

## 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 **May 17, 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 **May 7, 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/](http://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. 16132: Application of Chevron U.S.A. Inc. for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.*** Applicant seeks an order (i) creating a 480-acre, non-standard oil spacing and proration unit (project area) comprised of the E/2 of Section 14 and the SE/4 of Section 11, Township 24 South, Range 31 East, NMPM, in Eddy County, and (ii) pooling all mineral interests in the Bone Spring formation. The project area is to be dedicated to applicant's **SND 11 14 Fed Com 003 #4H well**, which will be drilled from a surface location in Unit G in Section 11 to a bottom hole location in Unit O in Section 14, Township 24 South, Range 31 East, **SND 11 14 Fed Com 003 #5H well**, which will be drilled from a surface location in Unit G in Section 11 to a bottom hole location in Unit P in Section 14, Township 24 South, Range 31 East, and **SND 11 14 Fed Com 003 #6H well**, which will be drilled from a surface location in Unit G in Section 11 to a bottom hole location in Unit P in Section 14, Township 24 South, Range 31 East. The completed intervals for the wells will remain within the 330-foot standard offsets required by the Division's rules. Also to be considered will be the costs of drilling and completing the wells and the allocation of the costs, the designation of Chevron U.S.A. Inc. as the operator of the wells, and a 200% charge for the risks involved in drilling and completing the wells. The proposed project area is located approximately twenty (20) miles east of Loving, New Mexico.

***Case No. 16133: Application of Chevron U.S.A. Inc. for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.*** Applicant seeks an order (i) creating a 480-acre, non-standard oil spacing and proration unit (project area) comprised of the E/2 of Section 14 and the SE/4 of Section 11, Township 24 South, Range 31 East, NMPM, in Eddy County, and (ii) pooling all mineral interests in the Wolfcamp formation. The project area is to be dedicated to applicant's **SND 11 14 Fed**

**Com 004 #4H well**, which will be drilled from a surface location in Unit H in Section 11 to a bottom hole location in Unit O in Section 14, Township 24 South, Range 31 East, **SND 11 14 Fed Com 004 #5H well**, which will be drilled from a surface location in Unit H in Section 11 to a bottom hole location in Unit P in Section 14, Township 24 South, Range 31 East, and **SND 11 14 Fed Com 004 #6H well**, which will be drilled from a surface location in Unit H in Section 11 to a bottom hole location in Unit P in Section 14, Township 24 South, Range 31 East. The completed intervals for the wells will remain within the 330-foot standard offsets required by the Division's rules. Also to be considered will be the costs of drilling and completing the wells and the allocation of the costs, the designation of Chevron U.S.A. Inc. as the operator of the wells, and a 200% charge for the risks involved in drilling and completing the wells. The proposed project area is located approximately twenty (20) miles east of Loving, New Mexico.

***Case No. 16134: Application of Tap Rock Resources, LLC for compulsory pooling, Eddy County, New Mexico.*** Tap Rock Resources, LLC seeks an order approving a 320-acre standard gas spacing and proration unit (project area) in the Wolfcamp formation comprised of the E/2 of Section 14, Township 24 South, Range 31 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the E/2 of Section 14. The unit will be dedicated to the **Double Diamond 24S31E1414 Well No. 238H**, a horizontal well with a surface location in the SE/4 SE/4, and a terminus in the NE/4 NE/4, of Section 14. 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 Tap Rock Operating, LLC as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 19-1/2 miles east of Malaga, New Mexico.

***Case No. 16002 (re-opened): Application of Mewbourne Oil Company to re-open Case No. 16002 for a non-standard gas spacing and proration unit and compulsory pooling, Eddy County, New Mexico.*** Mewbourne Oil Company seeks an order approving a 640-acre non-standard gas spacing and proration unit (project area) in the Wolfcamp formation comprised of the N/2 of Section 9 and the N/2 of Section 8, Township 24 South, Range 28 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the non-standard unit. The unit will be dedicated to the **Chicago 9/8 W0HE Fee Com. Well No. 1H** and the **Chicago 9/8 W2HE Fee Com. Well No. 2H**, horizontal wells with surface locations in the SE/4 NE/4 of Section 9, and bottomhole locations in the SW/4 NW/4 of Section 8. 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 2 miles west-northwest of Malaga, New Mexico.

