

THIRD 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 **January 25, 2018**, 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 **January 15, 2018**. 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. 15946: Application of Robert L. Bayless, Producer LLC For Approval of the La Jara Mancos Unit, Creation of a New Pool For Horizontal Development Within the Unit Area, and For Allowance of 660 Foot Setbacks From The Exterior of the Proposed Unit, Rio Arriba County, New Mexico. Applicant seeks approval for its La Jara Mancos Unit consisting of 10,878.58 acres, more or less, of federal and fee lands situated in all or parts of Sections 1-2, 11-14, and 20-24, 25-29 and Section 32 of Township 29 North, Range 4 West, N.M.P.M., Rio Arriba County, New Mexico. The Unitized Interval includes all formations from the top of the Mancos Shale Formation to the base of the Mancos Shale Formation. In addition, Applicant seeks an order creating a new pool for horizontal wells which would extend from the top of the Mancos Shale Formation to the base of the Mancos Shale Formation within the proposed Unit Area that will allow for horizontal gas development with 660 foot setbacks from the exterior of the proposed Unit boundary and with no internal setbacks. The subject acreage is approximately five miles north of Fruitland, New Mexico.

Case No. 15947: Application of Matador Production Company for approval of a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order approving a 154.21-acre non-standard spacing and proration unit (project area) in the Bone Spring formation comprised of Lot 6, N/2 SE/4, and NE/4 SW/4 (the N/2 S/2) of Section 6, Township 19 South, Range 29 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit (project area). The unit is to be dedicated to the **SST 6 State Well No. 123H**, a horizontal well with a surface location in the NE/4 SE/4, and a terminus in Lot 6, of Section 6. 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 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 15 miles east-northeast of Lakewood, New Mexico.

Case No. 15948: Application of Matador Production Company for approval of a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order approving a 154.54-acre non-standard spacing and proration unit (project area) in the Bone Spring formation comprised of Lot 7, S/2 SE/4, and SE/4 SW/4 (the S/2 S/2) of Section 6, Township 19 South, Range 29 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit (project area). The unit is to be dedicated to the **SST 6 State Well No. 124H**, a horizontal well with a surface location in the SE/4 SE/4, and a terminus in Lot 7, of Section 6. 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 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 15 miles east-northeast of Lakewood, New Mexico.

Case No. 15949: Application of Ascent Energy, LLC for approval of a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order approving a 143.56-acre non-standard spacing and proration unit (project area) in the Bone Spring formation comprised of Lots 1-4 (the W/2 W/2) of Section 18, Township 21 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit (project area). The unit is to be dedicated to the **Sombrero Fed. Com. Well No. 501H**, a horizontal well with a surface location in Lot 4 of adjoining Section 7, and a terminus in Lot 4 of Section 18. 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 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 8-1/2 miles southeast of Halfway, New Mexico.

Case No. 15950: Application of Ascent Energy, LLC for approval of a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order approving a 160-acre non-standard spacing and proration unit (project area) in the Bone Spring formation comprised of the E/2 W/2 of Section 18, Township 21 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit (project area). The unit is to be dedicated to the **Sombrero Fed. Com. Well No. 503H**, a horizontal well with a surface location in the SE/4 SW/4 of adjoining Section 7, and a terminus in the SE/4 SW/4 of Section 18. 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 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 8-1/2 miles southeast of Halfway, New Mexico.

Case No. 15951: Application of Ascent Energy, LLC for approval of a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order approving a 160-acre non-standard spacing and proration unit (project area) in the Wolfcamp formation comprised of the E/2 W/2 of Section 18, Township 21 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit (project area). The unit is to be dedicated to the **Sombrero Fed. Com. Well No. 701H**, a horizontal well with a surface location in the SE/4 SW/4 of adjoining Section 7, and a terminus in the SE/4 SW/4 of Section 18. 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 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 8-1/2 miles southeast of Halfway, New Mexico.

