

DOCKET: EXAMINER HEARING - THURSDAY – OCTOBER 12, 2017

8:15 a.m. - 1220 South St. Francis, Santa Fe, New Mexico 87505

Docket Nos. 38-17 and 39-17 are tentatively set for October 26, 2017 and November 8, 2017. Applications for hearing must be filed at least thirty (30) days in advance of the hearing date. OCD Rule Subsection B of 19.15.4.13 NMAC requires parties who intend to present evidence at an adjudicatory hearing to file a pre-hearing statement no later than the Thursday before the hearing, and serve a copy on opposing counsel of record. If the OCD does not receive a pre-hearing statement from the applicant by the close of business on the Thursday before the hearing, the hearing may be continued. A party who plans on using projection equipment at a hearing must contact Florene Davidson, seven (7) business days prior to the hearing, requesting the use of the projection equipment. Wireless internet is available; however, the party must provide its own laptop computer. The following cases will be heard by an Examiner.

Locator Key for Cases

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1. Case No. 15815: (Continued from the September 28, 2017 Examiner Hearing.)

Application of NewTex Partners LLC for a non-standard oil spacing and proration unit and compulsory pooling, Chaves County, New Mexico. Applicant seeks an order (i) creating a 320-acre, non-standard oil spacing and proration unit (project area) comprised of the W/2 of Section 21, Township 7 South, Range 28 East, NMPM, in Chaves County, and (ii) pooling all mineral interests in the San Andres formation underlying this acreage. The project area is to be dedicated to the **Bonanza #5H well**, which will be horizontally drilled from a surface location in Unit D to a bottom hole location in Unit M of Section

21, Township 7 South, Range 28 East. The completed interval for the well will remain within the 330-foot standard offset required by the Division's rules. Also, to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Hadaway Consulting and Engineering, LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The proposed project area is located approximately 33 miles northeast of Roswell, New Mexico.

2. **Case No. 15846: Application of NewTex Partners LLC for a non-standard oil spacing and proration unit, Chaves County, New Mexico.** Applicant seeks an order creating a 320-acre, more or less, non-standard oil spacing and proration unit (project area) comprised of the W/2 of Section 16, Township 8 South, Range 28 East, NMPM, in Chaves County. The project area is to be dedicated to the **Thunderbolt #5H well**, which will be horizontally drilled from a surface location in Unit D to a bottom hole location in Unit M of Section 16, Township 8 South, Range 28 East. The completed interval for the well will remain within the 330-foot standard offset required by the Division's rules. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost and the designation of Hadaway Consulting and Engineering, LLC as the operator of the well. The proposed project area is located approximately 30 miles northeast of Roswell, New Mexico.

3. **Case No. 15827: (Continued from the September 28, 2017 Examiner Hearing.)**

Application of Steward Energy II, LLC for a non-standard oil spacing and proration unit, Lea County, New Mexico. Applicant seeks an order creating a 480-acre, non-standard oil spacing and proration unit (project area) comprised of the SE/4 of Section 3 and the E/2 of Section 10, Township 14 South, Range 38 East, NMPM, in Lea County. The project area is to be dedicated to the **Pollo Hermanos State #2H well**, which will be horizontally drilled from a surface location in Unit O of Section 10, to a bottom hole location in Unit J of Section 3, Township 14 South, Range 38 East. Also to be considered will be the designation of Steward Energy II, LLC as the operator of the proposed project area and the Pollo Hermanos #2 H well. The proposed project area is located approximately 16.5 miles northwest of Tatum, New Mexico.

4. **Case No. 15847: Application of Mewbourne Oil Company for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order (i) creating a 640-acre, more or less, non-standard oil spacing and proration unit (project area) comprised of the S/2 of Section 5 and the S/2 of Section 4, Township 23 South, Range 27 East, in Eddy County, and (ii) pooling all mineral interests in the Wolfcamp formation underlying this acreage. The project area is to be dedicated to the **Wolfman 5/4 WOLI Federal Com #1H well**, which will be horizontally drilled from a surface location in Unit L of Section 5 to a bottom hole location in Unit I of Section 4, Township 23 South, Range 27 East. The completed interval for the well will remain within the 330-foot standard offset required by the Division's rules. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Mewbourne Oil Company as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The proposed project area is located approximately 2.5 miles southeast of Carlsbad, New Mexico.