***Case No. 16135: Application of Mewbourne Oil Company for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico.*** Mewbourne Oil Company seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the W/2 W/2 of Section 22, Township 23 South, Range 34 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit will be dedicated to (a) the **Gazelle 22 B3MD Fed. Com. Well No. 1H**, a horizontal well with a surface location in the SW/4 SW/4, and a terminus in the NW/4 NW/4, of Section 22, and (b) the **Gazelle 22 B2MD Fed. Com. Well No. 2H**, a horizontal well with a surface location in the SW/4 SW/4, and a terminus in the NW/4 NW/4, of Section 22. The producing interval of each well 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 well. The unit is located approximately 19 miles southwest of Oil Center, New Mexico.

***Case No. 16136: 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 640-acre non-standard gas spacing and proration unit (project area) in the Wolfcamp formation comprised of the E/2 of Section 12 and the E/2 of Section 1, Township 24 South, Range 26 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the non-standard unit. The unit will be dedicated to the **Riverboat 12/1 W0PA Fed. Com. Well No. 1H** and the **Riverboat 12/1 W2PA Fed. Com. Well No. 1H**. Both wells are horizontal wells with surface locations in the SE/4 SE/4 of Section 12, and bottomhole locations in the NE/4 NE/4 of Section 1. 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 2-1/2 miles north of Black River Village, New Mexico.

***Case No. 16137: 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 160-acre non-standard oil spacing and proration unit in the Bone Spring formation underlying the N/2 SE/4 of Section 20 and the N/2 SW/4 of Section 21, Township 23 South, Range 28 East, NMPM, and pooling all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit. The unit will be dedicated to the **Loving Townsite 2021 3BS Well No. 1H**, a horizontal well with a surface location in the NW/4 SE/4 of Section 20, and a terminus in the NE/4 SW/4 of Section 21. 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 wells. The unit is located in the center of Loving, New Mexico

***Case No. 16138: 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 160-acre non-standard oil spacing and proration unit in the Delaware formation underlying the N/2 SE/4 of Section 20 and the N/2 SW/4 of Section 21, Township 23 South, Range 28 East, NMPM, and pooling all mineral interests in the Delaware formation underlying the non-standard spacing and proration unit. The unit will be dedicated to the **Loving Townsite 2021 LBC Well No. 1H**, a horizontal well with a surface location in the NW/4 SE/4 of Section 20, and a terminus in the NE/4 SW/4 of Section 21. 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 wells. The unit is located in the center of Loving, New Mexico.

***Case No. 16139: 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 160-acre non-standard oil spacing and proration unit in the Delaware formation underlying the S/2 SE/4 of Section 20 and the S/2 SW/4 of Section 21, Township 23 South, Range 28 East, NMPM, and pooling all mineral interests in the Delaware formation underlying the non-standard spacing and proration unit. The unit will be dedicated to the **Loving Townsite 2021 LBC Well No. 2H**, a horizontal well with a surface location in the SW/4 SE/4 of Section 20, and a terminus in the SE/4 SW/4 of Section 21. 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 wells. The unit is located in the center of Loving, New Mexico.

***Case No. 16140: 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 160-acre non-standard oil spacing and proration unit in the Bone Spring formation underlying the S/2 SE/4 of Section 20 and the S/2S W/4 of Section 21, Township 23 South, Range 28 East,

NMPM, and pooling all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit. The unit will be dedicated to the **Loving Townsite 2021 3BS Well No. 2H**, a horizontal well with a surface location in the SW/4 SE/4 of Section 20, and a terminus in the SE/4 SW/4 of Section 21. 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 wells. The unit is located in the center of Loving, New Mexico.

