

DOCKET: EXAMINER HEARING - THURSDAY – SEPTEMBER 28, 2017

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

Docket Nos. 36-17 and 37-17 are tentatively set for October 12, 2017 and October 26, 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 15673 - No. 26
Case 15689 - No. 27
Case 15773 - No. 28
Case 15774 - No. 29
Case 15815 - No. 1
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Case 15840- No. 16
Case 15841 - No. 17
Case 15842 - No. 18
Case 15843 - No. 19
Case 15844 - No. 20
Case 15845 - No. 21

1. Case No. 15815: (Continued from the August 31, 2017 Examiner Hearing.)

Application of NewTex Partners 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 W/2 of Section 21, Township 7 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 **Bonanza #5H well**, which will be horizontally drilled from a surface location in Unit D to a bottom hole location in Unit M of Section 21, Township 7 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 33 miles northeast of Roswell, New Mexico.

2. **Case No. 15827: Application of Steward Energy II, LLC for a non-standard oil spacing and proration unit, Lea County, New Mexico.** Applicant seeks an order creating a 480-acre, non-standard oil spacing and proration unit (project area) comprised of the SE/4 of Section 3 and the E/2 of Section 10, Township 14 South, Range 38 East, NMPM, in Lea County. The project area is to be dedicated to the **Pollo Hermanos State #2H well**, which will be horizontally drilled from a surface location in Unit O of Section 10, to a bottom hole location in Unit J of Section 3, Township 14 South, Range 38 East. Also to be considered will be the designation of Steward Energy II, LLC as the operator of the proposed project area and the Pollo Hermanos #2 H well. The proposed project area is located approximately 16.5 miles northwest of Tatum, New Mexico.
3. **Case No. 15828: Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.** Mewbourne Oil Company seeks an order pooling all mineral interests in the Wolfcamp formation underlying the E/2 of Section 19, Township 24 South, Range 27 East, NMPM, to form a standard 320-acre gas spacing and proration unit in the Purple Sage-Wolfcamp Gas Pool. The unit will be dedicated to the **Archduke 19 W2AP Fed. Well No. 1H**, a horizontal well with a surface location 50 feet from the north line and 330 feet from the east line, and a terminus 330 feet from the south line and 330 feet from the east line, of Section 19. The beginning and end of the producing interval are 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 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 1-1/2 miles east of Black River Village, New Mexico.
4. **Case No. 15819: (Continued from the September 14, 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, spacing and proration unit in the Wolfcamp formation comprised of the E/2 of Sections 23 and 26, Township 15 South, Range 26 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 **Wigeon 23 Federal Com 4H well**, 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 25 miles south of Carlsbad, New Mexico.
5. **Case No. 15829: Application of Apache Corp. for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant seeks an order from the Division: (1) creating a non-standard 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the W/2 W/2 of Section 27, Township 20 South, Range 34 East, NMPM, Lea 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 **Black and Tan 27 Fed. Com 301H well**, 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 Apache as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 24 miles northwest of Eunice, New Mexico.
6. **Case No. 15830: Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard 320-acre, more or less, spacing and proration unit comprised of the W/2 E/2 of Section 24 and the W/2 E/2 of Section 25, Township 24 South, Range 34 East, NMPM, Lea County New Mexico; and (2) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Baseball Cap Federal Com No. 24H Well**, which will be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 25 to a standard bottom hole location in the NW/4 NE/4 (Unit B) of Section 24. The completed interval for this well will remain within the 330-foot offset as required by the Statewide rules for oil wells. 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 COG Operating LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 15 miles northwest of Jal, New Mexico.
7. **Case No. 15831: Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard 320-acre, more or less, spacing and proration unit comprised of the E/2 W/2 of Section 24 and the E/2 W/2 of Section 25, Township 24 South, Range 34 East, NMPM, Lea County New Mexico; and (2) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Baseball Cap Federal Com No. 26H Well**, which will be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 25 to a standard bottom hole location in the NE/4 NW/4 (Unit C) of Section 24. The completed interval for this well will remain within the 330-foot offset as required by the Statewide rules for oil wells. 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 COG Operating LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 15 miles northwest of Jal,

New Mexico.