5. **Case No. 15828: (Continued from the September 28, 2017 Examiner Hearing.)**

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order pooling all mineral interests in the Wolfcamp formation underlying the E/2 of Section 19, Township 24 South, Range 27 East, NMPM, to form a standard 320-acre gas spacing and proration unit in the Purple Sage-Wolfcamp Gas Pool. The unit will be dedicated to the **Archduke 19 W2AP Fed. Well No. 1H**, a horizontal well with a surface location 50 feet from the north line and 330 feet from the east line, and a terminus 330 feet from the south line and 330 feet from the east line, of Section 19. The beginning and end of the producing interval are orthodox. 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 1-1/2 miles east of Black River Village, New Mexico.

6. **Case No. 15848: Application of Cimarex Energy Co. for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant seeks an order from the Division: (1) creating a non-standard 160-acre, more or less, oil spacing and proration unit in the Bone Spring formation, comprised of the W/2 W/2 of Section 7, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the **Lea 7 Federal Com. #1H well**, to be horizontally drilled. The producing area for this well will be 330 feet from the project area boundary. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Cimarex as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 12 miles southeast of the intersection of Hobbs Highway 180 and County Road 27-A/Marathon Road, located in Lea County, New Mexico.

7. **Case No. 15829: (Continued from the September 28, 2017 Examiner Hearing.)**

Application of Apache Corp. for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division: (1) creating a non-standard 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the W/2 W/2 of Section 27, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and

proration unit. This proposed non-standard spacing and proration unit will be the project area for the **Black and Tan 27 Fed. Com 301H well**, to be horizontally drilled. The producing area for this well will be 330 feet from the project area boundary. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 24 miles northwest of Eunice, New Mexico.

8. **Case No. 15673 (re-opened):** (Continued from the September 28, 2017 Examiner Hearing.)

Application of Mewbourne Oil Company to re-open Case No. 15673 for a nonstandard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order approving a 480 acre non-standard spacing and proration unit in the Wolfcamp formation underlying the E/2 of Section 12 and the SE/4 of Section 1, Township 25 South, Range 27 East, NMPM, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit. The unit will be dedicated to the **Devon 12/1 W2PI Fee Com. Well No. 1H**, a horizontal well with a surface location in the NE/4 NE/4 of adjoining Section 13, and a terminus in the NE/4 SE/4 of Section 1. The beginning and end of the producing interval will be orthodox. 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 7 miles southwest of Malaga, New Mexico.

9. **Case No. 15689 (re-opened):** (Continued from the September 28, 2017 Examiner Hearing.)

Application of Mewbourne Oil Company to re-open Case No. 15689 for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order approving a 480 acre non-standard spacing and proration unit in the Wolfcamp formation underlying the SE/4 of Section 23 and the E/2 of Section 24, Township 24 South, Range 28 East, NMPM, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit. The unit will be dedicated to (a) the **Queen 23/24 W0OP Fed. Com. Well No. 1H**, a horizontal well with a surface location in the SE/4 SW/4 of Section 23 and a terminus in the SE/4 SE/4 of Section 24, and (b) the **Queen 23/24 W2OP Fed. Com. Well /4 o. 2H**, a horizontal well with a surface location in the SE/4 SW/4 of Section 23 and a terminus in the SE/4 SE/4 of Section 24. The beginning and end of the producing interval in each well will be orthodox. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The unit is located approximately 2-1/2 miles southeast of Malaga, New Mexico.