***Case No. 16141: Application of Kaiser-Francis Oil Company for a non-standard gas spacing and proration unit and compulsory pooling, Eddy County, New Mexico.*** Kaiser-Francis Oil Company seeks an order approving a 320-acre non-standard gas spacing and proration unit in the Wolfcamp formation comprised of the SE/4 of Section 20 and the SW/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: (a) the **Loving Townsite 2021 WC Well No. 1H**, a horizontal well with a surface location in the NW/4 SE/4 of Section 20, and a terminus in the NE/4 SW/4 of Section 21; (b) the **Loving Townsite 2021 WA Well No. 1H**, a horizontal well with a surface location in the NW/4 SE/4 of Section 20, and a terminus in the NE/4 SW/4 of Section 21; (c) the **Loving Townsite 2021 WC Well No. 2H**, a horizontal well with a surface location in the SW/4 SE/4 of Section 20, and a terminus in the SE/4 SW/4 of Section 21; and (d) the **Loving Townsite 2021 WA Well No. 2H**, a horizontal well with a surface location in the SW/4 SE/4 of Section 20, and a terminus in the SE/4 SW/4 of Section 21. The beginning and end of the producing interval of each well 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 in the center of Loving, New Mexico.

***Case No. 16142: Application of Apache Corporation for a non-standard spacing and proration unit, non-standard locations, and compulsory pooling, Eddy 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 S2/ N/2 of Section 26, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico; and, (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 **Palmillo 26 State Corn #314H** well, to be horizontally drilled. The producing area for the well will be unorthodox. 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 Apache as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 13.6 miles northeast of Carlsbad, New Mexico.

***Case No. 16143: Application of Apache Corporation for a non-standard spacing and proration unit, non-standard locations, and compulsory pooling, Eddy 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 N/2 N/2 of Section 26, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico; and, (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 **Palmillo 26 State Corn #315H** and **Palmillo 26 State Com #316 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 Apache as operator of the well, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 13.6 miles northeast of Carlsbad, New Mexico.

**Case No. 16144: 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 240-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the W/2 E/2 of Section 18 and the W/2 NE/4 of Section 19, Township 24 South, Range 35 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 **Blueberry Hill Fee 24-35-19 TB 3H** well, to be horizontally drilled. The producing area for the well will have unorthodox locations. 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 14 miles northwest of Jal, New Mexico.

**Case No. 16145: Application of Marathon Oil Permian LLC for approval of 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 480-acre, more or less, spacing and proration unit in the Wolfcamp formation, comprised of the E/2 of Section 18 and the NE/4 of Section 19, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico; and, (2) approving non-standard locations; and (3) pooling all mineral interests in the Wolfcamp formation underlying this proposed non-standard spacing and proration unit. This proposed spacing and proration unit will be the project area for the **Blueberry Hill Fee 24-35-19 WXY 4H, Blueberry Hill Fee 24-35-19 WA 5H, and Blueberry Hill Fee 24-35-19 WA 6H** wells, to be horizontally drilled. The producing area for these wells will have unorthodox locations. 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 14 miles northwest of Jal, New Mexico.

**Case No. 16146: 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 240-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the E/2 E/2 of Section 18 and the E/2 NE/4 of Section 19, Township 24 South, Range 35 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 **Blueberry Hill Fee 24-35-19 TB 10H** well, to be horizontally drilled. The producing area for the well will have unorthodox locations. 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 14 miles northwest of Jal, New Mexico.

**Case No. 16147: Application of Marathon Oil Permian LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant seeks an order from the Division: (1) creating a non-standard 240-acre, more or less, spacing and proration unit in the Wolfcamp formation, comprised of the W/2 W/2 of Section 11 and the W/2 NW/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico; and, (2) pooling all mineral interests in the Wolfcamp 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 **Ender Wiggins Federal 25-34-14 WA 1H** well, to be horizontally drilled. The producing area for the well will be orthodox. 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 WNW of Jal, New Mexico.