8. **Case No. 15832: Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) authorizing a non-standard spacing unit in the Purple Sage Wolfcamp Gas Pool (98220); (2) creating a 480-acre non-standard spacing and proration unit comprised of the W/2 of Section 24 and the NW/4 of Section 25, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico; (3) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Remuda North 25 State No. 101H Well**, which will be horizontally drilled from a surface location in the NW/4 SW/4 of Section 25 (Unit L) to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 24. The completed interval for this well will remain within the 330-foot standard offset required by the Special Rules for the Purple Sage Pool. 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 XTO Energy Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico.

9. **Case No. 15833: Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) authorizing a non-standard spacing unit in the Purple Sage Wolfcamp Gas Pool (98220); (2) creating a 480-acre non-standard spacing and proration unit comprised of the SW/4 of Section 25 and the W/2 of Section 36, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico; (3) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Remuda South 25 State No. 101H Well**, which will be horizontally drilled from a surface location in the SW/4 NW/4 of Section 25 (Unit E) to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 36. The completed interval for this well will remain within the 330-foot standard offset required by the Special Rules for the Purple Sage Pool. 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 XTO Energy Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico.

10. **Case No. 15834: Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) authorizing a non-standard spacing unit in the Purple Sage Wolfcamp Gas Pool (98220); (2) creating a 480-acre non-standard spacing and proration unit comprised of the E/2 of Section 24 and the NE/4 of Section 25, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico; (3) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Remuda North 25 State No. 105H Well**, which will be horizontally drilled from a surface location in the NW/4 SE/4 of Section 25 (Unit J) to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 24. The completed interval for this well will remain within the 330-foot standard offset required by the Special Rules for the Purple Sage Pool. 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 XTO Energy Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico.

11. **Case No. 15835: Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) authorizing a non-standard spacing unit in the Purple Sage Wolfcamp Gas Pool (98220); (2) creating a 480-acre non-standard spacing and proration unit comprised of the SE/4 of Section 25 and the E/2 of Section 36, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico; (3) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Remuda South 25 State No. 105H Well**, which will be horizontally drilled from a surface location in the SW/4 NE/4 of Section 25 (Unit G) to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 36. The completed interval for this well will remain within the 330-foot standard offset required by the Special Rules for the Purple Sage Pool. 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 XTO Energy Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico.

12. **Case No. 15836: Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard, 240-acre spacing and proration unit comprised of the comprised of the W/2 W/2 of Section 24 and the W/2 NW/4 of Section 25, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Remuda North 25 State No. 701H Well**, which will be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 25 to a standard bottom hole location in the NW/4 NW/4 (Unit D) of Section 24. The completed interval for this well will remain within the 330-foot standard offset required by the rules. 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 XTO Energy Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico.

13. **Case No. 15837: Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard, 240-acre spacing and proration unit comprised of the W/2 SW/4 of Section 25 and the W/2 W/2 of Section 36, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Remuda South 25 State No. 701H Well**, which will be horizontally drilled from a surface location in the SW/4 NW/4 (Unit E) of Section 25 to a standard bottom hole location in the SW/4 SW/4 (Unit M) of Section 36. The completed interval for this well will remain within the 330-foot standard offset required by the rules. 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 XTO Energy Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico.

14. **Case No. 15838: Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard, 240-acre spacing and proration unit comprised of the E/2 W/2 of Section 24 and the E/2 NW/4 of Section 25, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Remuda North 25 State No. 703H Well**, which will be horizontally drilled from a surface location in the NE/4 SW/4 (Unit K) of Section 25 to a standard bottom hole location in the NE/4 NW/4 (Unit C) of Section 24. The completed interval for this well will remain within the 330-foot standard offset required by the rules. 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 XTO Energy Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico.

15. **Case No. 15839: Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard, 240-acre spacing and proration unit comprised of the E/2 SW/4 of Section 25 and the E/2 W/2 of Section 36, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Remuda South 25 State No. 703H Well**, which will be horizontally drilled from a surface location in the SE/4 NW/4 (Unit F) of Section 25 to a standard bottom hole location in the SE/4 SW/4 (Unit N) of Section 36. The completed interval for this well will remain within the 330-foot standard offset required by the rules. 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 XTO Energy Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico.