10. **Case No. 15832:** (Continued and Readvertised)

Amended Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) authorizing a non-standard spacing unit in the Purple Sage Wolfcamp Gas Pool (98220); (2) creating a 480-acre non-standard spacing and proration unit comprised of the W/2 of Section 24 and the NW/4 of Section 25, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico; (3) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's six proposed initial wells:

- o The proposed **Remuda North 25 State No. 101H Well**, which will be horizontally drilled from a surface location in the NW/4 SW/4 of Section 25 (Unit L) to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 24;
- o The proposed **Remuda North 25 State No. 103H Well**, which will be horizontally drilled from a surface location in the NE/4 SW/4 of Section 25 (Unit K) to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 24;
- o The proposed **Remuda North 25 State No. 121H Well**, which will be horizontally drilled from a surface location in the NW/4 SW/4 of Section 25 (Unit L) to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 24;
- o The proposed **Remuda North 25 State No. 122H Well**, which will be horizontally drilled from a surface location in the NW/4 SW/4 of Section 25 (Unit L) to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 24;
- o The proposed **Remuda North 25 State No. 123H Well**, which will be horizontally drilled from a surface location in the NE/4 SW/4 of Section 25 (Unit K) to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 24;
- o The proposed **Remuda North 25 State No. 124H Well**, which will be horizontally drilled from a surface location in the NE/4 SW/4 of Section 25 (Unit K) to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 24.

The completed interval for each well will remain within the 330-foot standard offset required by the Special Rules for the Purple Sage Pool. Also to be considered will be the cost of drilling and completing each well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of XTO Energy Inc. as operator of each well and a 200% charge for risk involved in drilling said well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico.

11. **Case No. 15833:** (Continued and Readvertised)

Amended Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) authorizing a non-standard spacing unit in the Purple Sage Wolfcamp Gas Pool (98220); (2) creating a 480-acre non-standard spacing and proration unit comprised of the SW/4 of

Section 25 and the W/2 of Section 36, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico; (3) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's six proposed initial wells:

- The proposed **Remuda South 25 State No. 101H Well**, which will be horizontally drilled from a surface location in the SW/4 NW/4 of Section 25 (Unit E) to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 36;
- The proposed **Remuda South 25 State No. 103H Well**, which will be horizontally drilled from a surface location in the SE/4 NW/4 of Section 25 (Unit F) to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 36;
- The proposed **Remuda South 25 State No. 121H Well**, which will be horizontally drilled from a surface location in the SW/4 NW/4 of Section 25 (Unit E) to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 36;
- The proposed **Remuda South 25 State No. 122H Well**, which will be horizontally drilled from a surface location in the SW/4 NW/4 of Section 25 (Unit E) to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 36;
- The proposed **Remuda South 25 State No. 123H Well**, which will be horizontally drilled from a surface location in the SE/4 NW/4 of Section 25 (Unit F) to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 36;
- The proposed **Remuda South 25 State No. 124H Well**, which will be horizontally drilled from a surface location in the SE/4 NW/4 of Section 25 (Unit F) to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 36.

The completed interval for each well will remain within the 330-foot standard offset required by the Special Rules for the Purple Sage Pool. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of XTO Energy Inc. as operator of the wells and a 200% charge for risk involved in drilling each well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico.

12. Case No. 15834: (Continued and Readvertised)

Amended Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) authorizing a non-standard spacing unit in the Purple Sage Wolfcamp Gas Pool (98220); (2) creating a 480-acre non-standard spacing and proration unit comprised of the E/2 of Section 24 and the NE/4 of Section 25, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico; (3) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's six proposed initial wells:

- The proposed **Remuda North 25 State No. 105H Well**, which will be horizontally drilled from a surface location in the NW/4 SE/4 of Section 25 (Unit J) to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 24;
- The proposed **Remuda North 25 State No. 107H Well**, which will be horizontally drilled from a surface location in the NE/4 SE/4 of Section 25 (Unit I) to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 24;
- The proposed **Remuda North 25 State No. 125H Well**, which will be horizontally drilled from a surface location in the NW/4 SE/4 of Section 25 (Unit J) to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 24;
- The proposed **Remuda North 25 State No. 126H Well**, which will be horizontally drilled from a surface location in the NW/4 SE/4 of Section 25 (Unit J) to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 24;
- The proposed **Remuda North 25 State No. 127H Well**, which will be horizontally drilled from a surface location in the NE/4 SE/4 of Section 25 (Unit I) to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 24;
- The proposed **Remuda North 25 State No. 128H Well**, which will be horizontally drilled from a surface location in the NE/4 SE/4 of Section 25 (Unit I) to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 24.

