

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 **July 6, 2017**, in Porter Hall, 1st floor, Wendell Chino Building, 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 needs 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 **June 26, 2017**. Public documents can be provided in various accessible formats. Members of the public may obtain copies of the docket by contacting Ms. Davidson at the phone number indicated above. Also, the docket will be posted on the Oil Conservation Division website at www.emnrd.state.nm.us/OCD/. A party who plans on using projection equipment at a hearing must contact Ms. Davidson seven 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. 15739: Application of COG Operating LLC for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order (i) creating a 640.46-acre, non-standard oil spacing and proration unit (project area) comprised of the E/2 of Section 4 and the E/2 of Section 9, Township 24 South, Range 27 East, NMPM, in Eddy County, and (ii) pooling all mineral interests in the Wolfcamp formation underlying this acreage. The project area is to be dedicated to applicant's **Roadster State Com #1H well**, which will be horizontally drilled from a surface location in Unit A of Section 4 to a bottom hole location in Unit P of Section 9, Township 24 South, Range 27 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 COG Operating 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 seven (7) miles south of Carlsbad, New Mexico.

Case No. 15741: Application of COG Operating LLC for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order (i) creating a 240-acre, non-standard oil spacing and proration unit (project area) comprised of the E/2 E/2 of Section 35 and the E/2 SE/4 of Section 26, Township 22 South, Range 31 East, NMPM, in Eddy County, and (ii) pooling all mineral interests in the Bone Spring formation underlying this acreage. The project area is to be dedicated to applicant's **Tankless Federal Com #2H well**, which will be horizontally drilled from a surface location in Unit P of Section 35 to a bottom hole location in Unit I of Section 26, Township 22 South, Range 31 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 COG Operating 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 twenty-nine (29) miles east of Carlsbad, New Mexico.

Case No. 15719: Amended 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 NE/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 G) 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. 15742: 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 (EK-Bone Spring Pool) comprised of the W/2 E/2 of Section 30, Township 18 South, Range 34 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 **EK 30 BS2 Federal Com No. 2H Well**, which will be drilled horizontally from the SE/4 SE/4 (Unit P) of Section 30 to a non-standard bottomhole location in the NW/4 NE/4 (Unit B) of Section 30. The Special Rules for the EK-Bone Spring Pool require 80-acre spacing units and that the completed interval for a well be located within 150 feet of the center of the quarter-quarter section. The Division previously issued Administrative Order NSL-7503 approving an unorthodox location for the subject well. McElvain also requests a non-standard, 160-acre spacing unit comprised of the W/2 E/2 of Section 30, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico. 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 30 miles west of Hobbs New Mexico.

Case No. 15743: 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 (EK-Bone Spring Pool) comprised of the E/2 E/2 of Section 31, Township 18 South, Range 34 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 **EK 31 BS2 Federal Com No. 1H Well**, which will be drilled horizontally from the SE/4 SE/4 (Unit P) of Section 30 to a non-standard bottomhole location in the SE/4 SE/4 (Unit P) of Section 31. The Special Rules for the EK-Bone Spring Pool require 80-acre spacing units and that the completed interval for a well be located within 150 feet of the center of the quarter-quarter section. The Division previously issued Administrative Order NSL-7503 approving an unorthodox location for the subject well. McElvain also requests a non-standard, 160-acre spacing unit comprised of the E/2 E/2 of Section 31, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico. 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 30 miles west of Hobbs New Mexico.

Case No. 15744: Application of Matador Production Company 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 W/2 W/2 of Section 21, Township 20 South, Range 29 East, 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 **Cueva De Oro Fed No. 131H 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 SW/4 SW/4 (Unit M) of Section 21. 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 12.7 miles northeast of Carlsbad, NM.

Case No. 15745: Application of Matador Production Company 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 W/2 of Section 21, Township 20 South, Range 29 East, 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 **Cueva De Oro Fed No. 132H Well**, which will be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) to a standard bottom hole location in the SE/4 SW/4 (Unit N) of Section 21. 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 12.7 miles northeast of Carlsbad, NM.

