 Midland, Texas 79701 Phone (432) 682-3715

June 9, 2016

BTA Oil Producers, LLC c/o Britton McQuien 104 S Pecos St Midland, TX 79701

### Re: Proposed creation of Wolfcamp Gas Pool for Eddy County, New Mexico

Dear Mr. McQuien,

Mewbourne Oil Company and Matador Production Company are preparing to jointly file an application with the New Mexico Oil Conservation Division to establish a new Wolfcamp pool for Eddy County, New Mexico and adopt special pool rules and regulations for the new pool that provide for 320-acre spacing and proration units and the creation special well location requirements to establish a minimum setback of 330 feet from the outer boundary of each spacing unit.

The current Wolfcamp wells will not be affected by this application other than a change to the name of the designated pool. Our records show that you currently have a well producing from one of the current Wolfcamp wells described on the list enclosed as Exhibit "A". Matador and Mewbourne are seeking the support of Operators within the pools and of Operators within a one mile radius of each pool for the proposed change prior to filing its application. Please indicate your support by signing and returning this letter to Mewbourne in the space provided below. If you have any questions concerning this matter, please do not hesitate to contact me at drobison@mewbourne.com or directly at 432-682-3715.

Respectfully,

MEWBOURNE OIL COMPANY

Drew Robison Asst.. Exploration Manager - Permian

Company: BTA 0: 1 Pruducers, LLC Name: Button Multi Title: Permiun Explored on Myr

500 West Texas, Suite 1020 Midland, Texas 79701 Phone (432) 682-3715

June 9, 2016

Caza Oil & Gas, Inc. c/o Randy L. Nickerson 10077 Grogan's Mill Rd, Ste 200 The Woodlands, TX 77380

## Re: Proposed creation of Wolfcamp Gas Pool for Eddy County, New Mexico

Dear Mr. Nickerson,

Mewbourne Oil Company and Matador Production Company are preparing to jointly file an application with the New Mexico Oil Conservation Division to establish a new Wolfcamp pool for Eddy County, New Mexico and adopt special pool rules and regulations for the new pool that provide for 320-acre spacing and proration units and the creation special well location requirements to establish a minimum setback of 330 feet from the outer boundary of each spacing unit.

The current Wolfcamp wells will not be affected by this application other than a change to the name of the designated pool. Our records show that you currently have an active well in one of the current Wolfcamp pools described on the list enclosed as Exhibit "A". Matador and Mewbourne are seeking the support of Operators within the pools and of Operators within a one mile radius of each pool for the proposed change prior to filing its application. Please indicate your support by signing and returning this letter to Mewbourne in the space provided below. If you have any questions concerning this matter, please do not hesitate to contact me at <u>drobison@mewbourne.com</u> or directly at 432-682-3715.

Respectfully,

MEWBOURNE OIL COMPANY

Drew Robison Asst.. Exploration Manager - Permian

etroleum Company Name Title:

500 West Texas, Suite 1020 Midland, Texas 79701 Phone (432) 682-3715

June 9, 2016

Chevron North America Exploration & Production 1400 Smith Street, 40178 Houston, TX 77002 Attn: Mr. David Rains

# Re: Proposed creation of Wolfcamp Gas Pool for Eddy County, New Mexico

Dear Mr. Rains,

Mewbourne Oil Company and Matador Production Company are preparing to jointly file an application with the New Mexico Oil Conservation Division to establish a new Wolfcamp pool for Eddy County, New Mexico and adopt special pool rules and regulations for the new pool that provide for 320-acre spacing and proration units and the creation special well location requirements to establish a minimum setback of 330 feet from the outer boundary of each spacing unit.

The current Wolfcamp wells will not be affected by this application other than a change to the name of the designated pool. Our records show that you currently have a well producing from one of the current Wolfcamp wells described on the list enclosed as Exhibit "A". Matador and Mewbourne are seeking the support of Operators within the pools and of Operators within a one mile radius of each pool for the proposed change prior to filing its application. Please indicate your support by signing and returning this letter to Mewbourne in the space provided below. If you have any questions concerning this matter, please do not hesitate to contact me at drobison@mewbourne.com or directly at 432-682-3715.