The completed interval for each well will remain within the 330-foot standard offset required by the Special Rules for the Purple Sage Pool. Also to be considered will be the cost of drilling and completing each well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of XTO Energy Inc. as operator of the well and a 200% charge for risk involved in drilling each well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico.

13. Case No. 15835: (Continued and Readvertised)

Amended Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) authorizing a non-standard spacing unit in the Purple Sage Wolfcamp Gas Pool (98220); (2) creating a 480-acre non-standard spacing and proration unit comprised of the SE/4 of Section 25 and the E/2 of Section 36, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico; (3) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's six proposed initial wells:

- The proposed **Remuda South 25 State No. 105H Well**, which will be horizontally drilled from a surface location in the SW/4 NE/4 of Section 25 (Unit G) to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 36;
- The proposed **Remuda South 25 State No. 107H Well**, which will be horizontally drilled from a surface location in the SE/4 NE/4 of Section 25 (Unit H) to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 36;
- The proposed **Remuda South 25 State No. 125H Well**, which will be horizontally drilled from a surface location in the SW/4 NE/4 of Section 25 (Unit G) to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 36;
- The proposed **Remuda South 25 State No. 126H Well**, which will be horizontally drilled from a surface location in the SW/4 NE/4 of Section 25 (Unit G) to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 36;
- The proposed **Remuda South 25 State No. 127H Well**, which will be horizontally drilled from a surface location in the SE/4 NE/4 of Section 25 (Unit H) to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 36;
- The proposed **Remuda South 25 State No. 128H Well**, which will be horizontally drilled from a surface location in the SE/4 NE/4 of Section 25 (Unit H) to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 36.

The completed interval for each well will remain within the 330-foot standard offset required by the Special Rules for the Purple Sage Pool. Also to be considered will be the cost of drilling and completing each well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of XTO Energy Inc. as operator of the wells and a 200% charge for risk involved in drilling each well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico.

14. Case No. 15836: (Continued and Readvertised)

Amended Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 240-acre spacing and proration unit comprised of the W/2 W/2 of Section 24 and the W/2 NW/4 of Section 25, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to three proposed initial wells: the proposed **Remuda North 25 State No. 701H Well**, proposed **Remuda North 25 State No. 702H Well**, and the proposed **Remuda North 25 State No. 902H Well**, which will be pad-drilled sequentially and batch completed. All three wells will be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 25 to a standard bottom hole location in the NW/4 NW/4 (Unit D) of Section 24. The completed interval for each well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of XTO Energy Inc. as operator of the wells and a 200% charge for risk involved in drilling each well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico.

15. Case No. 15837: (Continued and Readvertised)

Amended Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 240-acre spacing and proration unit comprised of the W/2 SW/4 of Section 25 and the W/2 W/2 of Section 36, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to three proposed initial wells: the proposed **Remuda South 25 State No. 701H Well**, the proposed **Remuda South 25 State No. 702H Well**, and the proposed **Remuda South 25 State No. 902H Well**, which will be pad-drilled sequentially and batch completed. All three wells will be horizontally drilled from a surface location in the SW/4 NW/4 (Unit E) of Section 25 to a standard bottom hole location in the SW/4 SW/4 (Unit M) of Section 36. The completed interval for each well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing each well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of XTO Energy Inc. as operator of each well and a 200% charge for risk involved in drilling each well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico.

16. Case No. 15838: (Continued and Readvertised)

Amended Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 240-acre spacing and proration unit comprised of the comprised of the E/2 W/2 of Section 24 and the E/2 NW/4 of Section 25, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to three initial wells: the proposed **Remuda North 25 State No. 703H Well**, the proposed **Remuda North 25 State No. 704H Well**, and the proposed **Remuda North 25 State No. 904H Well**, which will be pad-drilled sequentially and batch completed. All three wells will be horizontally drilled from a surface location in the NE/4 SW/4 (Unit K) of Section 25 to a standard bottom hole location in the NE/4 NW/4 (Unit C) of Section 24. The completed interval for each well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing each well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of XTO Energy Inc. as operator of the wells and a 200% charge for risk involved in drilling each well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico.

