

DOCKET: EXAMINER HEARING - THURSDAY - FEBRUARY 19, 2015

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

Docket Nos. 06-15 and 07-15 are tentatively set for March 5, 2015 and March 19, 2015. 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 15220 - No. 9******Case 15221 - No. 10******Case 15222 - No. 11******Case 15244 - No. 7******Case 15245 - No. 8******Case 15254 - No. 1******Case 15255 - No. 4******Case 15260 - No. 5******Case 15263 - No. 2******Case 15264 - No. 3******Case 15265 - No. 6***

1. ***CASE 15254: (Continued from the January 22, 2015 Examiner Hearing.)***
Application of the New Mexico Oil Conservation Division, by and through its attorney for a Compliance Order against Larry Marker DBA Marker Oil, directors, and officers, jointly and severally, finding that the operator is in violation of N.M.S.A. §70-2-14 and OCD Rules 19.15.8.9 and 19.15.7.24 NMAC, requiring sanctions as provided by OCD Rule 19.15.5.10 until compliance with all division rules is achieved by a date certain, and in the event of non-compliance, to assess additional sanctions.
2. ***CASE 15263: Application of Overflow Energy, Inc. for approval of a salt water disposal well, Eddy County, New Mexico.*** Applicant seeks an order approving disposal of produced water into the Delaware formation at depths of 2614-5417 feet subsurface in the **Helena 25 Fee Com. Well No. 1**, located 1340 feet from the north line and 1040 feet from the west line of Section 25, Township 21 South, Range 27 East, NMPM. The well is located approximately 5 miles northeast of Carlsbad, New Mexico.
3. ***CASE 15264: Application of Devon Energy Production Company, L.P. for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.*** Applicant seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the S/2 N/2 of Section 22, Township 22 South, Range 27 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the S/2 N/2 of Section 22 to form a non-standard 160 acre oil spacing and proration unit (project area) for all pools or formations developed on 40 acre spacing within that vertical extent. The unit will be dedicated to the **Grandi 22 Well No. 2H**, a horizontal well with a surface location 1360 feet from the north line and 255 feet from the west line, and a terminus 2265 feet from the north line and 330 feet from the west line, of Section 22. Also to be considered will be the designation of applicant as operator of the well. The unit is located approximately 2 miles north-northwest of Otis, New Mexico.
4. ***CASE 15255: (Continued from the January 8, 2015 Examiner Hearing.)***
Application of Legacy Reserves Operating LP to institute a tertiary recovery project for the Drickey Queen Sand Unit, and to qualify the project for the recovered oil tax rate, Chaves County, New Mexico. Applicant seeks approval to institute a tertiary recovery project for the Drickey Queen Sand Unit by the injection of water and carbon dioxide into the Queen formation into 31 water injection wells and 20 WAG (water-alternating-gas) injection wells located on 7002.52 acres of federal, state, and fee lands covering all or parts of 33-35, Township 13 South, Range 31 East, N.M.P.M., and Sections 1-4, 9-11, 14-16, and 22, Township 14 South, Range 31 East, N.M.P.M. Applicant further seeks to qualify the tertiary

recovery project for the recovered oil tax rate pursuant to the “New Mexico Enhanced Oil Recovery Act” (Laws 1992, Chapter 38, Sections 1-5). The unit area is centered approximately 19-1/2 miles south-southwest of Caprock, New Mexico.

5. **CASE 15260:** *(Continued from the February 5, 2015 Examiner Hearing.)*
Application of Mewbourne Oil Company for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the S/2 S/2 of Section 5, Township 19 South, Range 29 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit (project area) for all pools or formations developed on 40 acre spacing within that vertical extent. The unit will be dedicated to the **Gobbler 5 B2PM State Com. Well No. 1H**, a horizontal well with a surface location 330 feet from the south line and 330 feet from the east line, and a terminus 330 feet from the south line and 330 feet from the west line, of Section 5. 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 12 miles southwest of Loco Hills, New Mexico.
6. **CASE 15265:** **Application of COG Operating LLC for approval of a salt water disposal well, Eddy County, New Mexico.** Applicant seeks approval to utilize its **Zebra FF Federal SWD No. 1** Well (API No. 30-015-32056), located 1980 feet from the North line and 1980 feet from the West line (Unit F) of Section 7, Township 21 South, Range 25 East, NMPM, to inject up to 10,000 barrels of water per day, at a maximum pressure of 1664 psi, into the Canyon formation in an open-hole interval from 8320 feet to 8400 feet. This well is located approximately 13 miles northwest of Carlsbad, New Mexico.
7. **CASE 15244:** *(Continued from the January 22, 2015 Examiner Hearing.)*
Application of MRC Permian Company for approval of a non-standard spacing and proration unit, an unorthodox well location, and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order approving a 160-acre non-standard spacing and proration unit (project area) in the Wolfcamp formation comprised of the E/2 E/2 of Section 1, Township 24 South, Range 28 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit (project area) for all pools or formations developed on 40 or 320 acre spacing within that vertical extent. The unit is to be dedicated to the **Dr. Scrivner 1-24S-28E RB Well No. 224H**, a horizontal well with a surface location 250 feet from the south line and 350 feet from the east line of Section 1. The producing interval will be unorthodox, with the penetration point 330 feet from the south line and 350 feet from the east line, and the last perforation 330 feet from the north line and 350 feet from the east line, of Section 1. 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 Matador Production Company 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 mile west of Harroun, New Mexico.
8. **CASE 15245:** *(Continued from the January 22, 2015 Examiner Hearing.)*
Application of MRC Permian Company for compulsory pooling and approval of an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying the S/2 of Section 12, Township 23 South, Range 27 East, NMPM, for all pools or formations developed on 320 acre spacing within that vertical extent. The unit will be dedicated to the **Tom Walters 12-23S-27E RB Well No. 203H**, a horizontal well with a surface location 2280 feet from the south line and 250 feet from the west line of Section 12. The producing interval will be unorthodox, with the penetration point 2280 feet from the south line and 330 feet from the west line, and the last perforation 2280 feet from the south line and 330 feet from the east line, of Section 12. 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 Matador Production Company 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 miles northwest of Loving, New Mexico.
9. **CASE 15220:** *(Continued from the January 8, 2015 Examiner Hearing.)*
Application of XTO Energy, Inc. for non-standard spacing and proration unit, compulsory pooling, and reinstatement of application for permit to drill, Lea County, New Mexico; Applicant seeks an order from the Division: (1) creating a non-standard 160-acre spacing and proration unit in the Bone Spring formation (Berry; Bone Spring, South Pool, No. 96660), comprised of the E/2 W/2 of Section 18, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico; (2) pooling all mineral interests in the Bone Spring formation underlying the proposed spacing and proration unit; and (3) reinstating the cancelled Application for Permit to Drill (APD) for the **Campo Fresa State Com No. 2 H** well. This proposed spacing and proration unit will be the project area for the Campo Fresa State Com No. 2 H well. The completed