Respectfully,

MEWBOURNE OIL COMPANY

Drew Robison Asst. Exploration Manager - Permian

Company: Name: Subsurface Manager Title:

500 West Texas, Suite 1020 Midland, Texas 79701 Phone (432) 682-3715

June 15, 2016

Cimarex Energy 600 N. Marienfeld St #600 Midland, TX 79701

## Re: Proposed creation of Wolfcamp Gas Pool for Eddy County, New Mexico

Dear Sir or Madam,

Mewbourne Oil Company and Matador Production Company are preparing to jointly file an application with the New Mexico Oil Conservation Division to establish a new Wolfcamp pool for Eddy County, New Mexico and adopt special pool rules and regulations for the new pool that provide for 320-acre spacing and proration units and the creation special well location requirements to establish a minimum setback of 330 feet from the outer boundary of each spacing unit.

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Respectfully,

MEWROURNE OU. COMPANY

Drew Robison Asst. Exploration Manager - Permian

Company Name: Roger Alexander Title: Vice President – Permian Basin

Guardian Operating Corp. Attn: Randy Cate 6824 Island Circle Midland, TX 79707

### Re: Proposed creation of Wolfcamp Gas Pool for Eddy County, New Mexico

Dear Randy,

Matador Production Company and Mewbourne Oil Company are preparing to file an application with the New Mexico Oil Conservation Division to establish a new Wolfcamp pool for Eddy County, New Mexico and adopt special pool rules and regulations for the new pool that provide for 320-acre spacing and proration units and the creation special well location requirements to establish a minimum setback of 330 feet from the outer boundary of each spacing unit.

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Respectfully,

Mr. Latter

Chris Carleton Landman

Corp.

Company: Suard Name: Title: Pelsip

# CCI08162016.jpeg

### MEWBOURNE OIL COMPANY

500 West Texas, Suite 3020 Midland, Foxas 29703 Phone (432) 602-1715

August 16, 2016

IKM Faergy, LLC 26 East Compress Road Artesia, New Mexico 88214

Re: Proposed creation of Wolfcamp Gas Pool for Eddy County, New Mexico

Dear Jack

Mewbourne Oil Company and Matador Production Company are preparing to jointly file an application with the New Mexico Oil Conservation Division to establish a new Wolfcamp pool for Eddy County, New Mexico and adopt special pool rales and regulations for the new pool that provide for 320-acre spacing and provision units and the creation special well location requirements to establish a minimum setback of 330 feet from the outer boundary of each spacing unit.

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Resportfully,

MEWBOURNE OFF. COMPANY Kohium

Asst. Exploration Manager - Permian

Company JKM Energy, LLC Name Arch Machine File. Managing Manaber\_

500 West Texas, Suite 1020 Midland, Texas 79701 Phone (432) 682-3715

June 15, 2016

Legacy Reserves LP 303 W. Wall Street, Ste 1800 Midland, TX 79701

## Re: Proposed creation of Wolfcamp Gas Pool for Eddy County, New Mexico

Dear Sir or Madam,

Mewbourne Oil Company and Matador Production Company are preparing to jointly file an application with the New Mexico Oil Conservation Division to establish a new Wolfcamp pool for Eddy County, New Mexico and adopt special pool rules and regulations for the new pool that provide for 320-acre spacing and proration units and the creation special well location requirements to establish a minimum setback of 330 feet from the outer boundary of each spacing unit.

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Respectfully,

MEWBOURNE OIL COMPANY

Drew Robison Asst. Exploration Manager - Permian

Company: <u>LEGACY RESER</u>VES Name: <u>BLAIN LEWIS</u> Blainf ENGINEERING MANAGER Title:

500 West Texas, Suite 1020 Midland, Texas 79701 Phone (432) 682-3715

June 9, 2016

WPX Energy c/o Matt Hinson 3500 One Williams Center, MD 35 Tulsa, OK 74172

# Re: Proposed creation of Wolfcamp Gas Pool for Eddy County, New Mexico

Dear Mr. Hinson,

Mewbourne Oil Company and Matador Production Company are preparing to jointly file an application with the New Mexico Oil Conservation Division to establish a new Wolfcamp pool for Eddy County, New Mexico and adopt special pool rules and regulations for the new pool that provide for 320-acre spacing and proration units and the creation special well location requirements to establish a minimum setback of 330 feet from the outer boundary of each spacing unit.