16. **Case No. 15840: Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard, 240-acre spacing and proration unit comprised of the W/2 E/2 of Section 24 and the W/2 NE/4 of Section 25, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Remuda North 25 State No. 705H Well**, which will be horizontally drilled from a surface location in the NW/4 SE/4 (Unit J) of Section 25 to a standard bottom hole location in the NW/4 NE/4 (Unit B) of Section 24. The completed interval for this well will remain within the 330-foot standard offset required by the rules. 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 XTO Energy Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico.

17. **Case No. 15841: Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard, 240-acre spacing and proration unit comprised of the W/2 SE/4 of Section 25 and the W/2 E/2 of Section 36, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Remuda South 25 State No. 705H Well**, which will be horizontally drilled from a surface location in the SW/4 NE/4 (Unit G) of Section 25 to a standard bottom hole location in the SW/4 SE/4 (Unit O) of Section 36. The completed interval for this well will remain within the 330-foot standard offset required by the rules. 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 XTO Energy Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico.

18. **Case No. 15842: Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard, 240-acre spacing and proration unit comprised of the E/2 E/2 of Section 24 and the E/2 NE/4 of Section 25, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Remuda North 25 State No. 707H Well**, which will be

horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 25 to a standard bottom hole location in the NE/4 NE/4 (Unit A) of Section 24. The completed interval for this well will remain within the 330-foot standard offset required by the rules. 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 XTO Energy Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico.

19. **Case No. 15843: Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard, 240-acre spacing and proration unit comprised of the E/2 SE/4 of Section 25 and the E/2 E/2 of Section 36, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Remuda South 25 State No. 707H Well**, which will be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 25 to a standard bottom hole location in the SE/4 SE/4 (Unit P) of Section 36. The completed interval for this well will remain within the 330-foot standard offset required by the rules. 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 XTO Energy Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico.

20. **Case No. 15844: Application Of XTO Energy Inc. For Approval Of The Expansion of the James Ranch Unit, Eddy County, New Mexico.** Applicant seeks approval to expand the geographic area of the James Ranch Unit by 13,063.68 acres of land. Said Unit currently consists of approximately 15,094.41 acres of Federal, Fee, and State Acreage in Eddy County, New Mexico. XTO seeks to expand the Unit to include the following Federal and State lands situated in Eddy County, New Mexico:

Township 21 South - Range 30 East N.M.P.M.

Section 25: All
Section 26: All
Section 27: S/2
Section 33: All
Section 34: W/2; NE/4
Section 31: Lots 1-8; E/2W/2; E/2
Section 32: All

Township 22 South - Range 29 East N.M.P.M.

Section 1: Lots 1-4; S/2N/2; S/2
Section 11: All
Section 12: All
Section 13: All
Section 14: All

Township 22 South - Range 30 East N.M.P.M.

Section 18: Lots 1-4; E/2W/2; E/2
Section 7: Lots 1-4; E/2W/2; E/2
Section 6: Lots 1-7; SE/4NW/4; E/2SW/4; SE/4; S/2NE/4
Section 5: Lots 1-4; S/2N/2; S/2
Section 4: Lots 1-4; S/2N/2; S/2
Section 3: Lots 1-4; S/2N/2; S/2
Section 10: All
Section 9: All
Section 8: All
Section 17: W/2NW/4

The unitized interval includes all depths. The James Ranch Unit Expansion Area is approximately 20 miles east of Carlsbad, New Mexico.

21. **Case No. 15845: Application of Chevron USA Inc. For Approval of The Cicada Unit, Eddy County, New Mexico.** Applicant seeks approval of its Cicada Unit consisting of approximately 5,760.00 acres of the following Federal and State lands situated in Eddy County, New Mexico:

TOWNSHIP 25 SOUTH, RANGE 27 EAST, N.M.P.M.

Section 23: All
Section 26: All
Section 35: All

TOWNSHIP 26 SOUTH, RANGE 27 EAST, N.M.P.M.

Section 1: All
Section 2: All
Section 10: All
Section 11: W/2
Section 12: All
Section 14: W/2
Section 15: All

The unitized interval is the stratigraphic equivalent of the top of the Wolfcamp formation encountered at a true vertical depth of 9,092 feet down to the stratigraphic equivalent of the bottom of the Wolfcamp formation at a true vertical depth of 11,235 feet as encountered in the Hay Hollow Unit 2 well in Section 12, Township 26 South, Range 27 East, N.M.P.M., Eddy County, New Mexico (API #30-015-21549). The subject acreage is located approximately 15 miles southwest of Malaga, New Mexico.