**Case No. 16148: Application of Marathon Oil Permian LLC for a non-standard spacing and proration unit and approving non-standard locations, Lea County, New Mexico.** Applicant seeks an order from the Division: (1) creating a non-standard 480-acre, more or less, spacing and proration unit in the Wolfcamp formation, comprised of the W/2 Section 11 and the NW/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico; and (2) approving non-standard locations. This proposed non-standard spacing and proration unit will be the project area for the **Ender Wiggins Federal 25-34-14 WD 2H** well, to be horizontally drilled. The producing area for the well will have unorthodox locations. Said area is located approximately 15 miles WNW of Jal, New Mexico.

**Case No. 16149: Application of Marathon Oil Permian LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant seeks an order from the Division: (1) creating a non-standard 240-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the W/2 W/2 of Section 11 and the W/2 NW/4 of Section 14, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico; and, (2) 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 **Ender Wiggins Federal 25-34-14 TB 3H** well, to be horizontally drilled. The producing area for the well will be orthodox. 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 WNW of Jal, New Mexico.

**Case No. 16150: Application of Marathon Oil Permian LLC for the approval of 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 spacing 320-acre, more or less, spacing and proration unit covering the W/2 of Section 18, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico; (2) pooling all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit; and (3) the approval of non-standard locations. This proposed non-standard spacing and proration unit will be the project area for the **Halberd Federal 24-35-18 WA 5H; Halberd Federal 24-35-18 WXY 3H; and Halberd Federal 24-35-18 WXY 10H** wells, to be horizontally drilled. The producing area for these wells will have unorthodox locations. 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. 16151: 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 18, Township 24 South, Range 35 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 **Halberd Federal 24-35-18 FB 12H and Halberd Federal 24-35-18 TB 6H** wells, to be horizontally drilled. The producing area for the wells will have unorthodox locations. 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. 16152: Application of Chevron U.S.A. 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, 640-acre spacing and proration unit comprised of the W/2 of Section 15, Township 23 South, Range 28 East, and the W/2 of Section 22, Township 23 South, Range 28 East, N.M.P.M., Eddy County, New Mexico; and (2) pooling all mineral interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's three proposed wells: the **CB SO 15 22**

**004 1H Well**, the proposed **CB SO 15 22 004 2H Well**, and the **CB SO 15 22 004 3H Well**, which will be simultaneously drilled and completed. The three proposed horizontal wells will be pad drilled from a surface location in the NW/4 SW/4 (Unit D) of Section 15 to a bottom hole locations in the SW/4 SW/4 (Unit M) of Section 22 for the **CB SO 15 22 004 1H Well** and the **CB SO 15 22 004 2H Well** and in the SE/4 SW/4 (Unit N) of Section 22 for the **CB SO 15 22 004 3H Well**. The completed interval for each well will be at a standard 330 foot offset pursuant to the Special Rules for the Purple Sage Wolfcamp Gas Pool (Pool Code 98220). Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Chevron U.S.A. Inc. as operator of the wells and a 200% charge for risk involved in drilling said well. Said area is located approximately 2 miles east of Loving, New Mexico.

***Case No. 16153: 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), Rio Arriba County, New Mexico, to permit it to complete and simultaneously produce five Mesaverde gas wells in the same standard spacing and proration unit, and three wells within the same quarter section. Hilcorp further seeks approval for the proposed location of the **San Juan 28-6 Unit 120** (API No. 30-039-82242) in the Mesaverde formation with a surface location in Unit I of the S/2 of Section 9, Township 28 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, and authorization to simultaneously complete and produce the San Juan 28-6 Unit 120 Well from the Blanco-Mesaverde Gas Pool. Said area is located approximately 35 miles east of Bloomfield, NM.

