

AMENDED NOTICE OF HEARING

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO**

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 a.m. on **May 25, 2017**, in the Oil Conservation Division Hearing Room at 1220 South St. Francis Drive, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by **May 15, 2017**. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed. 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.

**STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following cases
and notice to the public.**

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

Case No. 15700: Application of Caza Petroleum, LLC for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Caza Petroleum, LLC seeks an order approving a non-standard 281.10-acre spacing and proration unit in the Bone Spring formation comprised of Lot 4, SW/4 NW/4, and W/2 SW/4 (the W/2 W/2) of Section 5 and the W/2 NW/4 and NW/4 SW/4 of Section 8, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit. The non-standard unit is to be dedicated to applicant's **Eagleclaw 5 Fed. Well No. 1H**, to be horizontally drilled from a surface location in Lot 4 of Section 5 to a bottom hole location in the NW/4 SW/4 of Section 8. The producing interval will be orthodox. 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 Caza Operating, LLC as operator of the well, and a 200% charge for risk involved in drilling the well. The unit is located approximately 13 miles west-southwest of Monument, New Mexico.

Case No. 15692: Amended Application of Chevron U.S.A. Inc. for a non-standard spacing and proration unit, compulsory pooling, and approval of an unorthodox location, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 320-acre spacing and proration unit comprised of the E/2 E/2 of Section 13 and the E/2 E/2 of Section 24, Township 26 South, Range 32 East, N.M.P.M., Eddy County, New Mexico; (2) pooling all mineral interests in the Bone Spring formation underlying this acreage; and (3) approving an unorthodox location. Said non-standard unit is to be dedicated to applicant's two proposed wells: the **SD WE 24 Fed P24 No. 6H Well** and the **SD WE 24 Fed P24 No. 7.H Well**. These two horizontal wells will be pad drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 24 to a bottom hole location in NE/4 NE/4 (Unit A) of Section 13. The completed interval for the **SD WE 24 Fed P24 No. 6H Well** will be unorthodox because it will commence 330 feet from the South line, 1,265 feet from the East line of Section 24 to a location 330 feet from the North line,

1,265 feet from the East line of Section 13, thereby encroaching on the spacing and proration units to the West, Northwest, and Southwest. The completed interval for the **SD WE 24 Fed P24 No. 7H Well** will be at a standard 330 foot offset. 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 Chevron U.S.A. Inc. as operator of the wells and a 200% charge for risk involved in drilling said well. Said area is located approximately 35 miles west of Jal, New Mexico.

Case No. 15701: Application of OXY USA WTP Limited Partnership 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 320-acre spacing and proration unit comprised of the N/2 N/2 of Section 9 and the N/2 N/2 of Section 10, Township 19 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 **Turkey Track 9-10 State No. 21H Well**, which will be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 8 to a standard bottom hole location in NE/4 NE/4 (Unit A) of Section 10. 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 WTP Limited Partnership as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 25 miles north of Malaga, N.M.

Case No. 15702: Application of OXY USA WTP Limited Partnership 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 320-acre spacing and proration unit comprised of the S/2 N/2 of Section 9 and the S/2 N/2 of Section 10, Township 19 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 two initial wells: applicant's proposed **Turkey Track 9-10 State No. 22H Well** and the proposed **Turkey Track 9-10 State No. 32H Well**, which will be simultaneously drilled and completed. These two horizontal wells will be drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 8 to a standard bottom hole location in SE/4 NE/4 (Unit H) of Section 10. The completed interval for each 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 each well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of OXY USA WTP Limited Partnership as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 25 miles north of Malaga, N.M.

Case No. 15703: Application of XTO Energy 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 non-standard, 320-acre spacing and proration unit comprised of the comprised of the W/2 E/2 of Section 8 and the W/2 E/2 of Section 17, Township 25 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation, Willow Lake; Bone Spring, Southeast (Pool Code 96217), underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Corral Canyon Federal Com No. 15H Well**, which will be horizontally drilled from a surface location in the SW/4 SE/4 of Section 5 (Unit O) to a bottom hole location in the SW/4 SE/4 (Unit O) 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 XTO Energy Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 6 miles southeast of Malaga, New Mexico.

Case No. 15704: Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Rhombus Operating Co., Ltd., for Wells 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 Rhombus Operating Co., Ltd. (“Operator”) is out of compliance with 19.15.8 NMAC and NMSA 1978, § 70-2-14; (2) requiring Operator to return to compliance with 19.15.8 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 acceptable financial assurance.

Case No. 15705: Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Southwestern, Inc., for Wells Operated in Eddy and Lea Counties, 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 Southwestern, Inc. (“Operator”) is out of compliance with 19.15.8 NMAC and NMSA 1978, § 70-2-14; (2) requiring Operator to return to compliance with 19.15.8 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 acceptable financial assurance.

Case No. 15706: Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Sovereign Eagle, LLC, for a Well Operated in Roosevelt 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 Sovereign Eagle, LLC (“Operator”) is out of compliance with 19.15.8 NMAC and NMSA 1978, § 70-2-14; (2) requiring Operator to return to compliance with 19.15.8 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 acceptable financial assurance.

Case No. 15707: Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Tactical Oil & Gas, LLC, for a Well Operated in Eddy 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 Tactical Oil & Gas, LLC (“Operator”) is out of compliance with 19.15.8 NMAC and NMSA 1978, § 70-2-14; (2) requiring Operator to return to compliance with 19.15.8 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 acceptable financial assurance.

Case No. 15708: Application of Matador Production Company for administrative approval for off-lease measurement and approval to surface lease commingle oil and gas production from the Purple Sage; Wolfcamp (Gas) Pool (Pool Code 98220) from all existing and future wells and existing and future leases in the N/2 of Section 13 and the N/2 of Section 14, Township 23 South, Range 27 East, NMPM, in Eddy County, New Mexico. Pursuant to 19.15.12.10(C)(4)(g), Matador also seeks authority to commingle production into the Longwood RB Pipeline, with notice provided only to interest owners within future leases. Matador seeks approval to surface commingle oil and gas production at a common tank battery from the Purple Sage; Wolfcamp (Gas) Pool (Pool Code 98220) for all existing and future wells at a surface facility located in the SE/4 NE/4 (Unit H) of Section 14. Said area is located approximately 9 miles southeast of Carlsbad, New Mexico.

Case No. 15709: Application of Matador Production Company for administrative approval for off-lease measurement and approval to surface lease commingle oil and gas production from the Purple Sage; Wolfcamp (Gas) Pool (Pool Code 98220) from all existing and future wells and existing and future leases in the S/2 of Section 13 and the S/2 of Section 14, Township 23 South, Range 27 East, NMPM, in Eddy County, New Mexico. Pursuant to 19.15.12.10(C)(4)(g), Matador also seeks authority to commingle

production into the Longwood RB Pipeline, with notice provided only to interest owners within future leases. Matador seeks approval to surface commingle oil and gas production at a common tank battery from the Purple Sage; Wolfcamp (Gas) Pool (Pool Code 98220) for all existing and future wells at a surface facility located in the NE/4 SE/4 (Unit I) of Section 14. Said area is located approximately 9 miles southeast of Carlsbad, New Mexico.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 1st day of May, 2017.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

**David R. Catanach
Director, Oil Conservation Division**

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