

**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 5, 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 **December 23, 2016**. 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. 15594: Amended application of BC Operating, Inc., Crown Oil Partners V, Crump Energy Partners, and Nadel and Gussman Permian, LLC for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.*** Applicant seeks an order (1) creating a 160-acre, more or less, non-standard spacing and proration unit comprised of the SE/4 of Section 25, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interest owners in the Wolfcamp formation (WC; Salt Draw; Wolfcamp (G) Pool (Pool Code 97721)) underlying the E/2 of Section 36 and the proposed non-standard spacing and proration unit comprised of the SE/4 of Section 25 to form a non-standard 480-acre spacing and proration unit for the proposed horizontal well. Said non-standard unit is to be dedicated to applicants' proposed **Southern Comfort 25-36 State Com. X Well No. 2H**, which will be drilled horizontally from the NE/4 SE/4 (Unit I) of Section 25 to a non-standard bottomhole location in the SE/4 SE/4 (Unit P) of Section 36. 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 BC Operating, Inc., as operator of the well, and a 200% charge for risk involved in drilling said well. The area is located approximately 10 miles southwest of Carlsbad, New Mexico.

***Case No. 15540: Amended application of OXY USA Inc. for approval of surface pool-lease commingling, off-lease storage, and off-lease measurement, Eddy County, New Mexico.*** Applicant seeks an order authorizing 1) lease commingling from all existing and future wells drilled on leases and associated spacing units in Sections 22, 23, and 24 of Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico; 2) off-lease storage; and 3) off-lease measurement. OXY seeks to commingle production from the Pierce Crossing; Bone Spring East Pool (96473) from all existing and future wells and leases located in Sections 22, 23, and 24 at the Cedar Canyon 23-3H satellite facility, located at the Cedar Canyon 23 Federal Well No. 3H well pad. This will be an off-lease location for all spacing units, excluding leases in the N/2 S/2 of Section 22. Oxy intends to allocate production to the spacing units using the well test method. The area is approximately six miles east of Malaga, New Mexico.

**Case No. 15610: Application of Mewbourne Oil Company for compulsory pooling and an unorthodox well location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying Lots 3, 4, W/2 SW/4, and SE/4 (the S/2) of Section 7, Township 24 South, Range 28 East, NMPM, to form a standard 319.23-acre, more or less, gas spacing and proration unit. The unit will be dedicated to the **Boston 7 W2MP Fee Well No. 1H**, a horizontal well with a surface location 330 feet from the south line and 185 feet from the west line, and a terminus 330 feet from the south line and 330 feet from the east line of Section 7. The producing interval will be unorthodox. 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 3-1/2 miles west-northwest of Malaga, New Mexico.

**Case No. 15611: Application of Matador Production Company for a nonstandard 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 S/2 S/2 of Section 20, 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 20 Federal No. Well 124H**, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) to a standard bottom hole location in the SE/4 SE/4 (Unit P) of Section 20. 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 miles northeast of Carlsbad, NM.

**Case No. 15612: 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 N/2 S/2 of Section 20, 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 20 Federal Well No. 123H**, which will be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) to a standard bottom hole location in the NE/4 SE/4 (Unit I) of Section 20. 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 miles northeast of Carlsbad, NM.

**Case No. 15613: 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 spacing and proration unit comprised of the E/2 E/2 of Section 26 and the E/2 E/2 of Section 35, 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 Fly 35-26 Federal Com. Well No. 26H**, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 26 to a standard bottom hole location in SE/4 SE/4 (Unit P) of Section 35. 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 east of Malaga, N.M.

**Case No. 15614:** *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 spacing and proration unit comprised of the W/2 E/2 of Section 26 and the W/2 E/2 of Section 35, 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 Fly 35-26 Federal Com. Well No. 24H**, which will be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 26 to a standard bottom hole location in SW/4 SE/4 (Unit O) of Section 35. 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 east of Malaga, N.M.

**Case No. 15615:** *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 spacing and proration unit comprised of the E/2 W/2 of Section 26 and the E/2 W/2 of Section 35, 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 Fly 35-26 Federal Com. No. Well 23H**, which will be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 26 to a standard bottom hole location in SE/4 SW/4 (Unit N) of Section 35. 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 east of Malaga, N.M.

**Case No. 15616:** *Application of OXY USA Inc. for Approval of a Pressure Maintenance Project, Eddy County, New Mexico.* Applicant in the above-styled cause seeks an order approving a pressure maintenance pilot project for injection of produced gas and produced water through two horizontal wells into the Second Bone Spring in a project area comprised of Section 16, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico. Produced water and produced gas will be injected into the Second Bone Spring formation (Pierce Crossing, Bone Spring, East Pool (96473) and Corral Draw Bone Spring Pool (96238)) through the **Cedar Canyon 16 State Well No. 7H** and the **Cedar Canyon 16 State Well No. 12H** in a proposed project area comprised of Section 16, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico. The surface hole location for the Cedar Canyon 16 State No. 7H (API No. 30-015-41251) is 2,485 feet from the North line, 330 feet from the West (Unit E) of Section 15 and the bottom hole location is 1,980 feet from the North line, 330 feet from the West line (Unit E) of Section 16. The Cedar Canyon 16 State No. 7H is currently producing from the Pierce Crossing, Bone Spring, East Pool (96473). True vertical depth at the first perforation point is 8,690 feet, and corresponding measured depth is 9,200 feet. True vertical depth at the last perforation point is 8,644 feet, and the corresponding measured depth is 13,860 feet. The proposed injection interval is along the horizontal portion of the wellbore at a measured depth of 9,200 feet to 13,680 feet. The surface hole location for the Cedar Canyon 16 State No. 12H (API No. 30-015-42683) is 900 feet from the South line, 860 feet from the West (Unit M) of Section 15 and the bottom hole location is 910 feet from the South line, 180 feet from the West line (Unit M) of Section 16. The Cedar Canyon 16 State No. 12H produces from the Corral Draw Bone Spring Pool (96238). True vertical depth at the first perforation point is 8,691 feet, and the corresponding measured depth is 9,704 feet. True vertical depth at last perforation is 8,635 feet and the corresponding measured depth is 14,214 feet. The proposed injection interval is along the horizontal portion of the wellbore at a measured depth of 9,704 feet to 14,214 feet. Produced water used

for injection into the Subject Wells will be from the Bone Spring and Delaware formations. Injected gas is sourced from the Cedar Canyon Central Delivery Point integration system, which will include gas produced from the Delaware, First Bone Spring, and Second Bone Spring formations. The proposed project is located approximately 5 miles east of Malaga, New Mexico.

**Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 12th day of December, 2016.**

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**

**S E A L**

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