

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

**APPLICATION OF CENTENNIAL RESOURCE PRODUCTION, LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

**CASE NO. 22688
ORDER NO. R-22149**

ORDER

This matter came before the Director (“Director”) of the New Mexico Oil Conservation Division (“Division”) at a hearing held on April 7, 2022. The Director having considered the evidence and the recommendation of the Division Hearing Examiner enters the following findings, conclusions, and order.

FINDINGS

1. Centennial Resource Production, LLC (“Centennial”) filed an application with the Division on March 8, 2022, seeking to compulsory pool uncommitted interests in the Bone Springs formation underlying a spacing unit of approximately 640 acres comprised of the east half of two contiguous sections in Lea County, New Mexico (“Application”).

2. The two sections that comprised the spacing unit were the east half of Section 31, Township 21 South, Range 35 East, NMPM, and the east half of Section 6, Township 22 South, Range 35 East, NMPM. The location is correctly depicted in the proposed Form C-102 submitted as an exhibit at the hearing. Centennial ex. C-2.

3. The legal description for the spacing unit was incorrectly described in the Application and in the public notices. In these documents, the east half of Section 31 was described as being within Township 22 South, Range 35 East, NMPM, rather than Township 21 South, Range 35 East, NMPM.

4. The legal description was incorrect in both the notice that was provided to the Division and posted on the Division website, and in the notice published in the Hobbs News-Sun. (Centennial ex. F). The error was repeated in the Compulsory Pooling Application Checklist (Centennial ex. A) and the affidavit of Centennial’s landman, Gavin Smith (Centennial ex. C).

5. The incorrect location of Section 31 in the above listed documents is approximately 6 miles south of the correct location and is not contiguous with the other portion of the spacing unit in Section 6.

6. The Commission rules require that the notice for a compulsory pooling application contain a legal description of the spacing unit. 19.15.4.9(A)(8) NMAC (“if the application seeks compulsory pooling or statutory unitization, the notice shall contain a legal description of the spacing unit or geographical area the applicant seeks to pool or unitize.”).

7. The Oil and Gas Act requires “reasonable notice” for all hearings under the Act. NMSA 1978, §70-2-23. See *Johnson v. Oil Conservation Comm’n*, 1999-NMSC-21 ¶23 (“Section 70-2-23 of the OGA requires “reasonable notice” as a condition precedent to a hearing.”).

CONCLUSION

8. The Application of Centennial must be dismissed because (a) the notice for the Application and for the public hearing was substantially incorrect and therefore did not provide “reasonable notice” of the Application and hearing and (b) the legal description of the proposed spacing unit was substantially incorrect in the Application and in other supporting documents.

ORDER

IT IS HEREBY ORDERED THAT the Application of Centennial in Case 22688 is dismissed. Centennial may reapply for compulsory pooling.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL
DIRECTOR
AES/bb

Date: 5/19/2022