17. Case No. 15839: (Continued and Readvertised)

Amended Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 240-acre spacing and proration unit comprised of the comprised of the E/2 SW/4 of Section 25 and the E/2 W/2 of Section 36, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to three proposed initial wells: the proposed **Remuda South 25 State No. 703H Well**, the proposed **Remuda South 25 State No. 704H Well**, and the proposed **Remuda South 25 State No. 904H Well**, which will be pad-drilled sequentially and batch completed. All three wells will be horizontally drilled from a surface location in the SE/4 NW/4 (Unit F) of Section 25 to a standard bottom hole location in the SE/4 SW/4 (Unit N) of Section 36. The completed interval for each well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of XTO Energy Inc. as operator of each well and a 200% charge for risk involved in drilling said well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico.

18. Case No. 15840: (Continued and Readvertised)

Amended Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 240-acre spacing and proration unit comprised of the comprised of the W/2 E/2 of Section 24 and the W/2 NE/4 of Section 25, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to three initial wells: the proposed **Remuda North 25 State No. 705H Well**, the proposed **Remuda North 25 State No. 706H Well**, and the proposed **Remuda North 25 State No. 906H Well**, which will be pad-drilled sequentially and batch completed. All three wells will be horizontally drilled from a surface location in the NW/4 SE/4 (Unit J) of Section 25 to a standard bottom hole location in the NW/4 NE/4 (Unit B) of Section 24. The completed interval for each well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing each well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of XTO Energy Inc. as operator of the wells and a 200% charge for risk involved in drilling each well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico.

19. Case No. 15841: (Continued and Readvertised)

Amended Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 240-acre spacing and proration unit comprised of the comprised of the W/2 SE/4 of Section 25 and the W/2 E/2 of Section 36, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to three proposed initial wells: the proposed **Remuda South 25 State No. 705H Well**, the proposed **Remuda South 25 State No. 706H Well**, and the proposed **Remuda South 25 State No. 906H Well**, which will be pad-drilled sequentially and batch completed. All three wells will be horizontally drilled from a surface location in the SW/4 NE/4 (Unit G) of Section 25 to a standard bottom hole location in the SW/4 SE/4 (Unit O) of Section 36. The completed interval for each well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing each well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of XTO Energy Inc. as operator of the wells and a 200% charge for risk involved in drilling each well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico.

20. Case No. 15842: (Continued and Readvertised)

Amended Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 240-acre spacing and proration unit comprised of the comprised of the E/2 E/2 of Section 24 and the E/2 NE/4 of Section 25, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying this

acreage. Said non-standard unit is to be dedicated to three initial wells: the proposed **Remuda North 25 State No. 707H Well**, the proposed **Remuda North 25 State No. 708H Well**, and the proposed **Remuda North 25 State No. 908H Well**, which will be pad-drilled sequentially and batch completed. All three wells will be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 25 to a standard bottom hole location in the NE/4 NE/4 (Unit A) of Section 24. The completed interval for each well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing each well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of XTO Energy Inc. as operator of the well and a 200% charge for risk involved in drilling each well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico.

21. Case No. 15843: (Continued and Readvertised)

Amended Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 240-acre spacing and proration unit comprised of the comprised of the E/2 SE/4 of Section 25 and the E/2 E/2 of Section 36, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to three proposed initial wells: the proposed **Remuda South 25 State No. 707H Well**, the proposed **Remuda South 25 State No. 708H Well**, and the proposed **Remuda South 25 State No. 908H Well**, which will be pad-drilled sequentially and batch completed. All three wells will be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 25 to a standard bottom hole location in the SE/4 SE/4 (Unit P) of Section 36. The completed interval for each well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of XTO Energy Inc. as operator of the wells and a 200% charge for risk involved in drilling each well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico.