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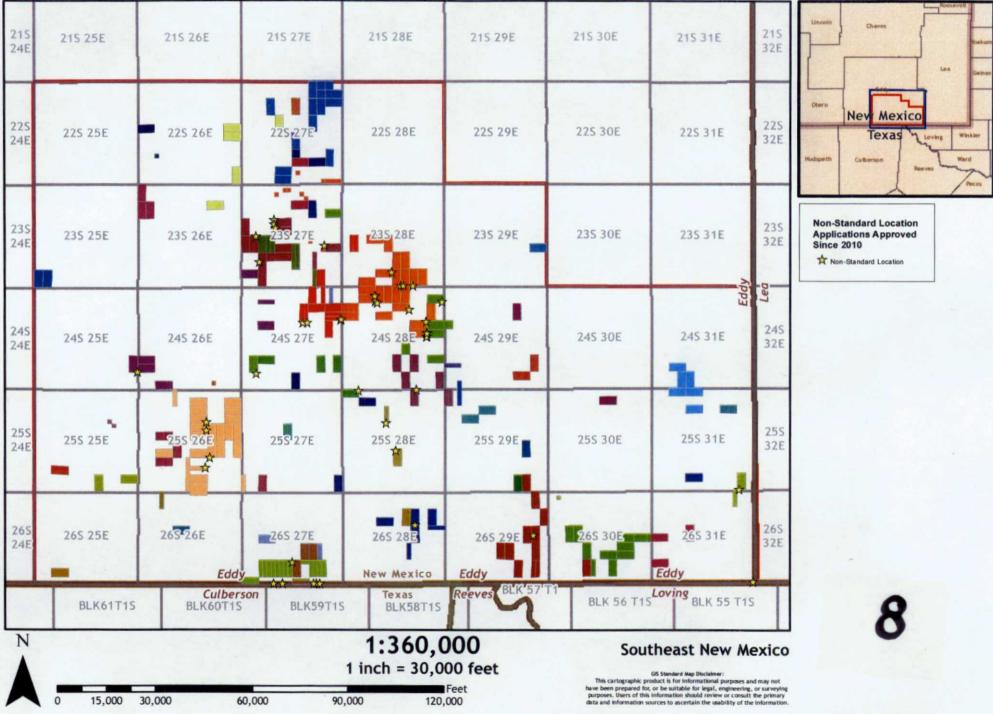
Respectfully,

**MEWBOURNE OIL COMPANY** 

Drew Robison Asst., Exploration Manager - Permian

Company: WPX Energy / RKI Name: Matthew Hinson Marcha 75 in-Vice President, Permiss Assets Title:

**Approved NSL Orders** 



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

APPLICATION OF MATADOR PRODUCTION COMPANY AND MEWBOURNE OIL COMPANY TO ESTABLISH THE DOWNEY GAS POOL IN THE WOLFCAMP FORMATION FOR TOWNSHIPS 22 THROUGH 26 SOUTH AND RANGES 25 EAST THROUGH 31 EAST, NMPM, EDDY COUNTY, NEW MEXICO, AND TO ESTABLISH SPECIAL POOL RULES FOR SAID POOL.



Case No. 15,535

## AFFIDAVIT OF NOTICE

COUNTY OF SANTA FE ) ) ss. STATE OF NEW MEXICO )

James Bruce, being duly sworn upon his oath, deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters stated herein.

2. I am an attorney for Matador Production Company and Mewbourne Oil Company.

3. Matador Production Company and Mewbourne Oil Company has conducted a good faith, diligent effort to find the names and correct addresses of the operators entitled to receive notice of the application filed herein.

4. Notice of the application was provided to the operators, at their last known addresses, by certified mail. Copies of the notice letter and certified return receipts are attached hereto as Attachment A.

5. Applicant has complied with the notice provisions of Division Rules.

arros Dreen

Jaines Bruce

SUBSCRIBED AND SWORN TO before me this \_\_\_\_\_ day of August, 2016 by James Bruce.

