

**Examiner Hearing – October 27, 2016**

**Docket No. 43-16**

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determining operator Chaparral Resources, LLC ("Operator") is out of compliance with 19.15.5.9 and 19.15.25.8 NMAC; (2) requiring Operator to return to compliance with 19.15.5.9 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 acceptable financial assurance.

2. **Case No. 15557: Application of COG Operating LLC for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order (i) creating a 225.6-acre, non-standard oil spacing and proration unit (project area) comprised of the E/2 E/2 of Section 30 and the NE/4 NE/4 and Lot 7 of Section 31, Township 26 South, Range 29 East, NMPM, in Eddy County, and (ii) pooling all mineral interests in the Wolfcamp formation underlying this acreage. The project area is to be dedicated to applicant's **Copperhead 31 Federal Com #3H** well, which will be horizontally drilled from a surface location in Unit A of Section 30, Township 26 South, Range 29 East to a bottom hole location in Lot 7 of Section 31, Township 26 South, Range 29 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 COG Operating 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 16 miles southwest of Malaga, New Mexico.

3. **Case No. 15558: Application of Rockcliff Operating New Mexico LLC for a non-standard oil spacing and proration unit and compulsory pooling, Roosevelt County, New Mexico.** Applicant seeks an order (i) creating a 160-acre, non-standard oil spacing and proration unit (project area) comprised of the E/2 E/2 of Section 20, Township 8 South, Range 34 East, NMPM, in Roosevelt County, and (ii) pooling all mineral interests in the San Andres formation underlying this acreage. The project area is to be dedicated to applicant's **Annapurna 20 #1H** well, which will be horizontally drilled from a surface location in Unit P of Section 17, Township 8 South, Range 34 East to a bottom hole location in Unit P of Section 20, Township 8 South, Range 34 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 Rockcliff Operating New Mexico 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 nine (9) miles west of Milnesand, New Mexico.

4. **Case No. 15559: Application of Matador Production Company for compulsory pooling and approval of a non-standard location, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) pooling all mineral interests in the Wolfcamp formation underlying the standard, 320-acre, more or less, spacing and proration unit comprised of the N/2 of Section 5, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico; and (2) approving a non-standard location. This proposed standard spacing and proration unit will be the project area for the **Jimmy Kone 05-24S-28E RB #226H** well, to be horizontally drilled. The location of this well will be unorthodox, located closer than 660' from the boundary of the project area for the well, with a first perforation point located 2303 feet from the North line and 330 feet from the East line of Section 5 and a last perforation point located 2315 feet from the North line and 330 feet from the West line of Section 5. 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 Matador Production Company as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 5 miles from Malaga, New Mexico.

5. **Case No. 15560: Application of Cimarex Energy Company of Colorado for a non-standard spacing and proration unit and compulsory pooling, Eddy 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 E/2 E/2 of Section 20, Township 25 South, Range 27 East, NMPM, Eddy 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 **Cottonberry 20 Federal Com 4H**, 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 the risk involved in drilling said well. Said area is located approximately 27.4 miles south of Carlsbad, New Mexico.

6. **Case No. 15561: Application of Cimarex Energy Company for a non-standard spacing and proration unit, Eddy County, New Mexico.** Applicant seeks an order from the Division: creating a non-standard 446.86 acre, more or less, oil spacing and proration unit and project area in the Bone Spring formation, comprised of the E/2 W/2 and W/2 E/2 of Section 28, and Unit Letters B, C and Lots 2 and 3 of Irregular Section 33, all in Township 26 South, Range 27 East, NMPM, Eddy County, New Mexico. This proposed non-standard spacing and proration unit will be the project area for the **Klein 33 Federal Com 7H** well, to be horizontally drilled. The producing area for this well will be 330 feet from the project area boundary. Said area is located approximately 17 miles southwest of Malaga, New Mexico.

7. **Case No. 15556: (Continued from the October 13, 2016 Examiner Hearing.)**

**Application of Mewbourne Oil Company for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico.** Mewbourne Oil Company seeks an order pooling all mineral interests in the Wolfcamp formation underlying the N/2 of