22. Case No. 15849: Application of OXY USA Inc. for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a 320.25-acre spacing and proration unit comprised of W/2 W/2 of Section 5, and the W/2 W/2 of Section 8, Township 24 South, Range 31 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to two initial wells: applicant's proposed **Sunrise MDP1 8-5 Federal Com No. 1H Well** and the proposed **Sunrise MDP1 8-5 Federal Com No. 2H Well**, to be simultaneously drilled and completed in the Bone Spring formation. These two horizontal wells will be pad drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 8 to a bottom hole location in NW/4 NW/4 (Lot 4) of Section 5. The completed interval for the **Sunrise MDP1 8-5 Federal Com No. 1H Well** will remain within the 330-foot standard offset required by the Statewide Rules set forth in 19.15.15 NMAC. The completed interval for the **Sunrise MDP1 8-5 Federal Com No. 2H Well** is non-standard because it is less than 330 feet from the outer boundary of the spacing unit. OXY has applied administratively and obtained approval for an unorthodox location for the **Sunrise MDP1 8-5 Federal Com No. 2H Well**. Also to be considered will be the cost of drilling and completing each well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of OXY USA Inc. as operator of the wells and a 200% charge for risk involved in drilling each well. Said area is located approximately 15 miles east of Malaga, N.M.

23. Case No. 15850: Application of OXY USA Inc. for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a 320.26-acre spacing and proration unit comprised of E/2 W/2 of Section 5, and the E/2 W/2 of Section 8, Township 24 South, Range 31 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to the proposed **Sunrise MDP1 8-5 Federal Com No. 3H Well**, which will be drilled horizontally from a surface location in the SE/4 SW/4 (Unit N) of Section 8 to a bottom hole location in NE/4 NW/4 (Lot 3) of Section 5. The completed interval will remain within the 330-foot standard offset required by the Statewide Rules set forth in 19.15.15 NMAC. 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 OXY USA Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 15 miles east of Malaga, N.M.

24. Case No. 15851: Application of Chisholm Energy Operating, LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard 160-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 32, Township 18 South, Range 33 East, NMPM, Lea County New Mexico; and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Gazelle 32 State 2BS No. 1H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) to a standard bottom hole location in the SW/4SW/4 (Unit M) of Section 32. The completed interval for this well will remain within the 330-foot offset as required by the Statewide rules for oil wells. 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 Chisholm Energy Operating, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 32 miles west of Hobbs, New Mexico.

25. **Case No. 15852: Application of Chisholm Energy Operating, LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard 160-acre, more or less, spacing and proration unit comprised of the E/2 W/2 of Section 32, Township 18 South, Range 33 East, NMPM, Lea County New Mexico; and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Gazelle 32 State 2BS No. 2H Well**, which will be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) to a standard bottom hole location in the SE/4 SW/4 (Unit N) of Section 32. The completed interval for this well will remain within the 330-foot offset as required by the Statewide rules for oil wells. 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 Chisholm Energy Operating, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 32 miles west of Hobbs, New Mexico.

26. **Case No. 15853: Application of Chisholm Energy Operating, LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard 160-acre, more or less, spacing and proration unit comprised of the E/2 E/2 of Section 25, Township 20 South, Range 34 East, NMPM, Lea County New Mexico; and (2) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Lea South 25 Federal Com No. 12H Well**, which will be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) to a standard bottom hole location in the NE/4 NE/4 (Unit A) of Section 25. The completed interval for this well will remain within the 330-foot offset as required by the Statewide rules for oil wells. 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 Chisholm Energy Operating, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 16 miles northwest of Jal, New Mexico.

27. **Case No. 15854: Application of Black River Water Management Company, LLC to Amend Administrative Order SWD-1682 for a Salt Water Disposal Well Located in Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order amending Administrative Order SWD-1682 to permit increase the diameter of the injection tubing in its **Rustler Breaks SWD No. 2 well** (API No. 30-015-44240) from 4-½ inches to 5-½ inches. Administrative Order SWD-1682 currently only allows for tubing that is 4-½ inches or smaller. The subject well is located in Lot 4 (NW/4 NW/4 equivalent) of Irregular Section 6, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico. All other approved well designs and permit conditions under Administrative Order SWD-1682 are proposed to remain unchanged. The Rustler Breaks SWD No. 2 well is located approximately 4 miles northwest of Malaga, N.M.