22. Case No. 15821: (Continued from the September 14, 2017 Examiner Hearing.)

Application of Kaiser-Francis Oil Company for pool creation and special pool rules, Lea County, New Mexico. Applicant seeks an order (i) creating a new pool for horizontal development of the Bone Spring formation, designated the South Bell Lake-Bone Spring Pool, and (ii) instituting special rules and regulations for the pool. The new pool will include Section 36 of Township 23 South, Range 33 East, NMPM, Sections 31 and 32 of Township 23 South, Range 34 East, NMPM, Sections 1 and 12 of Township 24 South, Range 33 East, NMPM, and Sections 5-8 of Township 24 South, Range 34 East, NMPM. The special rules will include standard 480 acre oil spacing and proration units, special well location requirements, a depth bracket allowable of 9600 barrels of oil per day for a standard 480 acre unit, and a gas:oil ratio of 5000:1. The proposed pool is centered approximately 21-1/2 miles southwest of Eunice, New Mexico.

23. Case No. 15822: (Continued from the September 14, 2017 Examiner Hearing.)

Application of Kaiser-Francis Oil Company for pool creation and special pool rules, Lea County, New Mexico. Applicant seeks an order (i) creating a new pool for horizontal development of the Wolfcamp formation, designated the South Bell Lake-Wolfcamp Pool, and (ii) instituting special rules and regulations for the pool. The new pool will include Section 36 of Township 23 South, Range 33 East, NMPM, Sections 31 and 32 of Township 23 South, Range 34 East, NMPM, Sections 1 and 12 of Township 24 South, Range 33 East, NMPM, and Sections 5-8 of Township 24 South, Range 34 East, NMPM. The special rules will include standard 480 acre oil spacing and proration units, special well location requirements, a depth bracket allowable of 6000 barrels of oil per day for a standard 480 acre unit, and a gas:oil ratio of 5000:1. The proposed pool is centered approximately 21-1/2 miles southwest of Eunice, New Mexico.

24. Case No. 15823: (Continued from the September 14, 2017 Examiner Hearing.)

Application of Kaiser-Francis Oil Company for pool creation and special pool rules, Lea County, New Mexico. Applicant seeks an order (i) creating a new pool for horizontal development of the Bone Spring formation, designated the Southwest Ojo Chiso-Bone Spring Pool, and (ii) instituting special rules and regulations for the pool. The new pool will include Section 36 of Township 22 South, Range 33 East, NMPM, Sections 31 and 32 of Township 22 South, Range 34 East, NMPM, Sections 1 and 12 of Township 23 South, Range 33 East, NMPM, and Sections 5-8 of Township 23 South, Range 34 East, NMPM. The special rules will include standard 480 acre oil spacing and proration units, special well location requirements, a depth bracket allowable of 9600 barrels of oil per day for a standard 480 acre unit, and a gas:oil ratio of 5000:1. The proposed pool is centered approximately 15-1/2 miles southwest of Oil Center, New Mexico.

25. Case No. 15824: (Continued from the September 14, 2017 Examiner Hearing.)

Application of Kaiser-Francis Oil Company for pool creation and special pool rules, Lea County, New Mexico. Applicant seeks an order (i) creating a new pool for horizontal development of the Wolfcamp formation, designated the Southwest Ojo Chiso-Wolfcamp Pool, and (ii) instituting special rules and regulations for the pool. The new pool will include Section 36 of Township 22 South, Range 33 East, NMPM, Sections 31 and 32 of Township 22 South, Range 34 East, NMPM, Sections 1 and 12 of Township 23 South, Range 33 East, NMPM, and Sections 5-8 of Township 23 South, Range 34 East, NMPM. The special rules will include standard 480 acre oil spacing and proration units, special well location requirements, a depth bracket allowable of 6000 barrels of oil per day for a standard 480 acre unit, and a gas:oil ratio of 5000:1. The proposed pool is centered approximately 15-1/2 miles southwest of Oil Center, New Mexico.

