

DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 20, 2014

8:15 A.M. - 1220 South St. Francis
Santa Fe, New Mexico

Docket Nos. 36-14 and 37-14 are tentatively set for December 4, 2014 and December 18, 2014. Applications for hearing must be filed at least 30 days in advance of hearing date. OCD Rule 19.15.4.13.B 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 15160 – No. 7
Case 15167 – No. 8
Case 15215 – No. 6
Case 15225 – No. 1
Case 15229 – No. 10
Case 15230 – No. 13
Case 15232 – No. 2
Case 15233 – No. 3
Case 15234 – No. 4
Case 15235 – No. 5
Case 15236 – No. 9
Case 15237 – No. 11
Case 15238 – No. 12

1. ***CASE 15225: (Continued from the October 30, 2014 Examiner Hearing.)***

Application of JLA Resources Company for a non-standard oil spacing and proration unit, unorthodox oil well location, and compulsory pooling, Lea County, New Mexico. Applicant seeks an order approving a non-standard oil spacing and proration unit in the Devonian formation (Southwest Gladiola-Devonian Pool) comprised of the SW/4 NW/4 of Section 1 and SE/4 NE/4 of Section 2, Township 13 South, Range 37 East, N.M.P.M. Lea County, New Mexico, approving an unorthodox oil well location in the Devonian formation, and pooling all mineral interests in the Devonian formation underlying the non-standard unit. Applicant proposes to drill the **Kinsolving 2 Well No. 1** at an unorthodox location 1750 feet from the north line and 30 feet from the east line of Section 2, to a depth sufficient to test the Devonian formation, and will dedicate the SW/4 NW/4 of Section 1 and SE/4 NE/4 of Section 2 to the well. 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 Sojourner Drilling Corporation as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 9 miles east-southeast of Tatum, New Mexico.

2. ***CASE 15232: Application of Chi Energy, Inc. for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.*** Chi Energy, Inc. seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the E/2 E/2 of Section 25, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit (project area) for any pools or formations developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the **Peacekeeper 25 State Com. Well No. 6H**, a horizontal well with a surface location in the SE/4 SE/4, and a terminus in the NE/4 NE/4, of Section 25. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Chi Operating, Inc. as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 19-1/2 mile east of Lakewood, New Mexico.

3. ***CASE 15233: Application of Harvey E. Yates Company for approval of a non-standard oil spacing and proration unit, compulsory pooling, and an unorthodox oil well location, Lea County, New Mexico.*** Applicant seeks an order approving a 240-acre non-standard oil spacing and proration unit (project area) in the Glorieta-Yeso formation comprised of the E/2 SE/4 of Section 22 and E/2 E/2 of Section 27, Township 19 South, Range 34 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit (project area) for all pools or formations developed on 40 or 80 acre spacing within that vertical extent. The unit is to be

dedicated to the **Mallon 27 Fed. Com. Well No. 1H**, a horizontal well with a surface location 330 feet from the south line and 660 feet from the east line of Section 27, and a terminus 2310 feet from the south line and 660 feet from the east line of Section 22. The location is unorthodox under regulations for the Lea-Bone Spring Pool. 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 11-1/2 miles west-southwest of Oil Center, New Mexico.

4. **CASE 15234: Application of Anschutz Oil Company, LLC for compulsory pooling and an unorthodox oil well location, Rio Arriba County, New Mexico.** Anschutz Oil Company, LLC seeks an order pooling of all mineral interests in the Mancos formation underlying the W/2 of Section 14 and all of Section 15, Township 25 North, Range 2 West in a non-standard 960 acre spacing and proration unit for any formations and/or pools developed on 640 acre spacing within that vertical extent, including the Gavilan-Mancos Pool. Applicant proposes to drill its **Regina Com. 25-2-14-15 Well No. 1H**, to a depth sufficient to test the Gavilan-Mancos Pool, and seeks to dedicate the W/2 of Section 14 and all of Section 15 to the well to form a non-standard 960 acre spacing and proration unit for any formations and/or pools developed on 640 acre spacing within that vertical extent. The well is a horizontal well, to be drilled from a surface location in the NW/4 NE/4 of Section 14, with a terminus in the NW/4 NW/4 of Section 15. The beginning of the producing interval will be approximately 830 feet from the north line and 2310 feet from the west line of Section 14, to a terminus 830 feet from the north line and 330 feet from the west line of Section 15, which is unorthodox under the special rules and regulations for the Gavilan-Mancos Pool. The unit is located approximately 15 miles northwest of Gallina, New Mexico.
5. **CASE 15235: Application of Caza Operating, LLC for a lease pressure maintenance project in the Delaware formation, Eddy County, New Mexico.** Applicant seeks approval to institute a lease pressure maintenance project in State Lease VB-1139 by the injection of produced water into the upper Delaware formation at the approximate depths of 3315-3337 feet subsurface in the **Forehand Ranch 27 State Well No. 4**, located 1980 feet from the north line and 660 feet from the east line (the SE/4 NE/4) of Section 27, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico. The expected maximum injection rate is 2880 BWPd, and the maximum injection pressure is 663 psi. State Lease VB-1139 covers the N/2 and SW/4 of Section 27, Township 23 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and is centered approximately 4 miles west-southwest of Loving, New Mexico.
6. **CASE 15215: (Continued from the October 30, 2014 Examiner Hearing.)**
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 W/2 E/2 of Section 36, Township 24 South, Range 26 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 **Jake 36 State 7H** 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 30 miles South of Carlsbad New Mexico.
7. **CASE 15160 (Re-Opened): Application of Chevron U.S.A. Inc. to amend Order R-13865 to compulsory pool additional mineral interests in the approved spacing and proration unit, Lea County, New Mexico.** Applicant seeks to amend Division Order R-13865 to include the pooling of additional mineral interests in the North Red Hills-Bone Spring Pool (Pool Code 96434) underlying the 160-acre oil spacing and proration unit created under Division Order R-13865 consisting of the W/2 W/2 of Section 14, Township 24 South, Range 34 East, N.M.P.M., Lea County, New Mexico. Said area is located approximately 1.5 miles north of Ochoa, New Mexico.
8. **CASE 15167 (Re-Opened): Application of Chevron U.S.A. Inc. to amend Order R-13862 to compulsory pool additional mineral interests in the approved spacing and proration unit, Lea County, New Mexico.** Applicant seeks to amend Division Order R-13862 to include the pooling of additional mineral interests in the North Red Hills-Bone Spring Pool (Pool Code 96434) underlying the 160-acre oil spacing and proration unit created under Division Order R-13862 consisting of the W/2 E/2 of Section 14, Township 24 South, Range 34 East, N.M.P.M., Lea County, New Mexico. Said area is located approximately 1.5 miles north of Ochoa, New Mexico.
9. **CASE 15236: Application of Chevron Midcontinent, L.P. for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant seeks an order (1) creating a non-standard, 160-acre spacing and proration unit comprised of the W/2 W/2 of Section 11, Township 24 South, Range 34 East, N.M.P.M., Lea County 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 **Antelope Ridge 11-24-34 #3H Well**, which will be horizontally drilled from a surface