

Examiner Hearing – September 15, 2016

Docket No. 38-16

Page 4 of 5

approximately 6 miles Southeast of Loco Hills, New Mexico.

15. Case No. 15539: *(Continued from the September 1, 2016 Examiner Hearing.)*

Application Of Encana Oil & Gas (USA) Inc. To Contract The Horizontal Limits Of The Nageezi-Gallup Pool (47540) In The Mancos Formation By Excluding The W/2 Of Section 10, Township 23 North, Range 8 West, NMPM, San Juan County, New Mexico. Applicant seeks an order removing the W/2 of Section 10, Township 23 North, Range 8 West, NMPM, San Juan County, New Mexico, from the horizontal limits of the Nageezi-Gallup Pool (47540). The E/2 of Section 10 is currently within the Basin Mancos Gas Pool, which allows for 320-acre spacing, while the W/2 of Section 10 is in the Nageezi Gallup Pool which allows for 40-acre spacing. The subject area is located approximately 1 mile south of Highway 550 and four miles east of Nageezi, New Mexico.

16. Case No. 15540: *(Continued from the September 1, 2016 Examiner Hearing.)*

Application OXY USA Inc. For Approval of Surface Pool-Lease Commingling, Off-Lease Storage, and Off-Lease Measurement, Eddy County, New Mexico. Applicant seeks an order authorizing 1) pool-lease commingling from all existing and future wells drilled on leases and associated spacing units in Sections 22, 23, and 24 of Township 23 South, Range 29 East, N.M.P.M., Eddy County, New Mexico; 2) off-lease storage; and 3) off-lease measurement. OXY seeks to commingle production from the Pierce Crossing; Bone Spring East Pool (96473) and the Corral Draw Bone Spring Pool (96238) from all existing and future wells and leases located in Sections 22, 23, and 24 at the Cedar Canyon 23-3H satellite facility, located at the **Cedar Canyon 23 Federal No 3H well** pad. This will be an off-lease location for all spacing units, excluding leases in the N/2 S/2 of Section 22. Oxy intends to allocate production to the spacing units using the well test method. Said area is approximately six miles east of Malaga, New Mexico.

17. Case No. 14933 (re-opened): *Application of Matador Production Company to Re-Open Case No. 14933 To Pool The Interests Of Additional Mineral Owners Under The Terms Of Compulsory Pooling Order R-13667, Eddy County, New Mexico.* Applicant in the above-styled cause seeks to amend Division Order R-13743 to include the pooling of additional mineral interests in the Wolfcamp formation (South Culebra Bluff-Wolfcamp Gas Pool (75750)) underlying the N/2 of Section 10, Township 24 South, Range 28 East, NMPM, in Eddy County, New Mexico. Said unit is dedicated to the Guitar 10 Well No. 1 and is located one mile north of Malaga, New Mexico.

18. Case No. 15529: *(Continued from the August 18, 2016 Examiner Hearing.)*

Application of BC Operating, Inc. for a non-standard spacing and proration unit, unorthodox well location, and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 480-acre, more or less, spacing and proration unit comprised of the E/2 of Section 27 and the NE/4 of Section 34, Township 23 South, Range 26 East, Eddy County, New Mexico; (2) approving an unorthodox well location; and (3) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Red Light 27-34 State Com No. 1H Well**, which will be drilled horizontally from the NW/4 NE/4 (Unit B) of Section 27 to a non-standard bottomhole location in the SW/4 NE/4 (Unit G) of Section 34. The completed interval is unorthodox because it will be closer than 660 feet to the outer boundary. The completed interval for this well will commence 330 feet from the North line and 1,650 feet from the East line (Unit B) of Section 27 to a location 2,310 feet from the North line, 1,650 feet from the East line (Unit G) of Section 34. 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 BC Operating, Inc., as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 10 miles southwest of Carlsbad, New Mexico.

19. ~~Case No. 15530:~~ *(Continued from the August 18, 2016 Examiner Hearing.)*

Application of BC Operating, Inc. for a non-standard spacing and proration unit, unorthodox well location, and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 480-acre, more or less, spacing and proration unit comprised of the W/2 of Section 27 and the NW/4 of Section 34, Township 23 South, Range 26 East, Eddy County, New Mexico; (2) approving an unorthodox well location; and (3) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Red Light 27-34 State Com No. 2H Well**, which will be drilled horizontally from the NW/4 NW/4 (Unit D) of Section 27 to a non-standard bottomhole location in the SW/4 NW/4 (Unit E) of Section 34. The completed interval is unorthodox because it will be closer than 660 feet to the outer boundary. The completed interval for this well will commence 330 feet from the North line and 990 feet from the West line (Unit D) of Section 27 to a location 2,310 feet from the North line, 990 feet from the West line (Unit E) of Section 34. The completed interval therefore encroaches on the spacing and proration units to the North and South. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of BC Operating, Inc., as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 10 miles southwest of Carlsbad, New Mexico.