

DOCKET: OIL CONSERVATION DIVISION HEARINGS - Tuesday, April 15, 2025

9:00 a.m. - 1220 South St. Francis, Santa Fe, New Mexico 87505
and via MS Teams (login information below)

Virtual Attendance:

Click [HERE](#) to be connected to the meeting.

Dial-in by phone:

(505) 312-4308

Phone conference ID: 578 038 017#

Hearings by Affidavit: Applications for hearing shall be filed at least thirty (30) days in advance of the hearing date. Presenting parties are required to submit a pre-hearing statement no later than the Thursday before the hearing. The pre-hearing statement shall include: 1) a list of disputed facts and issues; 2) identification of witnesses and their qualifications; and 3) all exhibits and written testimony a party intends to enter into evidence at the hearing and a full narrative for each.

Contested Hearings: Pre-hearing statements shall be filed no later than **9:00 a.m.**, 4 business days before the hearing and in addition to the requirements of 19.15.4.13.B(1) NMAC, shall include the following: all evidentiary exhibits, documents, affidavits, and full-written testimony of any witness a party offers at the hearing. Exhibits must be sequentially marked on every page. Failure to file a complete pre-hearing statement on time may cause the Hearing Examiner to continue the hearing and/or impose sanctions up to and including the exclusion of late-filed evidence. Evidentiary objections must be filed no later than 48 hours before the hearing. Rulings on the objections will be addressed as a preliminary matter when the case is called. All witnesses filing direct testimony shall attend the hearing and may be subject to cross-examination by Counsel and the Division’s Examiners.

NOTICE: The hearing examiner may call the following cases in any order at their discretion.

	Case Number	Description
1.	25220	<p>Application of FAE II Operating, LLC for Statutory Unitization and Expansion of the Vertical Limits of the Teague (Paddock-Blinebry) Pool, Lea County, New Mexico. Applicant seeks an order: (1) approving the Statutory Unitization of its Lamunyon Unit; and (2) expanding the vertical limits of the Teague (Paddock-Blinebry) pool to include the Teague; Glorieta-Upper Paddock, SW pool within the Unit Area. The proposed Lamunyon Unit comprises approximately 3,960.00 acres, more or less, of the following federal and fee lands located in Lea County, New Mexico (“Unit Area”):</p> <p>Township 23 South, Range 37 East Section 20: E/2 Section 21: All Section 22: W/2 and SW/4 SE/4 Section 27: All Section 28: All Section 29: E/2 NE/4 Section 33: E/2 Section 34: All Section 35: W/2</p> <p>The unitized interval is that interval underlying the Unit Area, the vertical limits of which extended from an upper limit described as the top of the Glorieta Formation to a lower limit at the base of the Blinebry Formation; the geologic markers having been previously found to occur at 4,921 feet and 5,930 feet, respectively, in Chevron U.S.A. Inc.’s C. E. Lamunyon #050 well, API 30-025-30525, located 1,310 feet FNL and 210 FEL of Section 28, T-23-S, R-37-E, Lea County, New Mexico, as recorded on the Schlumberger Compensated Neutron Litho-Density log run on March 6, 1989 and measured from a Kelly Busing Elevation of 3,298 feet above sea level.</p> <p>Among the matters to be considered at hearing, pursuant to the New Mexico Statutory Unitization Act, NMSA 1978, §§ 70-7-1 et seq., will be: the necessity of unit operations; the</p>

