

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 **June 8, 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 28, 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. 15710: 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 S/2 of Section 10, Township 24 South, Range 28 East, NMPM, to form a standard 320 acre gas spacing and proration unit. The unit will be dedicated to the Tom Matthews 10-24S-28E RB Well No. 223H. The well is a horizontal well, with a surface location in the SE/4 SE/4 of adjoining Section 9. The first perforation will be 1657 feet from the south line and 330 feet from the west line, and the last perforation will be 1657 feet from the south line and 330 feet from east line, of Section 10. The producing interval of the well 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 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 3.5 miles southeast of Loving, New Mexico.

Case No. 15711: Application of Cimarex Energy Co. 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 comprised of the W/2 W/2 of Section 32, Township 16 South, Range 34 East and the W/2 W/2 of Section 5, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico, pooling all mineral interests in the Upper Pennsylvanian formation (Cisco/Canyon), underlying the non-standard unit. The unit will be dedicated to Applicant's proposed State LF 32-5 2H well to be drilled 330 feet from the north line and 715 feet from the west line of Section 32, Township 16 South, Range 34 East to a bottomhole location 330 feet from the south line and 480 feet from the west line of Section 5, Township 17 South, Range 34 East. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant and 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 six miles southwest of Lovington, New Mexico.

Case No. 15712: Application of Special Energy Corporation for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order (i) creating a 160-acre, non-standard oil spacing and proration unit (project area) comprised of the W/2 W/2 of Section 20, Township 12 South, Range 38 East, NMPM, in Lea County, and (ii) pooling all mineral interests in the San Andres formation underlying this acreage. The project area is to be dedicated to applicant's **Decker #1-H well**, which will be horizontally drilled from a surface location in Unit M in Section 17, Township 12 South, Range 38 East to a bottom hole location in Unit M of Section 20, Township 12 South, Range 38 East. The completed interval for the 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 the well and the allocation of the cost, the designation of Special Energy Corporation as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The proposed project area is located approximately 9 miles east of Tatum, New Mexico.

Case No. 15713: Application of Special Energy Corporation for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order (i) creating a 160-acre, non-standard oil spacing and proration unit (project area) comprised of the W/2 E/2 of Section 31, Township 11 South, Range 38 East, NMPM, in Lea County, and (ii) pooling all mineral interests in the San Andres formation underlying this acreage. The project area is to be dedicated to applicant's **Jenna #1-H well**, which will be horizontally drilled from a surface location in Unit O in Section 30 to a bottom hole location in Unit O of Section 31, Township 11 South, Range 38 East. The completed interval for the 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 the well and the allocation of the cost, the designation of Special Energy Corporation as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The proposed project area is located approximately nine miles east of Tatum, New Mexico.

Case No. 15714: Application of Back Nine Properties LLC for a non-standard oil spacing and proration unit and compulsory pooling, Chaves County, New Mexico. Applicant seeks an order (i) creating a 320-acre, non-standard oil spacing and proration unit (project area) comprised of the E/2 of Section 6, Township 10 South, Range 28 East, NMPM, in Chaves County, and (ii) pooling all mineral interests in the San Andres formation underlying this acreage. The project area is to be dedicated to the **Bandon Dunes #2H well**, which will be horizontally drilled from a surface location in Unit P to a bottom hole location in Unit A of Section 6, Township 10 South, Range 28 East. The completed interval for the 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 the well and the allocation of the cost, the designation of Hadaway Consulting and Engineering, LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The proposed project area is located approximately 24 miles east of Roswell, New Mexico.

Case No. 15715: Application of Back Nine Properties LLC for a non-standard oil spacing and proration unit and compulsory pooling, Chaves County, New Mexico. Applicant seeks an order (i) creating a 320-acre, non-standard oil spacing and proration unit (project area) comprised of the E/2 of Section 18, Township 10 South, Range 29 East, NMPM, in Chaves County, and (ii) pooling all mineral interests in the San Andres formation underlying this acreage. The project area is to be dedicated to the **Muirfield #2H well**, which will be horizontally drilled from a surface location in Unit P to a bottom hole location in Unit A of Section 18, Township 10 South, Range 29 East. The completed interval for the 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 the well and the allocation of the cost, the designation of Hadaway Consulting and Engineering, LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The proposed project area is located approximately 30 miles east of Roswell, New Mexico.

Case No. 15716: Application of Back Nine Properties LLC for a non-standard oil spacing and proration unit and compulsory pooling, Chaves County, New Mexico. Applicant seeks an order (i) creating a 320-acre, non-standard oil spacing and proration unit (project area) comprised of the W/2 of Section 21, Township 11 South, Range 28 East, NMPM, in Chaves County, and (ii) pooling all mineral interests in the San Andres formation underlying this acreage. The project area is to be dedicated to the **Pinehurst #5H well**, which will be horizontally drilled from a surface location in Unit D to a bottom hole location in Unit M of Section 21, Township 11 South, Range 28 East. The completed interval for the 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 the well and the allocation of the cost, the designation of Hadaway Consulting and Engineering, LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The proposed project area is located approximately 21 miles east of Roswell, New Mexico.