Case No. 15746: 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 W/2 of Section 21, Township 20 South, Range 29 East, Eddy County, New Mexico. Said spacing and proration unit is to be dedicated to applicant's proposed **Cueva De Oro Fed No. 201H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) to a non-standard bottom hole location in the SW/4 SW/4 (Unit M) of Section 21. The completed interval for this well is unorthodox because it does not comply with the 660-foot setbacks for gas wells pursuant to the statewide rules. Matador will apply administratively for approval of an unorthodox location. 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 12.7 miles northeast of Carlsbad, NM.

Case No. 15747: Application of Matador Production Company 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, 155.29-acre, more or less, spacing and proration unit comprised of the N/2 S/2 of Section 19, Township 20 South, Range 29 East, 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 **Stebbins 19 Federal No. 133H 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 (Lot 3) of Section 19. 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 11 miles northeast of Carlsbad, NM.

Case No. 15748: Application of Matador Production Company 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, 155.83-acre, more or less, spacing and proration unit comprised of the S/2 S/2 of Section 19, Township 20 South, Range 29 East, 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 **Stebbins 19 Fed Com No. 134H 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 (Lot 4) of Section 19. 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 11 miles northeast of Carlsbad, NM.

Case No. 15749: 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 311.12-acre, more or less, spacing and proration unit comprised of the S/2 of Section 19, Township 20 South, Range 29 East, Eddy County, New Mexico. Said spacing and proration unit is to be dedicated to applicant's proposed **Stebbins 19 Fed Com No. 203H Well**, which will be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) to a non-standard bottom hole location in the NW/4 SW/4 (Lot 3) of Section 19. The completed interval for this well is unorthodox because it does not comply with the 660-foot setbacks for gas wells pursuant to the statewide rules. Matador will apply administratively for approval of an unorthodox location. 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 11 miles northeast of Carlsbad, NM.

Case No. 15750: Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Nordstrand Engineering, 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 Nordstrand Engineering, 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. 15751: Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Pecos River Operating, Inc., for Wells Operated in Chaves 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 Pecos River Operating, 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. 15752: Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Wildcat Energy, L.L.C., for Wells Operated in Eddy and 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 Wildcat Energy, L.L.C. ("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. 15753: Application of the New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a compliance order against OWL SWD Operating, LLC for the Maralo Sholes B Well No. 2 operated in Lea County, New Mexico. The New Mexico Oil Conservation Division Compliance and Enforcement Bureau, ("Bureau") through its undersigned attorney, seeks a compliance

order (1) determining that operator, OWL SWD Operating, LLC (“Operator”) is out of compliance with 19.15.16.9 NMAC with respect to its **Maralo Sholes B Well No. 2 (API No. 30-025-09806)** in Lea County, *New Mexico*; (2) requiring Operator to return said well to compliance with 19.15.16.9 NMAC; and (3) in the event of non-compliance, finding the Operator in violation of a Division order after the deadline established in the sought order to suspend injection authority. The subject well injects into the SWD; Yates/Seven Rivers Pool and is located approximately one mile southwest of Jal, New Mexico.

Case No. 15754: In the matter of the hearing called by the Oil Conservation Division to consider:

The abolishment of the San Luis-Mesaverde Oil Pool in Sandoval County

The abolishment of the Torreon-Mesaverde Oil Pool in McKinley County

The expansion of the following pools in McKinley County:

Seven Lakes-Menefee Oil

Blackeye-Mesaverde Oil

Blue Mesa-Mesaverde Oil

Chaco Wash-Mesaverde Gas

Franciscan Lake-Mesaverde Oil

Red Mountain-Mesaverde Oil

Star-Mesaverde Oil

The expansion of the Blanco-Mesaverde Gas Pool in San Juan and Rio Arriba Counties

The expansion of the following pools in San Juan County:

Bisti-Chacra Gas

Rusty-Chacra Gas

Otero-Chacra Gas

Crouch Mesa-Mesaverde Gas

Flora Vista-Mesaverde Gas

Twin Mounds-Mesaverde Gas

The expansion of the Devils Fork-Mesaverde Oil Pool in Rio Arriba County

The expansion of the following pools in Sandoval County:

Parlay-Mesaverde Oil

San Isidro-Mesaverde Oil

South San Luis-Mesaverde Oil

Venado-Mesaverde Oil

IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 7th day of June, 2017.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

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

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