28. **Case No. 15855: Application of Delaware Energy LLC to Revoke the Injection Authority Granted Under SWD-1680 for the Alpha SWD No. 1 Well Operated by Alpha SWD Operating LLC, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order revoking the injection authority granted by Administrative Order SWD-1680 for the Alpha SWD No. 1 well (API No. 30-015-44237), a salt water disposal well located 1,457 feet from the south line and 2,093 feet from the east line of Section 10, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico. Alpha SWD Operating LLC is the operator of the well. The well is located approximately 4 miles southeast of Loving, New Mexico.

29.. **Case No. 15800: (Continued from the September 14, 2017 Examiner Hearing)**
Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Enerdyne LLC, for Wells Operated in McKinley County, New Mexico. The New Mexico Oil Conservation Division Compliance and Enforcement Bureau, ("Bureau") through its undersigned attorney, hereby files this application with the Oil Conservation Division ("OCD or Division") pursuant to the provisions of NMSA 1978, §70-2-12 for a compliance order (1) determining operator Enerdyne LLC, ("Operator") is out of compliance with 19.15.8 NMAC and NMSA 1978, § 70-2-14; (2) requiring Operator to return to compliance with 19.15.8 NMAC; and (3) in the event of non-compliance, finding the Operator in violation of a Division order for each day after the deadline established in the sought order to obtain acceptable financial assurance

30. **Case No. 15825: (Continued from the September 28, 2017 Examiner Hearing.)**
Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Garner's Well Service, LLC, for a Well Operated in Lea County, New Mexico. The New Mexico Oil Conservation Division Compliance and Enforcement Bureau ("Bureau"), hereby files this application with the Oil Conservation Division ("OCD or Division") pursuant to the provisions of NMSA 1978, §70-2-12 for a compliance order (1) determining operator Garner's Well Service, LLC ("Operator") is out of compliance with 19.15.5.9, 19.15.8, and 19.15.25.8 NMAC; (2) requiring Operator to return to compliance with 19.15.5.9, 19.15.8, and 19.15.25.8 NMAC; and (3) in the event of non-compliance, finding the Operator in violation of a Division Order for each day after the deadline established in the sought order to obtain compliance, declaring the wells abandoned and authorizing the OCD to plug the violating wells in accordance with a Division-approved plugging program and restore and remediate the location, recover costs from the Operator's financial assurance as permitted by 19.15.8.13 NMAC, and seek indemnification as permitted by NMSA 1978, § 70-2-14(E).

31. Case No. 15755: (Continued from the September 14, 2017 Examiner Hearing.)

Application of Cimarex Energy Co. for a Non-Standard Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order approving a non-standard oil spacing and proration unit comprised of the W/2 of Sections 12 and 13, Township 25 South, Range 28 East NMPM, Eddy County, New Mexico, pooling all mineral interests in the Wolfcamp formation, Purple Sage Wolfcamp Gas Pool (98220), underlying the non-standard unit. The unit will be dedicated to Applicant's proposed **Riverbend 12-13 Fed Com 29H** well to be drilled from an approximate surface location 330 feet from the north line and 2200 feet from the west line of Section 12, Township 25 South, Range 28 East, to a bottomhole location 330 feet from the south line and 2200 feet from the west line of Section 13, Township 25 South, Range 28 East, NMPM. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant and 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 eight miles southeast of Malaga, New Mexico.

32. Case No. 15830: (Continued from the September 28, 2017 Examiner Hearing)

Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard 320-acre, more or less, spacing and proration unit comprised of the W/2 E/2 of Section 24 and the W/2 E/2 of Section 25, Township 24 South, Range 34 East, NMPM, Lea County New Mexico; and (2) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Baseball Cap Federal Com No. 24H Well**, which will be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 25 to a standard bottom hole location in the NW/4 NE/4 (Unit B) of Section 24. The completed interval for this well will remain within the 330-foot offset as required by the Statewide rules for oil wells. 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 COG Operating LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 15 miles northwest of Jal, New Mexico.

33. Case No. 15831: (Continued from the September 28, 2017 Examiner Hearing.)

Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard 320-acre, more or less, spacing and proration unit comprised of the E/2 W/2 of Section 24 and the E/2 W/2 of Section 25, Township 24 South, Range 34 East, NMPM, Lea County New Mexico; and (2) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Baseball Cap Federal Com No. 26H Well**, which will be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 25 to a standard bottom hole location in the NE/4 NW/4 (Unit C) of Section 24. The completed interval for this well will remain within the 330-foot offset as required by the Statewide rules for oil wells. 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 COG Operating LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 15 miles northwest of Jal, New Mexico.