		<p>determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investments, to each of the tracts in the unit area; the determination of credits and charges to be made among the working interest owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate. Applicant also requests that the vertical limits of the Teague (Paddock-Blinebry) pool be expanded to include the Teague; Glorieta-Upper Paddock, SW pool within the boundaries of the Unit Area. The Unit Area is centered approximately 13.5 miles south of Eunice, New Mexico.</p> <p>Setting: Hearing by Affidavit Joined with Cases: 25221</p>
2.	25221	<p>Application of FAE II Operating, LLC for Approval of an Enhanced Oil Recovery Project and to Qualify the Project for the Recovered Oil Tax Rate, Lea County, New Mexico. Applicant applies for an order approving an enhanced oil recovery project (secondary and tertiary recovery) in the Lamunyon Unit Area by the injection of water and gas into the Glorieta, Paddock, and Blinebry formations in wells located on approximately 3,960.00 acres, more or less, of federal and fee lands in Lea County that include all or parts of: Township 23 South, Range 37 East – Section 20, Section 21, Section 22, Section 27, Section 28, Section 29, Section 33, Section 34, and Section 35. Applicant proposes to inject water into the Glorieta, Paddock, and Blinebry formations through the following wells:</p> <ul style="list-style-type: none"> • C E LAMUNYON #053 (API No. 30-025-33136) o Location: 1,300' FSL & 330' FWL (Unit M), Section 22, Township 23 South, Range 37 East o Injection Interval: 5,270' to 5,330' • SALT MOUNT #003 (API No. 30-025-33228) o Location: 990' FSL & 1,300' FEL (Unit P), Section 21, Township 23 South, Range 37 East o Injection Interval: 5,290' to 5,340' • C E LAMUNYON #057 (API No. 30-025-33445) o Location: 2,310' FNL & 1,200' FWL (Unit E), Section 27, Township 23 South, Range 37 East o Injection Interval: 5,384' to 5,852' • C E LAMUNYON #064 (API No. 30-025-33961) o Location: 50' FNL & 1,340' FWL (Unit C), Section 27, Township 23 South, Range 37 East o Injection Interval: 5,274' to 5,312' • C E LAMUNYON #063Y (API No. 30-025-34153) o Location: 1,420' FNL & 1,340' FWL (Unit F), Section 27, Township 23 South, Range 37 East o Injection Interval: 5,280' to 5,330' • C E LAMUNYON #066 (API No. 30-025-34202) o Location: 1,300' FNL & 2,520' FWL (Unit C), Section 27, Township 23 South, Range 37 East o Injection Interval: 5,306' to 5,359' • C E LAMUNYON #068 (API No. 30-025-34254) o Location: 10' FNL & 330' FWL (Unit D), Section 27, Township 23 South, Range 37 East o Injection Interval: 5,362' to 5,396' • C E LAMUNYON #076 (API No. 30-025-35074) o Location: 2,310' FNL & 2,310' FWL (Unit F), Section 27, Township 23 South, Range 37 East o Injection Interval: 5,290' to 5,345' <p>Applicant proposes to convert the wells from producers to injectors for waterflood operations and plans to inject water through a closed system of perforations. The proposed average injection pressure is expected to be approximately 950 psi. The expected maximum injection pressure will be calculated relative to the depth of the highest perforation, using a factor of 0.2 psi/ft. Pending results of a step rate test, the maximum injection pressure could potentially be increased to a factor of 0.65 psi/ft. The maximum daily injection rate will be 800 barrels of water per day or as permitted by the Division. Applicant seeks authorization to include additional injection wells within the project administratively. Applicant also requests that the enhanced oil</p>

		<p>recovery project be qualified for the recovered oil tax rate, pursuant to the Enhanced Oil Recovery Act, NMSA 1978, Sections 7-29A-1 to -5, and New Mexico Oil Conservation Division regulations. The project area is centered approximately 13.5 miles south of Eunice, New Mexico.</p> <p>Setting: Hearing by Affidavit Joined with Cases: 25220</p>
3.	25050	<p>Application of Permian Resources Operating, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Oil Conservation Division pooling all uncommitted mineral interests in the Bone Spring formation in a 400-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the N/2 SW/4 of Section 4 and the N/2 S/2 of Sections 5 and 6, in Eddy County, New Mexico. Applicant proposes to drill the following 2.5-mile wells in the HSU: Dreamcatcher 4 Fed Com 113H well, to be horizontally drilled from an approximate surface hole location within the SW/4 of Section 4, T22S-R26E, to an approximate bottom hole location 1650' FSL and 100' FWL of Section 6, T22S-R26E; Dreamcatcher 4 Fed Com 123H well, to be horizontally drilled from an approximate surface hole location within the SW/4 of Section 4, T22S-R26E, to an approximate bottom hole location 2311' FSL and 100' FWL of Section 6, T22S-R26E; and Dreamcatcher 4 Fed Com 133H well, to be horizontally drilled from an approximate surface hole location within the SW/4 of Section 4, T22S-R26E, to an approximate bottom hole location 2311' FSL and 100' FWL of Section 6, T22S-R26E. The completed intervals and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Additional considerations will be the cost of drilling and completing the wells and allocation of such costs, the designation of Applicant as operator of the HSU and wells to be drilled thereon, and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 1 mile West of Carlsbad, New Mexico.</p> <p>Setting: Contested Hearing Joined with Cases: 25051, 25052</p>
4.	25051	<p>Application of Permian Resources Operating, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Oil Conservation Division pooling all uncommitted mineral interests in the Bone Spring formation in a 400-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the S/2 SW/4 of Section 4 and the S/2 S/2 of Sections 5 and 6, in Eddy County, New Mexico. Applicant proposes to drill the following 2.5-mile wells in the HSU: Dreamcatcher 4 Fed Com 114H well, to be horizontally drilled from an approximate surface hole location within the SW/4 of Section 4, T22S-R26E, to an approximate bottom hole location 330' FSL and 100' FWL of Section 6, T22S-R26E; Dreamcatcher 4 Fed Com 124H well, to be horizontally drilled from an approximate surface hole location within the SW/4 of Section 4, T22S-R26E, to an approximate bottom hole location 990' FSL and 100' FWL of Section 4, T22S-R26E; and Dreamcatcher 4 Fed Com 134H well, to be horizontally drilled from an approximate surface hole location within the SW/4 of Section 4, T22S-R26E, to an approximate bottom hole location 990' FSL and 100' FWL of Section 4, T22S-R26E. The completed intervals and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Additional considerations will be the cost of drilling and completing the wells and allocation of such costs, the designation of Applicant as operator of the HSU and wells to be drilled thereon, and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 1 mile West of Carlsbad, New Mexico.</p> <p>Setting: Contested Hearing Joined with Cases: 25050, 25052</p>
5.	25052	<p>Application of Permian Resources Operating, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Oil Conservation Division pooling all uncommitted mineral interests in the Bone Spring formation in an 800-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the SW/4 of Section 4 and S/2 of Sections 5 and 6, T22S-R26E, in Eddy County, New Mexico. Applicant proposes to drill the following 2.5-mile wells in the HSU: (1) Dreamcatcher 4 Fed Com 213H, to be horizontally drilled from an approximate surface hole location within the SW/4 of Section 4, T22S-R26E, to an approximate bottom hole location 1650 feet FSL and 100' FWL of Section 6, T22S-R26E; (2) Dreamcatcher 4 Fed Com 214H, to be horizontally drilled from an approximate surface hole location within the SW/4 of Section 4, T22S-R26E, to an approximate bottom hole</p>

