

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 **December 21, 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 **December 11, 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. 15902: Application of NewTex Partners LLC for a non-standard oil spacing and proration unit, Chaves County, New Mexico. Applicant seeks an order creating a 320-acre, more or less, non-standard oil spacing and proration unit (project area) comprised of the E/2 of Section 13, Township 8 South, Range 28 East, NMPM in Chaves County. The project area is to be dedicated to the **Warthog #2H well**, which will be horizontally drilled from a surface location in Unit A to a bottom hole location in Unit P of Section 13, Township 8 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 designation of Hadaway Consulting and Engineering, LLC as the operator of the well. The proposed project area is located approximately thirty-two (32) miles northeast of Roswell, New Mexico.

Case No. 15903: Application of Back Nine Properties LLC for a non-standard oil spacing and proration unit, Chaves County, New Mexico. Applicant seeks an order creating a 320-acre, more or less, non-standard oil spacing and proration unit (project area) comprised of the W/2 of Section 32, Township 10 South, Range 28 East, NMPM, in Chaves County. The project area is to be dedicated to the **Oakmount #5H well**, which will be horizontally drilled from a surface location in Unit C to a bottom hole location in Unit M of Section 32, 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 designation of Hadaway Consulting and Engineering, LLC as the operator of the well. The proposed project area is located approximately twenty-four (24) miles east of Roswell, New Mexico.

Case No. 15904: Application of Continental Resources, Inc. for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order (i) creating a 320-acre, more or less, non-standard oil spacing and proration unit (project area) comprised of the E/2 E/2 of Section 24 and the E/2 E/2 of Section 25, Township 15 South, Range 35 East, NMPM, in Lea County, and (ii) pooling all uncommitted mineral interests in the Wolfcamp formation underlying this acreage. The project area is to be dedicated to the **Reed State 24-25-1HB well**, which will be horizontally drilled from a surface location in Unit A of Section 24 to a bottom hole location in Unit P of Section 25, Township 15 South, Range 35 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 Continental Resources, Inc. 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 two (2) miles north of Lovington, New Mexico.

Case No. 15905: Application of Continental Resources, Inc. for a non-standard oil spacing and proration unit, Lea County, New Mexico. Applicant seeks an order creating a 320-acre, more or less, non-standard oil spacing and proration unit (project area) comprised of the W/2 W/2 of Section 27 and the W/2 W/2 of Section 34, Township 16 South, Range 36 East, NMPM, in Lea County. The project area is to be dedicated to the **State 27-34-1HD well**, which will be horizontally drilled from a surface location in Unit D of Section 27 to a bottom hole location in Unit M of Section 34, Township 16 South, Range 36 East. The completed interval for the well will remain within the 330-foot standard offset required by the Division's rules. The proposed project area is located approximately two (2) miles south of Lovington, New Mexico.

Case No. 15906: Application of Marathon Oil Permian LLC for a non-standard spacing and proration unit, non-standard locations and compulsory pooling, Lea County, New Mexico. Applicant seeks an order approving a non-standard spacing and proration unit in the Wolfcamp formation, comprised of the E/2 of Section 26, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico, the approval of non-standard locations, and the pooling of all uncommitted mineral interests located within the proration unit. This proposed non-standard spacing and proration unit will be the project area for the **Knife Fight Fee 24 34 26 WXY 3H, Knife Fight Fee 24 34 26 WA 6H, and Knife Fight Fee 24 34 26 WXY 19H** wells, to be horizontally drilled. The producing area for these wells will be unorthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 15 miles northwest of Jal, New Mexico.

Case No. 15907: Application of Marathon Oil Permian LLC for a non-standard spacing and proration unit, non-standard locations and compulsory pooling Lea County, New Mexico. Applicant seeks an order to create a non-standard spacing and proration unit covering the Bone Spring formation, which is comprised of the E/2 E/2 of Section 26, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico, the approval of non-standard locations, and the pooling of all uncommitted mineral interests located within the proration unit. This proposed non-standard spacing and proration unit will be the project area for the **Knife Fight Fee 24 34 26 TB 7H well**, to be horizontally drilled. The producing area for this well will be unorthodox, less than 330 feet from the project area boundary. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 15 miles northwest of Jal, New Mexico.

Case No. 15908: Application of Marathon Oil Permian LLC for a non-standard spacing and proration unit, non-standard locations, and compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division: (1) creating a 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 15, Township 24 South, Range 34 East,

NMPM, Lea County, New Mexico; (2) approving non-standard locations; and, (3) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the **Flowmaster 24 34 15 TBU 004H** and **Flowmaster 24 34 15 TBU 005H wells**, to be horizontally drilled. The producing area for these wells will be unorthodox, less than 330 feet from the project area boundary. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 17 miles northwest of Jal, New Mexico.