34. Case No. 15821: (Continued from the September 28, 2017 Examiner Hearing.)

Application of Kaiser-Francis Oil Company for pool creation and special pool rules, Lea County, New Mexico. Applicant seeks an order (i) creating a new pool for horizontal development of the Bone Spring formation, designated the South Bell Lake-Bone Spring Pool, and (ii) instituting special rules and regulations for the pool. The new pool will include Section 36 of Township 23 South, Range 33 East, NMPM, Sections 31 and 32 of Township 23 South, Range 34 East, NMPM, Sections 1 and 12 of Township 24 South, Range 33 East, NMPM, and Sections 5-8 of Township 24 South, Range 34 East, NMPM. The special rules will include standard 480 acre oil spacing and proration units, special well location requirements, a depth bracket allowable of 9600 barrels of oil per day for a standard 480 acre unit, and a gas:oil ratio of 5000:1. The proposed pool is centered approximately 21-1/2 miles southwest of Eunice, New Mexico.

35. Case No. 15822: (Continued from the September 28, 2017 Examiner Hearing.)

Application of Kaiser-Francis Oil Company for pool creation and special pool rules, Lea County, New Mexico. Applicant seeks an order (i) creating a new pool for horizontal development of the Wolfcamp formation, designated the South Bell Lake-Wolfcamp Pool, and (ii) instituting special rules and regulations for the pool. The new pool will include Section 36 of Township 23 South, Range 33 East, NMPM, Sections 31 and 32 of Township 23 South, Range 34 East, NMPM, Sections 1 and 12 of Township 24 South, Range 33 East, NMPM, and Sections 5-8 of Township 24 South, Range 34 East, NMPM. The special rules will include standard 480 acre oil spacing and proration units, special well location requirements, a depth bracket allowable of 6000 barrels of oil per day for a standard 480 acre unit, and a gas:oil ratio of 5000:1. The proposed pool is centered approximately 21-1/2 miles southwest of Eunice, New Mexico.

36. Case No. 15823: (Continued from the September 28, 2017 Examiner Hearing.)

Application of Kaiser-Francis Oil Company for pool creation and special pool rules, Lea County, New Mexico. Applicant seeks an order (i) creating a new pool for horizontal development of the Bone Spring formation, designated the Southwest Ojo Chiso-

Bone Spring Pool, and (ii) instituting special rules and regulations for the pool. The new pool will include Section 36 of Township 22 South, Range 33 East, NMPM, Sections 31 and 32 of Township 22 South, Range 34 East, NMPM, Sections 1 and 12 of Township 23 South, Range 33 East, NMPM, and Sections 5-8 of Township 23 South, Range 34 East, NMPM. The special rules will include standard 480 acre oil spacing and proration units, special well location requirements, a depth bracket allowable of 9600 barrels of oil per day for a standard 480 acre unit, and a gas:oil ratio of 5000:1. The proposed pool is centered approximately 15-1/2 miles southwest of Oil Center, New Mexico.

37. **Case No. 15824:** (Continued from the September 28, 2017 Examiner Hearing.)

Application of Kaiser-Francis Oil Company for pool creation and special pool rules, Lea County, New Mexico. Applicant seeks an order (i) creating a new pool for horizontal development of the Wolfcamp formation, designated the Southwest Ojo Chiso-Wolfcamp Pool, and (ii) instituting special rules and regulations for the pool. The new pool will include Section 36 of Township 22 South, Range 33 East, NMPM, Sections 31 and 32 of Township 22 South, Range 34 East, NMPM, Sections 1 and 12 of Township 23 South, Range 33 East, NMPM, and Sections 5-8 of Township 23 South, Range 34 East, NMPM. The special rules will include standard 480 acre oil spacing and proration units, special well location requirements, a depth bracket allowable of 6000 barrels of oil per day for a standard 480 acre unit, and a gas:oil ratio of 5000:1. The proposed pool is centered approximately 15-1/2 miles southwest of Oil Center, New Mexico.