My Commission



### JAMES BRUCE ATTORNEY AT LAW

POST OFFICE BOX 1056 SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213 SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone) (505) 660-6612 (Cell) (505) 982-2151 (Fax) jamesbruc@aol.com

July 27, 2016

## CERTIFIED MAIL - RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

Ladies and gentlemen:

Enclosed is a copy of an application for pool creation and special pool rules, filed with the New Mexico Oil Conservation Division by Matador Production Company and Mewbourne Oil Company, regarding a proposed Wolfcamp pool in Eddy County, New Mexico.

This matter is scheduled for hearing at 8:15 a.m. on Thursday, August 18, 2016, at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting the matter at a later date.

A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement no later than Thursday, August 11, 2016. This statement must be filed with the Division's Santa Fe office at the above address, and should include: The names of the party and its attorney; a concise statement of the case; the names of the witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned.

Very truly yours,

guns Buu ames Bruce



Attorney for Applicants

## EXHIBIT A

EOG Resources Inc. P.O. Box 2267 Midland, TX 79702

Cimarex Energy Co. of Colorado Cimarex Energy Co. Suite 600 600 North Marienfeld Street Midland, TX 79701

Finley Resources Inc. P.O. Box 2200 Fort Worth, TX 76113

Read & Stevens Inc. P.O. Box 1518 Roswell, NM 88202

Legacy Reserves Operating, LP P.O. Box 10848 Midland, TX 79702

Westbrook Oil Corp. P.O. Box 2264 Hobbs, NM 88241

Lanexco Inc. P.O. Box 2730 Midland, TX 79702

Guardian Operating Corp. 6824 Island Circle Midland, TX 79707

COG Operating LLC COG Production LLC One Concho Center 600 West Illinois Ave Midland, TX 79701 Devon Energy Production Company, L.P. 333 West Sheridan Avenue Oklahoma City, OK 73102

BC Operating, Inc. P.O. Box 50820 Midland, TX 79710

Caza Operating, LLC Suite 1550 200 North Loraine Midland, TX 79701

Yates Petroleum Corporation 105 South 4<sup>th</sup> Street Artesia, NM 88210

RKI Exploration & Production, LLC 3500 One Williams Tower Tulsa, OK 74172

XTO Energy, Inc. Suite 2000 810 Houston Street Fort Worth, TX 76102

Wildcat Energy LLC P.O. Box 13323 Odessa, TX 79768

Chevron Midcontinent, L.P. Chevron USA Inc (4323) 1400 Smith Houston, TX 77002

Chi Operating Inc. P.O. Box 1799 Midland, TX 79702

Linn Operating, Inc. Suite 5100 600 Travis Street Houston, TX 77002 Murchison Oil & Gas Inc. Legacy Tower One Suite 1400 7250 Dallas Parkway Plano, TX 75024

Mack Energy Corp. P.O. Box 960 Artesia, NM 88211

BOPCO, LP Suite 2900 201 Main Street Fort Worth, TX 76102

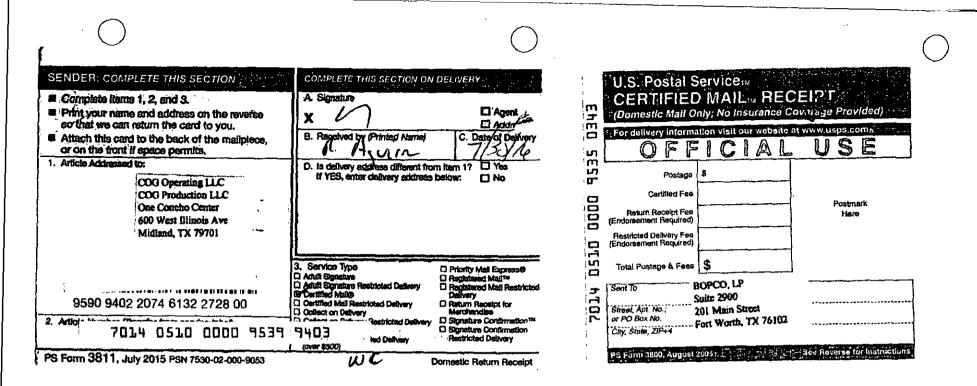
BTA Oil Producers, LLC 104 South Pecos Midland, TX 79701