Case No. 15952: Application of Ascent Energy, LLC for approval of a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order approving a 143.56-acre non-standard spacing and proration unit (project area) in the Wolfcamp formation comprised of Lots 1-4 (the W/2 W/2) of Section 18, Township 21 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit (project area). The unit is to be dedicated to the **Sombrero Fed. Com. Well No. 702H**, a horizontal well with a surface location in Lot 4 of adjoining Section 7, and a terminus in Lot 4 of Section 18. 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 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 8-1/2 miles southeast of Halfway, New Mexico.

Case No. 15748 (re-opened): Amended Application of Matador Production Company to Re-Open Case No. 15748 To Amend the Initial Well Under the Terms Of Compulsory Pooling Order R-14433, Eddy County, New Mexico. Applicant in the above-styled cause seeks to amend Division Order R-14433 to change the initial well dedicated to the spacing unit to the **Stebbins 19 Federal Com No. 124H** (API No. 30-015-44172), a horizontal well to be drilled 180 feet from the South line, 110 feet from the East line (Unit P) to a standard bottom hole location 330 feet from the South line, 240 feet from the West line of Section 19, Township 20 South, Range 29 East, NMPM, in Eddy County, New Mexico. Said unit is located 11 miles northeast of Carlsbad, New Mexico.

Case No. 15932: Amended Application of Hilcorp Energy Company for an Exception to the Well Density Requirements of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool, San Juan County, New Mexico. Applicant in the above-styled cause seeks an order for an exception to the well density requirements of Rule I.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool (72319), San Juan County, New Mexico, to permit it to complete and simultaneously produce five Mesaverde gas wells in the same standard 320-acre spacing and proration unit, and three wells within the same quarter section. Hilcorp further seeks approval for the proposed location of the **Hardie 4E Well** (API No. 30-045-24938) in the Mesaverde formation with a surface location in the W/2 of Section 24, Township 29 North, Range 8 West, NMPM, San Juan County, New Mexico, and authorization to simultaneously complete and produce the Hardie 4E Well from the Blanco-Mesaverde Gas Pool. Said area is located approximately 12 miles east of Blanco, NM.

Case No. 15935: Amended Application of Hilcorp Energy Company for an Exception to the Well Density Requirements of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool, Rio Arriba County, New Mexico. Applicant in the above-styled cause seeks an order for an exception to the well density requirements of Rule I.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool (72319), San Juan County, New Mexico, to permit it to complete and simultaneously produce five Mesaverde gas wells in the same standard 320-acre spacing and proration unit, and three wells in the same quarter section. Hilcorp further seeks approval for the proposed location of the **San Juan 28-5 Unit 62E Well** (API No. 30-039-30154) in the Mesaverde formation with a surface location in N/2 of Section 31, Township 28 North, Range 5 West, NMPM, Rio Arriba County, New Mexico, and authorization to simultaneously complete and produce the San Juan 28-5 Unit 62E Well from the Blanco-Mesaverde Gas Pool. Said area is located approximately 25 miles east of Bloomfield, NM.

Case No. 15933: Amended Application of Hilcorp Energy Company for an Exception to the Well Density Requirements of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool, Rio Arriba

County, New Mexico. Applicant in the above-styled cause seeks an order for an exception to the well density requirements of Rule I.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool (72319), San Juan County, New Mexico, to permit it to complete and simultaneously produce five Mesaverde gas wells in the same standard 320-acre spacing and proration unit, and three within the same quarter section. Hilcorp further seeks approval for the proposed location of the **San Juan 27-5 Unit 113F Well** (API No. 30-039-30495) in the Mesaverde formation with a proposed bottom-hole location in Unit F of the W/2 of Section 10, Township 27 North, Range 5 West, NMPM, Rio Arriba County, New Mexico, and authorization to simultaneously complete and produce the San Juan 27-5 Unit 113F Well from the Blanco-Mesaverde Gas Pool. Said area is located approximately 25 miles east of Bloomfield, NM.

