

Examiner Hearing – April 14, 2016
Docket No. 15-16
Page 2 of 7

LLC ("Operator") is out of compliance with OCD rules 19.15.7.24 NMAC (reporting violations), 19.15.20 NMAC (transporting without an allowable), 19.15.25.8 NMAC (failure to properly plug and abandon wells), 19.15.26 NMAC (injecting without authority), 19.15.29 NMAC (release notification violations), and NMSA 1978 § 70-2-32 for sale of illegal oil; (2) requiring Operator to return to compliance with OCD rules; and (3) in the event of non-compliance, finding the Operator in violation of a Division order, 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).

3. **Case No. 15476: 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 N/2 of Section 10, Township 24 South, Range 28 East, NMPM, for all pools or formations developed on 320 acre spacing within that vertical extent, including the South Culebra Bluff-Wolfcamp Gas Pool. The unit will be dedicated to the **Guitar 10-24S-28E RB Well No. 202H**, a horizontal well with a surface location in the SE/4 NE/4, and a terminus in the SW/4 NW/4, of Section 10. 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 mile north of Malaga, New Mexico.

4. **Case No. 15477: Application of RKI Exploration and Production 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, 160-acre, more or less, spacing and proration unit comprised of the E/2 E/2 of Section 17, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to the applicant's proposed **RDX Federal Com 17 40H Well**, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) to a standard bottom hole location in the SE/4 SE/4 (Unit P) of Section 17. 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 RKI Exploration and Production as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 8.5 miles southwest of Ross Place, New Mexico.

5. **Case No. 15478: Application of Matador Production Company for a non-standard spacing and proration unit, unorthodox well location, and compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard, 240-acre, more or less, spacing and proration unit comprised of the E/2 SE/4 of Section 22 and the E/2 E/2 of Section 27, Township 19 South, Range 34 East, Lea County, New Mexico (2) approving an unorthodox well location; and (3) pooling all uncommitted mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Mallon 27 Federal Com No. 1H Well**, which will be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 27 to a standard bottom hole location in the NE/4 SE/4 (Unit I) of Section 22. The completed interval is unorthodox pursuant to the Special Rules for the Lea; Bone Spring Pool (37570) because it will not remain within 150 feet from the quarter-quarter section. 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 Matador Production Company as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 25 miles southwest of Hobbs, New Mexico.

6. **Case No. 15479: Application of Matador Production Company for a non-standard spacing and proration unit, unorthodox well location, and compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard, 240-acre, more or less, spacing and proration unit comprised of the W/2 SE/4 of Section 22 and the W/2 E/2 of Section 27, Township 19 South, Range 34 East, Lea County, New Mexico; (2) approving an unorthodox well location; and (3) pooling all uncommitted mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Mallon 27 Federal Com No. 2H Well**, which will be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 27 to a standard bottom hole location in the NW/4 SE/4 (Unit J) of Section 22. The completed interval is unorthodox pursuant to the Special Rules for the Lea; Bone Spring Pool (37570) because it will not remain within 150 feet from the quarter-quarter section. 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 Matador Production Company as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 25 miles southwest of Hobbs, New Mexico.

7. **Case No. 15480: Application of Matador Production Company 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, 240-acre, more or less, spacing and proration unit comprised of the E/2 SW/4 of Section 22 and the E/2 W/2 of Section 27, Township 19 South, Range 34 East, Lea County, New Mexico; (2) approving an unorthodox well location; and (3) pooling all uncommitted mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Mallon 27 Federal Com No. 3H Well**, which will be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of