		<p>location 330 feet FSL and 100' FWL of Section 6, T22S-R26E; (3) Dreamcatcher 4 Fed Com 423H, to be horizontally drilled from an approximate surface hole location within the SW/4 of Section 4, T22S-R26E, to an approximate bottom hole location 2311 feet FSL and 100' FWL of Section 6, T22S-R26E; and (4) Dreamcatcher 4 Fed Com 424H, to be horizontally drilled from an approximate surface hole location within the SW/4 of Section 4, T22S-R26E, to an approximate bottom hole location 990 feet FSL and 100' FWL of Section 6, T22S-R26E. The completed intervals and first and last take points will not meet standard setback requirements. Applicant will be seeking administrative approval of non-standard locations. Additional considerations will be the cost of drilling and completing the wells and allocation of such costs, the designation of Applicant as operator of the HSU and wells to be drilled thereon, and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 1 mile West of Carlsbad, New Mexico.</p> <p>Setting: Contested Hearing Joined with Cases: 25050, 25051</p>
6.	24864	<p>Application of MRC Permian Company for Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in a standard 320-acre, more or less, horizontal well spacing unit in the Bone Spring formation comprised of the W2E2 of Sections 11 and 14, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico. Said unit will be initially dedicated to the proposed Monika 133H well, to be horizontally drilled from a surface location in the SE4 of Section 14, with a first take point in the SW4SE4 (Unit O) of Section 14 and a last take point in the NW4NE4 (Unit B) of Section 11. Also, to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Matador Production Company as operator of the proposed spacing unit, and a 200% charge for risk involved in drilling the proposed well. The subject area is located approximately 5.5 miles west of Knowles, New Mexico.</p> <p>Setting: Contested Hearing Joined with Cases: 24865</p>
7.	24865	<p>Application of MRC Permian Company for Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in a standard 640-acre, more or less, horizontal well spacing unit in the Wolfcamp formation comprised of the E2 of Sections 11 and 14, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico. Said unit will be initially dedicated to the proposed Monika 203H well, to be horizontally drilled from a surface location in the SE4 of Section 14, with a first take point in the SE4SE4 (Unit P) of Section 14 and a last take point in the NE4NE4 (Unit A) of Section 11. The location of the proposed well is expected to remain within 330 feet of the offsetting quarter-quarter sections or equivalent tracts to allow inclusion of this acreage in the proposed horizontal well spacing unit. Also, to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Matador Production Company as operator of the proposed spacing unit, and a 200% charge for risk involved in drilling the proposed well. The subject area is located approximately 5.5 miles west of Knowles, New Mexico.</p> <p>Setting: Contested Hearing Joined with Cases: 24864</p>