

**DOCKET: EXAMINER HEARING - THURSDAY - MAY 26, 2016**

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

Docket Nos. 22-16 and 23-16 are tentatively set for June 9, 2016 and June 23, 2016. Applications for hearing must be filed at least 30 days in advance of 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 15446 - No. 1***  
***Case 15448 - No. 11***  
***Case 15449 - No. 12***  
***Case 15452 - No. 14***  
***Case 15453 - No. 15***  
***Case 15454 - No. 16***  
***Case 15455 - No. 17***  
***Case 15475 - No. 2***  
***Case 15483 - No. 13***  
***Case 15490 - No. 3***  
***Case 15491 - No. 4***  
***Case 15492 - No. 5***  
***Case 15493 - No. 6***  
***Case 15494 - No. 7***  
***Case 15495 - No. 8***  
***Case 15496 - No. 9***  
***Case 15497 - No. 10***

***1. Case No. 15446: (Continued from the May 12, 2016 Examiner Hearing.)***

***Application Of The New Mexico Oil Conservation Division Compliance And Enforcement Bureau for a Compliance Order against Lanexco, Inc., for Wells Operated in Chaves, Eddy, and Lea Counties, New Mexico.*** The New Mexico Oil Conservation Division Compliance and Enforcement Bureau in the above styled case seeks a compliance order (1) determining operator Lanexco, Inc. ("Operator") is out of compliance with OCD rules, 19.15.5.9, 19.15.7.24, 19.15.8.9, and 19.15.25.8; (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 § 70-2-14(E), NMSA 1978.

***2. Case No. 15475: (Continued from the May 12, 2016 Examiner Hearing.)***

***Application Of The New Mexico Oil Conservation Division Compliance And Enforcement Bureau for a Compliance Order against Siana Operating, LLC, for Wells Operated in Lea County, New Mexico.*** The New Mexico Oil Conservation Division Compliance and Enforcement Bureau in the above styled case seeks a compliance order (1) determining operator Siana Operating, 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. 15490: Application of Mewbourne Oil Company for a nonstandard spacing and proration unit, compulsory pooling, and an unorthodox gas well location, Eddy County, New Mexico.*** Mewbourne Oil Company seeks an order approving a 640 acre non-standard spacing and proration unit in the Wolfcamp formation underlying the W/2 of Section 22 and the W/2 of Section 27, Township 26 South, Range 27 East, NMPM, pooling all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit, and approving an unorthodox gas well location. The unit is to be dedicated to the **Owl Draw 27/22 W2NC Fed. Com. Well No. 2H**, a horizontal well with a surface location 170 feet from the south line and 2230 feet from the west

line of Section 27, and a terminus 330 feet from the north line and 2310 feet from the west line of Section 22. The beginning and end of the producing interval will be unorthodox. 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 13-1/2 miles south-southeast of Black River Village, New Mexico.

4. **Case No. 15491: Application of Caza Petroleum, Inc. for Compulsory Pooling and Approval of an Unorthodox Well Location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying the W/2 of Section 13, Township 24 South, Range 27 East, N.M.P.M., for all pools or formations developed on 320 acre spacing within that vertical extent. The unit will be dedicated to Applicants proposed **Mad River 13 State Well No. 1H** to be drilled at an unorthodox location approximately 330 feet from the south line and 2310 feet from the west line (surface) to 330 feet from the north line and 1980 feet from the west line (terminus) of Section 13. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Caza Petroleum, Inc. as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately four miles west of Malaga, New Mexico.

5. **Case No. 15492: Application of EOG Resources, Inc. 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 160-acre non-standard spacing and proration unit comprised of the E/2 E/2 of Section 16, Township 22 South, Range 33 East, NMPM, Lea 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 **Speedy 16 State Com No. 501H Well**, which will be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) to a standard bottom hole location in NE/4 NE/4 (Unit A) of Section 16. 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 EOG Resources, Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 20 miles southwest of Oil Center, New Mexico.

6. **Case No. 15493: Application of COG Operating 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, 160-acre, more or less, spacing and proration unit comprised of the N/2 S/2 of Section 1, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Yeso formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Clydesdale 1 Fee No. 5H Well**, which will be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) to a standard bottom hole location in the NW/4 SW/4 (Unit L) of Section 1. 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 COG Operating LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 5 1/2 miles northwest of Lakewood, NM.

7. **Case No. 15494: Application of COG Operating 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, 160-acre, more or less, spacing and proration unit comprised of the S/2 S/2 of Section 1, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Yeso formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Clydesdale 1 Fee No. 7H Well**, which will be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) to a standard bottom hole location in the SW/4 SW/4 (Unit M) of Section 1. 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 COG Operating LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 5 1/2 miles northwest of Lakewood, NM.

8. **Case No. 15495: Application of COG Operating 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, 160-acre, more or less, spacing and proration unit comprised of the S/2 S/2 of Section 27, Township 17 South, Range 28 East, NMPM, Eddy County and (2) pooling all mineral interests in the Yeso formation from a depth of 4,000 feet to the bottom of the Yeso underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Halberd 27 State Com No. 21H Well**, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 26 to a standard bottom hole location in the SW/4 SW/4 (Unit M) of Section 27. 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 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 east of Artesia, New Mexico.

9. **Case No. 15496: Application of COG Operating 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, 160-acre, more