

DOCKET: EXAMINER HEARING - THURSDAY – MARCH 2, 2017

8:15 A.M.

1220 South St. Francis Drive
Santa Fe, New Mexico
87505

Docket Nos. 11-17 and 12-17 are tentatively set for March 16, 2017 and March 30, 2017. 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 15600 - No. 18******Case 15601 - No. 19******Case 15602 - No. 20******Case 15606 - No. 2******Case 15621- No. 21******Case 15623 - No. 1******Case 15624 - No. 3******Case 15625 - No. 13******Case 15626 - No. 4******Case 15627 - No. 5******Case 15628 - No. 6******Case 15629 - No. 7******Case 15630 - No. 8******Case 15631 - No. 9******Case 15632 - No. 10******Case 15633 - No. 11******Case 15634 - No. 12******Case 15635 - No. 14******Case 15636 - No. 15******Case 15637 - No. 16******Case 15638 - No. 17******1. Case No. 15623: (Continued from the February 2, 2017 Examiner Hearing.)***

Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against G. P. Sims, the Estate of, for a Well Operated in Lea County, New Mexico. The New Mexico Oil Conservation Division Compliance and Enforcement Bureau ("Bureau"), through its undersigned attorney, 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 G. P. Sims, the Estate of, ("Operator") is out of compliance with 19.15.5.9, 19.15.8, and 19.15.25.8 NMAC; (2) requiring the 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 well abandoned, and authorizing the OCD to plug the violating well 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).

2. Case No. 15606: (Continued from the February 16, 2017 Examiner Hearing.)

Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against ICA Energy Operating, L.L.C. for its Well Operated in Roosevelt 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 ICA Energy Operating, L.L.C. ("Operator") is out of compliance with 19.15.5.9 and 19.15.25.8 NMAC; (2) requiring Operator to return to compliance with 19.15.5.9 and 19.15.25.8 NMAC; and (3) in the event of non-compliance, finding Operator in violation of a Division Order for each day after the deadline established in the sought order to obtain compliance, declaring the well abandoned, and authorizing the OCD to plug the violating well in accordance with a Division-approved plugging program and restore and remediate the location, recover costs from 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. 15624:** *(Continued from the February 16, 2017 Examiner Hearing.)*

Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against David H. Arrington, for Wells Operated in Lea, Eddy, Chaves, and San Juan County, New Mexico. The Oil Conservation Division Compliance and Enforcement Bureau ("Bureau"), through its undersigned attorney, 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 David Arrington Oil & Gas, Inc. ("Operator") is out of compliance with 19.15.5.9, 19.15.8, and 19.15.25.8 NMAC; (2) requiring the 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).

4. **Case No. 15626:** *Application of OXY USA 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 160-acre spacing and proration unit comprised of the N/2 N/2 of Section 21, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Cedar Canyon 21 Federal Com No. 21H 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 NW/4 NW/4 (Unit D) of Section 21. The completed interval for this 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 said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of OXY USA Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 5 miles east of Malaga, N.M.

5. **Case No. 15627:** *Application of OXY USA Inc. for compulsory pooling, Eddy County, New Mexico.* Applicant in the above-styled cause seeks an order (1) creating a 320-acre spacing and proration unit comprised of the N/2 of Section 21, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico and (2) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said unit is to be dedicated to applicant's proposed **Cedar Canyon 21 Federal Com No. 31H 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 NW/4 NW/4 (Unit D) of Section 21. The completed interval for this 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 said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of OXY USA Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 5 miles east of Malaga, N.M.

6. **Case No. 15628:** *Application of Black Mountain Operating LLC for a Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico.* Applicant seeks an order approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of the E/2 W/2 of Section 15 and the E/2 SW/4 of Section 10, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit will be dedicated to Applicant's proposed **Duke Federal 10 #10H** well to be drilled at a location approximately 2470 feet from the south line and 1906 feet from the west line (surface) of Section 10 to 330 feet from the south line and 1546 feet from the west line (terminus) of Section 15. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant 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 20 miles northwest of Jal, New Mexico.

7. **Case No. 15629:** *Application of Black Mountain Operating LLC for a Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico.* Applicant seeks an order approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of the W/2 E/2 of Section 15 and the W/2 SE/4 of Section 10, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit will be dedicated to Applicant's proposed **Duke Federal 10 #18H** well to be drilled at a location approximately 2470 feet from the south line and 1840 feet from the east line (surface) of Section 10 to 330 feet from the south line and 1792 feet from the east line (terminus) of Section 15. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant 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 20 miles northwest of Jal, New Mexico.