Case No. 15717: Application of McElvain Energy 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) non-standard 160-acre, more or less, spacing and proration unit in the Bone Spring formation comprised of the W/2 W/2 of Section 28, Township 18 South, Range 35 East, NMPM, Lea 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 the applicant's proposed **Ironhouse 28 BS2 State Com No. 4H Well**, which will be drilled horizontally from the SW/4 SW/4 (Unit M) to a standard bottomhole location in the NW/4 NW/4 (Unit D) of Section 28. The completed interval for this well will remain within the 330-foot standard offset required the Statewide rules for oil wells. 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 applicant as operator of the well and, pursuant to NMRA 19.15.1.35, the imposition of a 200% risk charge against the working interest of any party that elects not to participate in this project. Said area is located approximately 23 miles west of Hobbs New Mexico.

Case No. 15718: 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 E/2 E/2 of Section 8 and the E/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. 16H Well**, which will be horizontally drilled from a surface location in the SE/4 SE/4 of Section 5 (Unit P) to a 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 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. 15719: Application of OneEnergy Partners Operating, LLC 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 240.85-acre non-standard spacing and proration unit in the Wolfcamp formation comprised of the W/2 SE/4, SW/4 NW/4, and Lot 2 of Section 2 and the W/2 NE/4 of Section 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico; and (2) pooling all uncommitted interest owners within the non-standard spacing and proration unit. Said unit will be the project area for its proposed **Parade BWY State Com No. 1H Well**, which will be horizontally drilled from a surface location in the NW/4 NE/4 (Lot 2) of Section 2 to a standard bottom hole location in SW/4 NE/4 (Unit N) of Section 11. The completed interval for this well will comply with the 330-foot standard setbacks for oil wells. 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 OneEnergy Partners Operating,

LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 9 miles northwest of Jal, New Mexico.

Case No. 15720: Application of Black River Water Management Company, LLC to Amend Administrative Order SWD-1627 for a Salt Water Disposal Well Located in Eddy County, New Mexico. Applicant in the above-styled cause seeks an order amending Administrative Order SWD-1627 to permit increase the diameter of the injection tubing in its **Black River SWD No. 1 well** (API No. 30-015-43807) from 4-½ inches to 5 inches. Administrative Order SWD-1627 currently only allows for tubing that is 4-½ inches or smaller. The subject well is located in Unit C of Section 31, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. All other approved well designs and permit conditions under Administrative Order SWD-1627 are proposed to remain unchanged. The Black River SWD No. 1 well is located approximately 2 miles southwest of Loving, N.M.

Case No. 15498 (re-opened): Application of Matador Production Company to Re-Open Case No. 15498 To Pool The Interests Of Additional Mineral Owners Under The Terms Of Compulsory Pooling Order R-14229, Eddy County, New Mexico. Applicant in the above-styled cause seeks to amend Division Order R-15498 to include the pooling of additional mineral interests in the Wolfcamp formation underlying the N/2 of Section 13, Township 24 South, Range 27 East, NMPM, in Eddy County, New Mexico. Said unit is dedicated to the **Brantley State Com. 13 24 27 RB No. 221H** and is located 17 miles southeast of Carlsbad, New Mexico.

Case No. 15721: 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, 160-acre, more or less, spacing and proration unit comprised of the E/2 W/2 of Section 31, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico and (2) 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 **Airstrip 31-18S-35E RN State Com #132H Well**, which will be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) to a standard bottom hole location in the NE/4 NW/4 (Unit C) of Section 31. 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 Matador Production Company as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 16 miles southwest of Lovington, NM.

Case No. 15722: Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted mineral interests in the Wolfcamp formation underlying a 320-acre, more or less, spacing and proration unit comprised of the N/2 of Section 32, Township 24 South, Range 29 East, Eddy County, New Mexico. Said spacing and proration unit is to be dedicated to applicant's proposed **Garrett Fed Com 32-24S-29E RB #221H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) to a standard bottom hole location in the NE/4 NE/4 (Unit A) of Section 32. The completed interval for this well will remain within the 330-foot standard offset required by the pool 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 Matador Production Company as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 10 miles southeast of Loving, NM.

Case No. 15723: Application of OWL SWD Operating, LLC for Authorization to Inject, Lea County, New Mexico. Applicant seeks an order authorizing the injection of water for disposal into the Yates-Seven Rivers formation in Lea County, New Mexico in the following well:

Bobcat SWD No. 1
740' FSL & 705' FEL (Unit P)

Section 25
T-25S, R-36E, NMPM
Lea County, New Mexico

Applicant proposes to drill the well at the above location and use it for injection of produced water at depths of 2,915 to 3,060 feet subsurface. The well is located approximately one mile west of Jal, New Mexico.

Case No. 15724: Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against RMR Operating, LLC, 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 RMR Operating, 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. 15725: Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Roca Production, Inc., 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 Roca Production, 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.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 11th day of May, 2017.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

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

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