

DOCKET: EXAMINER HEARING - THURSDAY - JUNE 8, 2017

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

Docket Nos. 22-17 and 23-17 are tentatively set for June 22, 2017 and July 6, 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***Case 15185 - No. 20******Case 15498 - No. 16******Case 15687 - No. 1******Case 15695 - No. 23******Case 15696 - No. 24******Case 15697 - No. 25******Case 15700 - No. 3******Case 15701 - No. 10******Case 15702 - No. 11******Case 15704 - No. 26******Case 15706 - No. 27******Case 15710 - No. 2******Case 15711 - No. 4******Case 15712 - No. 5******Case 15713 - No. 6******Case 15714 - No. 7******Case 15715 - No. 8******Case 15716 - No. 9******Case 15717 - No. 12******Case 15718 - No. 13******Case 15719 - No. 14******Case 15720 - No. 15******Case 15721 - No. 17******Case 15722 - No. 18******Case 15723 - No. 19******Case 15724 - No. 21******Case 15725 - No. 22******1. Case No. 15687: (Continued from the May 25, 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 from the Division: (1) creating a non-standard 640-acre, more or less, oil spacing and proration unit in the Wolfcamp formation, comprised of the W/2 of Sections 7 and 18, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Wolfcamp 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 ***DaVinci 7-18 Federal Com 6H***, 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 30 miles south of Carlsbad New Mexico.

2. Case No. 15710: Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico.

Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying the S/2 of Section 10, Township 24 South, Range 28 East, NMPM, to form a standard 320 acre gas spacing and proration unit. The unit will be dedicated to the Tom Matthews 10-24S-28E RB Well No. 223H. The well is a horizontal well, with a surface location in the SE/4 SE/4 of adjoining Section 9. The first perforation will be 1657 feet from the south line and 330 feet from the west line, and the last perforation will be 1657 feet from the south line and 330 feet from east line, of Section 10. The producing interval of the well will be orthodox.

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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 3.5 miles southeast of Loving New Mexico

3 Case No 15700 (Continued from the May 25 2017 Examiner Hearing)

Application of Caza Petroleum LLC for a non standard oil spacing and proration unit and compulsory pooling Lea County New Mexico Caza Petroleum LLC seeks an order approving a non standard 281.10 acre spacing and proration unit in the Bone Spring formation comprised of Lot 4 SW/4 NW/4 and W/2 SW/4 (the W/2 W/2) of Section 5 and the W/2 NW/4 and NW/4 SW/4 of Section 8 Township 20 South Range 35 East NMPM Lea County New Mexico and pooling all mineral interests in the Bone Spring formation underlying the non standard unit The non standard unit is to be dedicated to applicant's **Eagleclaw 5 Fed Well No 1H** to be horizontally drilled from a surface location in Lot 4 of Section 5 to a bottom hole location in the NW/4 SW/4 of Section 8 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 Caza Operating LLC as operator of the well and a 200% charge for risk involved in drilling the well The unit is located approximately 13 miles west southwest of Monument New Mexico

4 Case No 15711 Application of Cumarex Energy Co for a Non Standard Oil Spacing and Proration Unit and Compulsory Pooling Lea County New Mexico Applicant seeks an order approving a non standard oil spacing and proration unit comprised of the W/2 W/2 of Section 32 Township 16 South Range 34 East and the W/2 W/2 of Section 5 Township 17 South Range 34 East NMPM Lea County New Mexico pooling all mineral interests in the Upper Pennsylvanian formation (Cisco/Canyon) underlying the non standard unit The unit will be dedicated to Applicant's proposed State LF 32.5 2H well to be drilled 330 feet from the north line and 715 feet from the west line of Section 32 Township 16 South Range 34 East to a bottomhole location 330 feet from the south line and 480 feet from the west line of Section 5 Township 17 South Range 34 East 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 six miles southwest of Lovington New Mexico

5 Case No 15712 Application of Special Energy Corporation for a non standard oil spacing and proration unit and compulsory pooling Lea County New Mexico Applicant seeks an order (i) creating a 160 acre non standard oil spacing and proration unit (project area) comprised of the W/2 W/2 of Section 20 Township 12 South Range 38 East NMPM in Lea 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 **Decker #1 H well** which will be horizontally drilled from a surface location in Unit M in Section 17 Township 12 South Range 38 East to a bottom hole location in Unit M of Section 20 Township 12 South Range 38 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 Special Energy Corporation 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 9 miles east of Tatum New Mexico

6 Case No 15713 Application of Special Energy Corporation for a non standard oil spacing and proration unit and compulsory pooling Lea County New Mexico Applicant seeks an order (i) creating a 160 acre non standard oil spacing and proration unit (project area) comprised of the W/2 E/2 of Section 31 Township 11 South Range 38 East NMPM in Lea 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 **Jenna #1 H well** which will be horizontally drilled from a surface location in Unit O in Section 30 to a bottom hole location in Unit O of Section 31 Township 11 South Range 38 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 Special Energy Corporation 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 miles east of Tatum New Mexico

7 Case No 15714 Application of Back Nine Properties 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 E/2 of Section 6 Township 10 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 **Bandon Dunes #2H well** which will be horizontally drilled from a surface location in Unit P to a bottom hole location in Unit A of Section 6 Township 10 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 24 miles east of Roswell New Mexico

8 Case No 15715 Application of Back Nine Properties 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 E/2 of Section 18 Township 10 South Range 29 East NMPM in Chaves County