Case No. 15909: Application of Marathon Oil Permian LLC for a non-standard spacing and proration unit, non-standard locations, and compulsory pooling, Lea County, New Mexico. Applicant seeks an order (1) creating a non-standard 160-acre spacing a proration unit in the Bone Spring formation, comprised of the E/2 W/2 of Section 15, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico; (2) approving non-standard locations; and (3) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the **Flowmaster 24 34 15 SB 8H well**, to be horizontally drilled. The producing area for this well will be unorthodox, located less than 330 feet from the project area boundary. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 17 miles northwest of Jal, New Mexico

Case No. 15748 (re-opened): Application of Matador Production Company to Re-Open Case No. 15748 To Amend the Initial Well Under the Terms of Compulsory Pooling Order R-14333, Eddy County, New Mexico. Applicant in the above-styled cause seeks to amend Division Order R-14333 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 360 feet from the South line, 130 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. 15780 (re-opened): Application of OXY USA WTP Limited Partnership to Re-Open Case No. 15780 To Pool the Interests of Record Title Owners Under the Terms of Compulsory Pooling Order R-14471, Eddy County, New Mexico. Applicant in the above-styled cause seeks to amend Division Order R-15780 to include the pooling of record title owners in the Bone Spring formation underlying the N/2 S/2 of Section 9 and the N/2 S/2 of Section 10, Township 19 South, Range 29 East, NMPM, in Eddy County, New Mexico. Said unit is dedicated to the **Turkey Track 9 10 State Com Well No. 23H** and is located 25 miles north of Malaga, New Mexico.

Case No. 15781 (re-opened): Application of OXY USA WTP Limited Partnership to Re-Open Case No. 15781 To Pool the Interests of Record Title Owners Under the Terms of Compulsory Pooling Order R-14472, Eddy County, New Mexico. Applicant in the above-styled cause seeks to amend Division Order R-15781 to include the pooling of record title owners in the Bone Spring formation underlying the S/2 S/2 of Section 9 and the S/2 S/2 of Section 10, Township 19 South, Range 29 East, NMPM, in Eddy County, New Mexico. Said unit is dedicated to the **Turkey Track 9 10 State Com Well No. 24H** and is located 25 miles north of Malaga, New Mexico.

Case No. 15910: Application of EOG Y Resources, 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 240-acre spacing and proration unit comprised of the E/2 SE/4 of Section 11 and

the E/2 E/2 of Section 14, Township 26 South, Range 26 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Plucky 14 Fed Com No. 502H** (API No. 30-015-44144), which will be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 14 to a bottom hole location in NE/4 SE/4 (Unit I) of Section 11. The project area is located within the Welch Bone Spring Pool (64010). The completed interval for this well will commence and 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 EOG Y Resources, Inc. 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 Malaga, New Mexico.

Case No. 15911: Application of Black River Water Management Company, LLC to Amend Administrative Order SWD-1695 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-1695 to permit increase the diameter of the injection tubing in its **Rustler Breaks SWD No. 3 Well** (API No. 30-015-44303) from 4-½ inches to 5-½ inches. Administrative Order SWD-1695 currently only allows for tubing that is 4-½ inches or smaller. The subject well is located in Unit J (NW/4 SE/4) of Section 24, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico. All other approved well designs and permit conditions under Administrative Order SWD-1695 are proposed to remain unchanged. The Rustler Breaks SWD No. 3 well is located approximately 6 miles northwest of Malaga, N.M.

Case No. 15912: Application of Kaiser-Francis Oil Company for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Kaiser-Francis Oil Company seeks an order approving a 240-acre non-standard oil spacing and proration unit (project area) in the Delaware formation comprised of the E/2 NW/4 of Section 25 and the E/2 W/2 of Section 24, Township 23 South, Range 28 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Delaware formation underlying the non-standard unit. The unit will be dedicated to the **Williams Fee 2524 LBC Well No. 1H**, a horizontal well with a surface location 2290 feet from the north line and 2130 feet from the west line of Section 25, and a terminus 250 feet from the north line and 1980 feet from the west line of Section 24. 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 3 miles east of Loving, New Mexico.

Case No. 15913: Application of Mewbourne Oil Company for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order approving a 478.13-acre non-standard spacing and proration unit in the Wolfcamp formation underlying Lots 3-7, SE/4 NW/4, and E/2 SW/4 (the W/2) of Section 6 and Lots 1, 2, and E/2 NW/4 (the NW/4) of Section 7, Township 24 South, Range 29 East, NMPM, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit. The unit will be dedicated to the **Pecos Valley W2ED Fed. Com. Well No. 1H**, a horizontal well with a surface location in Lot 3 of Section 7, and a terminus in Lot 4 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 3 miles northeast of Malaga, New Mexico.

Case No. 15914: Application of Mewbourne Oil Company for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order approving a 479.88-acre non-standard spacing and proration unit in the Wolfcamp formation underlying Lots 1, 2, S/2 NE/4, and SE/4 (the E/2) of Section 6 and the NE/4 of Section 7, Township 24 South, Range 29 East, NMPM, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard spacing

and proration unit. The unit will be dedicated to the **Pecos Valley W2HA Fed. Com. Well No. 1H**, a horizontal well with a surface location in the SE/4NE/4 of Section 7, and a terminus in Lot 1 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 3-1/2 miles northeast of Malaga, New Mexico.