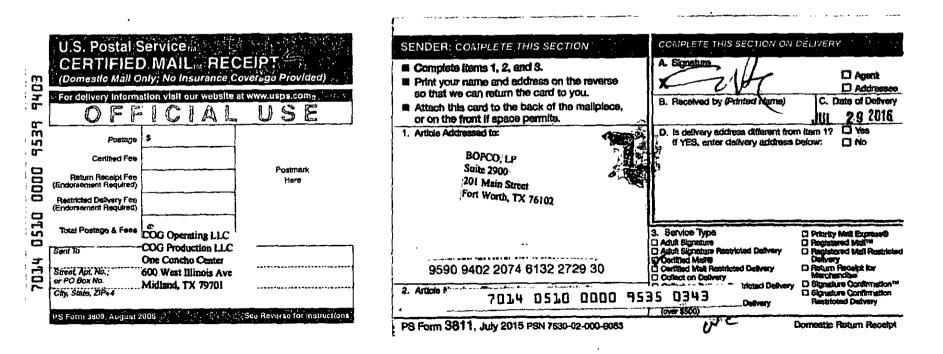
ConocoPhillips Company 600 North Dairy Ashford Houston, TX 77079

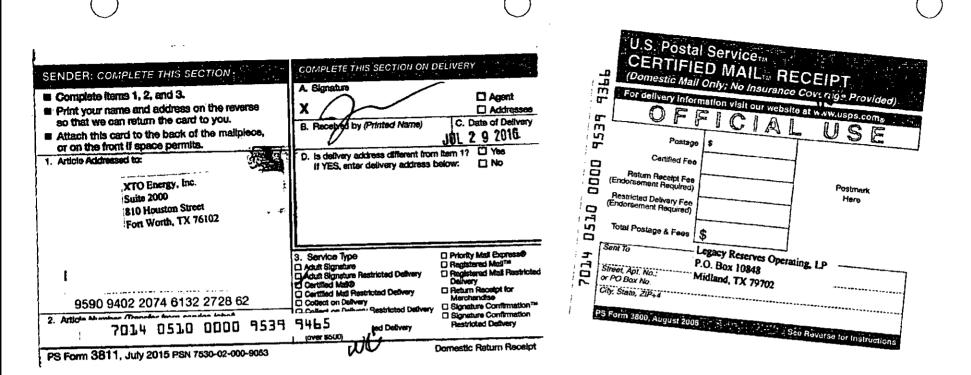
Lynx Petroleum Consultants, Inc. P.O. Box 1708 Hobbs, NM 88241-1708