Case No. 15953: Amended Application Of Chisholm Energy Operating, LLC For Approval Of A 892.20-Acre Non-Standard Project Area and Non-Standard Spacing Unit in the Wolfcamp Formation Comprised Of Acreage Subject To A Proposed Communitization Agreement, And For Approval Of A 892.20-Acre Non-Standard Project Area and Non-Standard Spacing Unit in the Bone Spring Formation Comprised Of Acreage Subject To A Proposed Communitization Agreement Eddy County, New Mexico. Applicant in the above-styled cause seeks an order 1) approving an approximately 892.20-acre non-standard project area and non-standard spacing unit in the Wolfcamp formation comprised of acreage subject to a proposed communitization agreement covering Section 29 and all of Irregular Section 32, Township 26 South, Range 26 East, NMPM Eddy County, New Mexico; and 2) approving an approximately 892.20-acre non-standard project area and non-standard spacing unit in the Bone Spring formation comprised of acreage subject to a proposed communitization agreement covering Section 29 and all of Irregular Section 32, Township 26 South, Range 26 East, NMPM Eddy County, New Mexico. The acreage in the proposed non-standard project area in the Wolfcamp formation has been placed in the Purple Sage; Wolfcamp Gas Pool and is subject to the Special Rules set forth in Order No. R-14262. The acreage in the proposed non-standard project area in the Bone Spring formation has been placed in the Welch; Bone Spring Pool (Pool Code 64010) and is subject to Division statewide rules for oil wells. This subject area is located approximately 20 miles southwest of Jal, New Mexico.

Case No. 15954: Application of Matador Production Company for a non-standard spacing and proration unit in the Purple Sage Pool, a non-standard spacing and proration unit for compulsory pooling, and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) authorizing a non-standard spacing unit in the Purple Sage Wolfcamp Gas Pool (98220); (2) creating a 328.09-acre, more or less, spacing and proration unit in the Purple Sage Pool comprised of the N/2 S/2 of Section 11 and the N/2 S/2 of Section 12, Township 24 South, Range 27 East, NMPM, Eddy County, New Mexico; and (3) pooling all uncommitted mineral interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **David Edelstein State Com No. 203H Well**, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit I) of Section 12 to a standard bottom hole location in the NW/4 SW/4 (Unit L) of Section 11. The completed interval for this well will remain within the 330-foot standard offset required by the Special Rules for the Purple Sage Pool. 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 4 miles southwest of Loving, NM.

Case No. 15955: Application of OXY USA Inc. for Approval Of A 720-Acre Non-Standard Project Area and Non-Standard Spacing Unit Comprised Of Acreage Subject To A Proposed Communitization Agreement, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order approving an approximately 720-acre non-standard project area and non-standard spacing unit in the Bone Spring formation comprised of acreage subject to a proposed communitization agreement covering the W/2 of

Section 25, the W/2 of Section 36, and the S/2 SW/4 Section 24, Township 24 South, Range 29 East, NMPM Eddy County, New Mexico. This acreage has been placed in the WC-025 G-09 S263327G; Upper Wolfcamp pool (Pool Code 98097) and is subject to the Division's general statewide rules for oil development. This subject area is located approximately 7 miles southeast of Malaga, New Mexico.

Case No. 15956: 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 320-acre, more or less, spacing and proration unit comprised of W/2 E/2 of Section 36, and W/2 E/2 of Section 25, 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 **Corral Canyon "36-25" Fed Com No. 24H Well**, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Lot 1) of Section 1, Township 25 South, Range 29 East to a standard bottom hole location in NW/4 NE/4 (Unit B) of Section 25, Township 24 South, Range 29 East. 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 7 miles southeast of Malaga, N.M.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 9th day of January, 2018.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

**Matthias Sayer
Acting Director, Oil Conservation Division**

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