26. Case No. 15673 (re-opened): (Continued from the September 14, 2017 Examiner Hearing.)

Application of Mewbourne Oil Company to re-open Case No. 15673 for a nonstandard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order approving a 480 acre non-standard spacing and proration unit in the Wolfcamp formation underlying the E/2 of Section 12 and the SE/4 of Section 1, Township 25 South, Range 27 East, NMPM, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit. The unit will be dedicated to the **Devon 12/1 W2PI Fee Com. Well No. 1H**, a horizontal well with a surface

location in the NE/4 NE/4 of adjoining Section 13, and a terminus in the NE/4 SE/4 of Section 1. The beginning and end of 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 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 7 miles southwest of Malaga, New Mexico.

27. Case No. 15689 (re-opened): (Continued from the September 14, 2017 Examiner Hearing.)

Application of Mewbourne Oil Company to re-open Case No. 15689 for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order approving a 480 acre non-standard spacing and proration unit in the Wolfcamp formation underlying the SE/4 of Section 23 and the E/2 of Section 24, Township 24 South, Range 28 East, NMPM, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit. The unit will be dedicated to (a) the **Queen 23/24 W0OP Fed. Com. Well No. 1H**, a horizontal well with a surface location in the SE/4 SW/4 of Section 23 and a terminus in the SE/4 SE/4 of Section 24, and (b) the **Queen 23/24 W2OP Fed. Com. Well /4 o. 2H**, a horizontal well with a surface location in the SE/4 SW/4 of Section 23 and a terminus in the SE/4 SE/4 of Section 24. The beginning and end of the producing interval in each well will be orthodox. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The unit is located approximately 2-1/2 miles southeast of Malaga, New Mexico.

28. Case No. 15773: (Continued from the September 14, 2017 Examiner Hearing.)

Amended Application of RKI Exploration and Production, LLC for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 640-acre, more or less, spacing and proration unit comprised of E/2 of Section 19 and the E/2 Section 30, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Wolfcamp formation (Purple Sage Wolfcamp Gas Pool (98220)) underlying this acreage. Said non-standard unit is to be dedicated to the applicant's proposed **Pistol 19-30 Federal Com No. 1H Well**, which will be horizontally drilled from a surface location in the SE/4 SE/4 (Unit A) of Section 19 to a standard bottom hole location in in the SE/4 SE/4 (Unit P) of Section 30. The completed interval for this well will remain within the 330-foot standard offset required by the Special Rules set forth in Order No. R-14262. 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 RKI Exploration and Production, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 16 miles southeast of Malaga, New Mexico.

29. Case No. 15774: (Continued from the September 14, 2017 Examiner Hearing.)

Amended application of RKI Exploration and Production, LLC for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 448.88-acre, more or less, spacing and proration unit comprised of W/2 of Section 29 and the NW/4 of irregular Section 32, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Wolfcamp formation (Purple Sage Wolfcamp Gas Pool (98220)) underlying this acreage. Said non-standard unit is to be dedicated to the applicant's proposed **Schooner 32-29 Federal Com No. 1H Well**, which will be horizontally drilled from a surface location in the SW/4 NW/4 (Lot 4) of irregular Section 32 to a standard bottom hole location in in the NW/4 NW/4 (Unit D) of Section 29. The completed interval for this well will remain within the 330-foot standard offset required by the Special Rules set forth in Order No. R-14262. 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 RKI Exploration and Production, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 17 miles southeast of Malaga, New Mexico.

30. Case No. 15825: (Continued from the September 14, 2017 Examiner Hearing.)

Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Garner's Well Service, LLC, for a Well Operated in Lea County, New Mexico. The New Mexico Oil Conservation Division Compliance and Enforcement Bureau ("Bureau"), hereby files this application with the Oil Conservation Division ("OCD or Division") pursuant to the provisions of NMSA 1978, §70-2-12 for a compliance order (1) determining operator Garner's Well Service, LLC ("Operator") is out of compliance with 19.15.5.9, 19.15.8, and 19.15.25.8 NMAC; (2) requiring Operator to return to compliance with 19.15.5.9, 19.15.8, 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 compliance, declaring the wells abandoned and authorizing the OCD to plug the violating wells in accordance with a Division-approved plugging program and restore and remediate the location, recover costs from the Operator's financial assurance as permitted by 19.15.8.13 NMAC, and seek indemnification as permitted by NMSA 1978, § 70-2-14(E).