H. L. Brown Operating, LLC P.O. Box 2237 Midland, TX 79702

OXY USA Inc. P.O. Box 50250 Midland, TX 79710

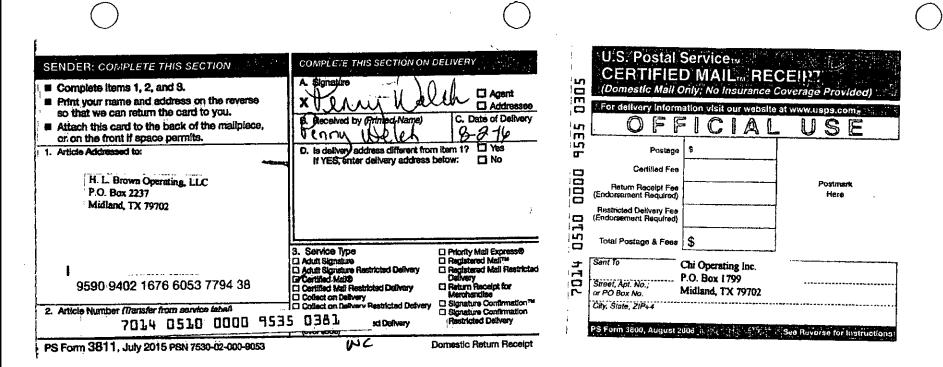


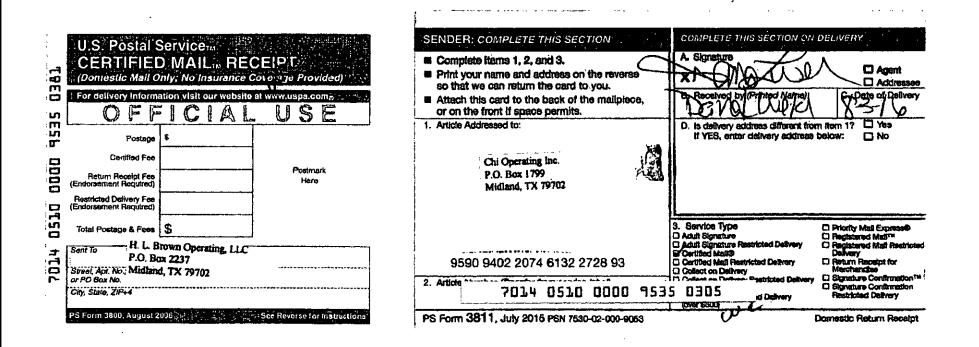


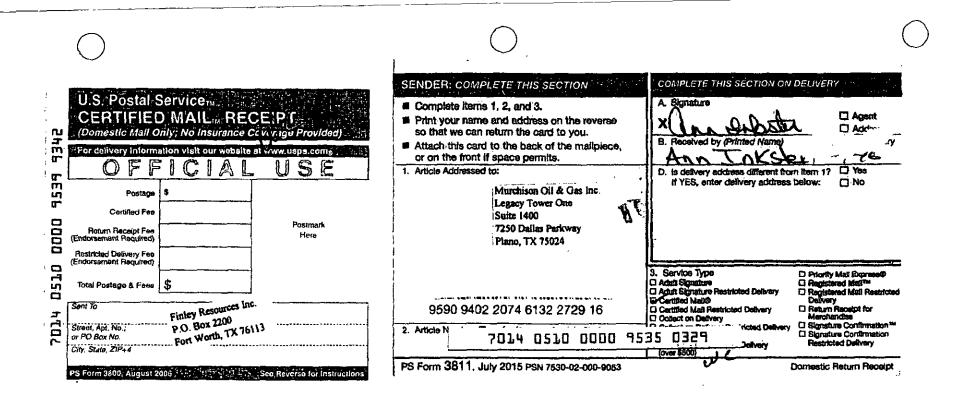




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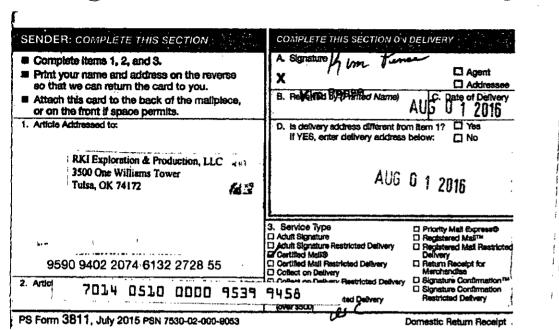