Case No. 15915: Application of Mewbourne Oil Company for a non-standard gas spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order approving a 320-acre non-standard gas spacing and proration unit in the Wolfcamp formation underlying the NE/4 of Section 20 and the NW/4 of Section 21, Township 23 South, Range 28 East, NMPM, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit. The unit will be dedicated to: (i) the **Whitesnake 20/21 W0BC Fee Well No. 2H**, to be drilled to a depth sufficient to test the Wolfcamp formation. The well is a horizontal well, with a surface location in the NW/4NE/4 of Section 20 and a terminus in the NE/4 NW/4 of Section 21. The beginning and end of the producing interval will be orthodox; and (ii) the **Whitesnake 20/21 W2BC Fee Well No. 1H** to be drilled to a depth sufficient to test the Wolfcamp formation. The well is a horizontal well, with a surface location in the NW/4NE/4 of Section 20 and a terminus in the NE/4 NW/4 of Section 21. The beginning and end of the producing interval will be orthodox. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The unit is located approximately 1/2 miles north of Loving, New Mexico.

Case No. 15916: Application of M & M Energy, LLC for compulsory pooling, Lea County, New Mexico. M & M Energy, LLC seeks an order pooling all mineral interests from the surface to the base of the San Andres formation underlying the NE/4 SW/4 of Section 6, Township 22 South, Range 36 East, NMPM, to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the **J.H. Day Well No. 1**, to be re-entered and deepened at an orthodox location 2310 feet from the south and west lines of Section 6. 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 mile west-southwest of Eunice, New Mexico.

Case No. 15917: Application of M & M Energy, LLC for compulsory pooling, Lea County, New Mexico. M & M Energy, LLC seeks an order pooling all mineral interests from the surface to the base of the San Andres formation underlying the SE/4 NW/4 of Section 6, Township 22 South, Range 36 East, NMPM, to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the **J.H. Day Well No. 2**, to be re-entered and deepened at an orthodox location 1980 feet from the north and west lines of Section 6. 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 mile west-southwest of Eunice, New Mexico.

Case No. 15918: Application of M & M Energy, LLC for compulsory pooling, Lea County, New Mexico. M & M Energy, LLC seeks an order pooling all mineral interests from the surface to the base of the San Andres formation underlying the SE/4 SW/4 of Section 6, Township 22 South, Range 36 East, NMPM, to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the **J.H. Day Well No. 3**, to be re-entered and deepened at an orthodox location 330 feet from the south line and 2310 feet from the west line of Section 6. 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 mile west-southwest of Eunice, New Mexico.

Case No. 15919 (re-advertised): Application of Southland Royalty Company LLC for Designation of a Non-Standard Spacing and Proration Unit and Project Area, and for Exception to the Well Location Provisions of the Special Rules and Regulations for the Basin-Mancos Gas Pool and the Basin-Dakota Pool, Rio Arriba County, New Mexico. Applicant seeks approval of its designated 800-acre+/- non-standard spacing and proration unit or units in the Mancos and Dakota formations, Basin-Mancos Gas Pool (97232) and Basin-Dakota pool (71599) for Applicant's communitized horizontal drilling project area comprised of the following lands in Township 32 North, Range 5 West, NMPM: Section 27: SE/4, Section 26: S/2, Section 25: S/2. Applicant also seeks a blanket exception to the well setback location provisions of the Special Pool Rules for the Basin Mancos Gas Pool (Order No. R-12984) and the Basin-Dakota Pool (Order No. R-10987-B[2]) authorizing well locations within 330 feet of the outer boundaries of the project area. The first two wells to be drilled within the unit will be drilled from a common pad at the following locations:

Carracas 101H

Surface Hole Location: NAD83 36.949357N 107.344408W

1,933' FSL & 1,077' of Section 27

Bottom Hole Location: 1,650' FSL & 350' FEL of Section 25

Carracas 102H

Surface Hole Location: NAD83 36.949369N 107.344439W

1,938' FSL & 1,086' FEL Section 27

Bottom Hole Location: 990' FSL & 350' FEL of Section 25

The project area is located approximately 7 miles southeast of Arboles, Colorado.

Case No. 15920: Application of NGL Water Solutions Permian, LLC for Authorization to Inject, Lea County, New Mexico. Applicant seeks an order authorizing the injection of water for disposal into the Silurian-Devonian formation, Silurian-Devonian SWD pool (96101) in Lea County, New Mexico in the following well:

Striker 4 SWD No. 1

1,127 FSL & 990' FWL (Unit M)

Section 24

T-24-S, R-34-E, NMPM

Lea County, New Mexico

Applicant proposes to drill the well at the above location and utilize it for injection of produced water at depths of 17,100' to 18,600' subsurface. The well is located approximately .8 miles southeast of the intersection of State Highway 128 and County Road 2B.

Case No. 15921: In the matter of the hearing called by the Oil Conservation Division to consider:

The expansion of the Otero Chacra Gas Pool in San Juan and Rio Arriba Counties, New Mexico.

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 30th day of November, 2017.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

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

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