

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

**APPLICATION OF CONOCOPHILLIPS
COMPANY TO REMOVE CAMBRIAN
MANAGEMENT, LTD AS OPERATOR OF
RECORD OF THE CHEM STATE #2, CHEM
STATE #5, AND CHEM STATE #6 WELLS,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Pursuant to NMSA 1978 § 70-2-11(A) and Rule 19.15.9.9(B) NMAC, ConocoPhillips Company (“ConocoPhillips” or “Applicant”) (OGRID No. 217817) applies for an order removing Cambrian Management, Ltd. as operator of record of the Chem State #2, Chem State #5, and Chem State #6 wells and designating ConocoPhillips as operator of record. Applicant states the following in support of its application.

1. ConocoPhillips is a registered operator in good standing with the Oil Conservation Division (“Division”).
2. ConocoPhillips is record title owner of State Lease #B0-9680, dated June 10, 1942 (“Lease”).
3. The Lease covers the following lands in Lea County: Lots 1, 2, 3, 4, S/2 NE/4, SW/4 NW/4, SW/4, SE/4 of Township 15 South, Range 32 East, N.M.P.M.
4. Phillips Petroleum Company (“Phillips”) and Riverhill Energy Corporation (“Riverhill”) entered into an Agreement of Purchase and Sale effective September 30, 1994 (“Phillips PSA”), in which Phillips agreed to assign to Riverhill certain interests in oil and gas leases in New Mexico, including State Lease #B0-9680.

5. Pursuant to the Phillips PSA, Phillips assigned certain depths of the Lease to Riverhill, but retained record title to the Lease.

6. ConocoPhillips is the successor in interest to Phillips, and Pyrite Investments, Ltd., is the successor in interest to Riverhill.

7. Cambrian Management, Ltd. (“Cambrian”) (OGRID No. 198688) operates certain wells and facilities on the Lease on behalf of Pyrite.

8. Cambrian is the operator of record of the Chem State #2, Chem State #5, and Chem State #6 Wells (“Wells”) located on the Lease at the following locations:

- a. Chem State #2 (API # 30-025-00336) – 2240 feet from the north line (Unit H) and 658 feet from the east line (Unit H) of Section 3, Township 15 South, Range 32 East, Lea County, New Mexico;
- b. Chem State #5 (API # 30-025-23273) – 1980 feet from the south line (Unit K) and 1980 feet from the west line (Unit K) of Section 3, Township 15 South, Range 32 East, Lea County, New Mexico; and
- c. Chem State #6 (API # 30-025-27977) – 2229 feet from the north line (Unit E) and 660 feet from the west line (Unit E) of Section 3, Township 15 South, Range 32 East, Lea County, New Mexico.

9. The Wells were completed in the Tulk; Wolfcamp Pool (Pool No. 60420).

10. By letter dated July 16, 2020, the New Mexico Commissioner of Public Lands (“Commissioner”) notified ConocoPhillips, Pyrite, and Cambrian to cease and desist operations on the Lease due to cancellation of the Lease in September 2018.

11. On August 6, 2020, the State Land Office (“SLO”) sent a letter to ConocoPhillips, Pyrite, and Cambrian, demanding full remediation for a site on the Lease and payment of all outstanding trespass penalties.

12. On or about January 19, 2021, Alan Means, President of both Pyrite and Cambrian, sent a letter to the SLO acknowledging that Cambrian was planning to begin remediation, and asked the SLO to reinstate the Lease before Pyrite/Cambrian performed any remediation.

13. ConocoPhillips attempted to contact Pyrite/Cambrian in January 2021, June 2021, July 2021, April 2022, October 2022, and November 2022 to request that Pyrite/Cambrian perform the remediation that Pyrite/Cambrian agreed to complete.

14. In December 2022, ConocoPhillips learned that Octane Energy (“Octane”) had acquired Cambrian. ConocoPhillips attempted to contact Octane to perform the agreed-upon remediation on the Lease.

15. To date, ConocoPhillips has received no response from Cambrian, Pyrite, or Octane.

16. ConocoPhillip has made multiple attempts to contact Cambrian, the operator of record, regarding the Wells and remediation, but has received no response. As a result, Cambrian is unavailable.

17. Cambrian is not in good standing with the Division.

18. As operator of record of the Wells, Cambrian has the obligation under the Oil and Gas Act and Division regulations to properly plug and abandon the Wells. As record title owner of the Lease, ConocoPhillips is responsible for certain oil and gas operations on the Lease.

19. Accordingly, ConocoPhillips intends to properly plug and abandon the Wells.

20. In order to prevent waste and protect correlative rights and comply with the SLO’s requirements, Cambrian should be removed as operator of the Well by the Division and ConocoPhillips should be designated as operator of record of the Wells so that it may properly plug and abandon the Wells.

WHEREFORE, Applicant requests this application be set for hearing on March 2, 2023, and after notice and hearing, the Division enter an order removing Cambrian as operator of the Wells and

approving a change of operator to ConocoPhillips and granting such further relief as the Division deems proper.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy _____

Dana S. Hardy

Jaclyn M. McLean

Yarithza Peña

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

Facsimile: (505) 982-8623

dhardy@hinklelawfirm.com

jmclean@hinklelawfirm.com

ypena@hinklelawfirm.com

Counsel for ConocoPhillips Company