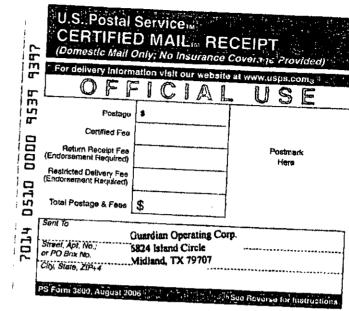




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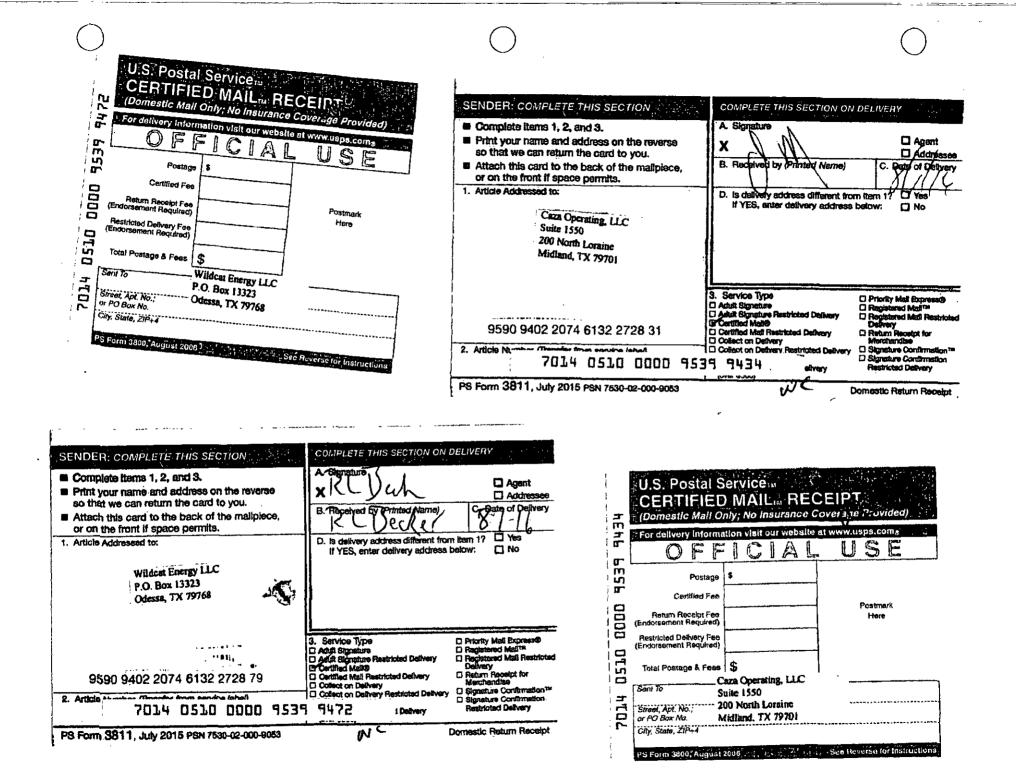


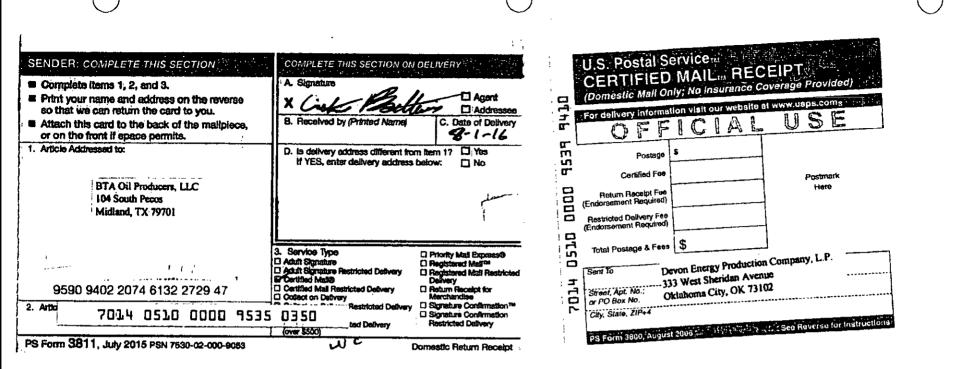


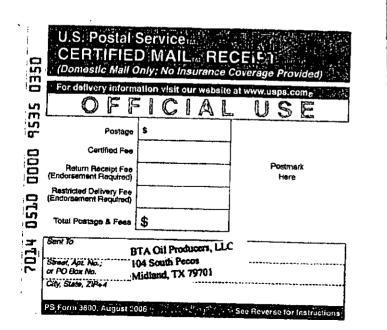


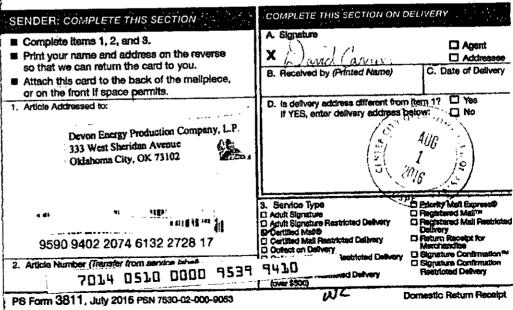
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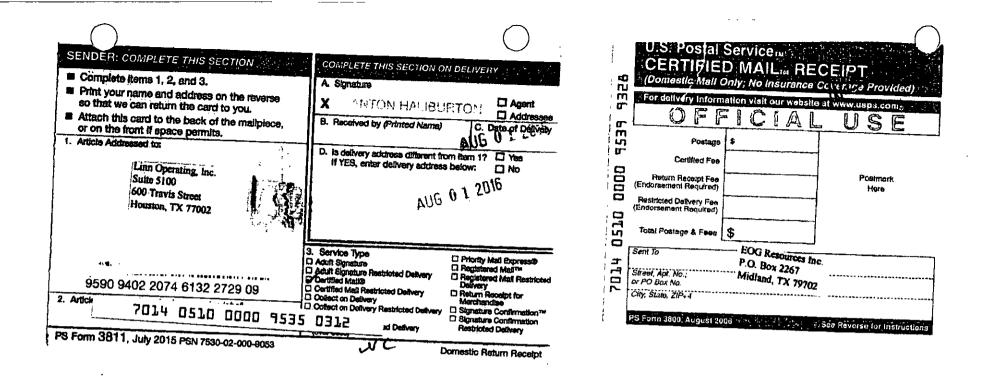
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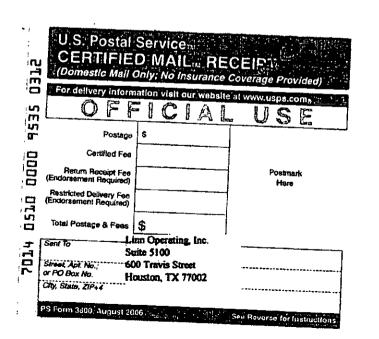




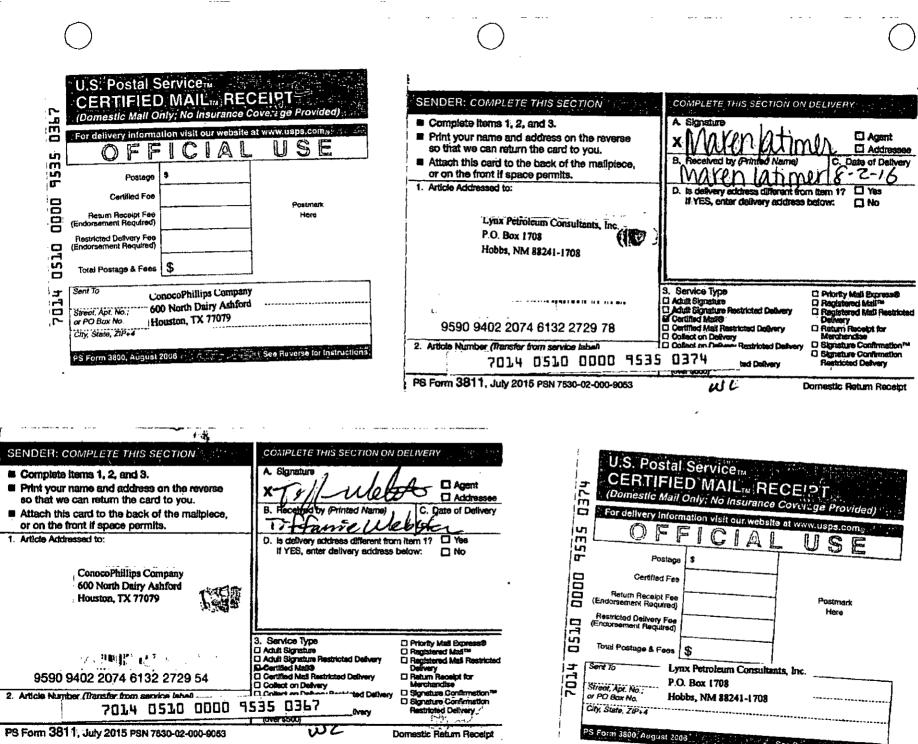








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See Reverse for Instructions