***Case No. 16154: County, 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), Rio Arriba County, New Mexico, to permit it to complete and simultaneously produce four Mesaverde gas wells in the same standard spacing and proration unit, three wells within the same quarter section, and two wells in the same quarter-quarter section. Hilcorp further seeks approval for the proposed location of the **San Juan 28-6 Unit 117** (API No. 30-039-07458) in the Mesaverde formation with a surface location in Unit J of the S/2 of Section 10, Township 28 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, and authorization to simultaneously complete and produce the San Juan 28-6 Unit 117 from the Blanco-Mesaverde Gas Pool. Said area is located approximately 35 miles east of Bloomfield, NM.

***Case No. 16155: 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 240-acre non-standard spacing and proration unit comprised of the W/2 SW/4 of Section 17 and the W/2 W/2 of Section 20, 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 will be the project area for two proposed initial wells to be drilled and simultaneously completed: the **Salt Ridge CC “20-17” Federal Com 21H Well** and the **Salt Ridge CC “20-17” Federal Com 22H Well**. The proposed **Salt Ridge CC “20-17” Federal Com 21H Well** will be drilled from a surface location in the SW/4 NW/4 (Unit E) of Section 17 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 20 and the proposed **Salt Ridge CC “20-17” Federal Com 22H Well** will be drilled from a surface location in the SE/4 NW/4 (Unit F) of Section 17 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 20. The proposed **Salt Ridge CC “20-17” Federal Com 22H Well** will be unorthodox because the completed interval for this well will be closer than 330 feet to the outer boundary of the proposed spacing and proration unit than allowed by the statewide rules. OXY has previously applied for a non-standard location for this well. The completed interval for the **Salt Ridge CC “20-17” Federal Com 21H 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 wells 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 wells and a 200% charge for risk involved in drilling said well. Said area is located approximately 4 miles east of Malaga, N.M.

***Case No. 16156: 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 240-acre non-standard spacing and proration unit comprised of the E/2 SW/4 of Section 17 and the E/2 W/2 of Section 20, 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 will be the project area for its proposed **Salt Ridge CC “20-17” Federal Com 23H Well**, which will be horizontally drilled from a surface in the SE/4 NW/4 (Unit F) of Section 17, Township 24 South, Range 29 East, NMPM, to bottom hole locations in the SE/4 SW/4 (Unit N) of Section 20, Township 24 South, Range 29 East, NMPM. 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 OXY USA Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 4 miles east of Malaga, N.M.

***Case No. 16013 (Re-opened): Application of OXY USA Inc. to re-open Case No. 16013, or to amend its application, for purposes of dedicating the proposed non-standard spacing and proration unit to the Nimitz MDP1 “13” Federal Com No. 2H Well, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks to re-open Case No. 16013, or to amend its application, for an order (1) creating a 160-acre non-standard spacing and proration unit comprised of the W/2 E/2 of Section 13, Township 24 South, Range 30 East, NMPM, Eddy County, New Mexico; (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage; and (3) dedicating the non-standard unit to applicant’s proposed **Nimitz MDP1 “13” Federal Com No. 2H Well**, which will be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 12 to a standard bottom hole location in SW/4 SE/4 (Unit O) of Section 13, Township 24 South, Range 30 East, NMPM, Eddy County, New Mexico. 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 14 miles east of Malaga, N.M.

***Case No. 16157: Application of Percussion Petroleum Operating, LLC for a non-standard spacing and proration unit, unorthodox well location, and compulsory pooling, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks an order (1) creating a 160-acre, more or less, spacing and proration unit comprised of the S/2 S/2 of Section 32, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico; (2) pooling all uncommitted interests in the Red Lake, Glorieta-Yeso Pool (51120); and (3) approving an unorthodox well location. Said non-standard unit is to be dedicated to applicant’s proposed **Red Lake 32 State Com 2H Well**, which will be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 32 to a standard bottom hole location in the SW/4 SW/4 (Unit M) of Section 32. The final take point for the well will be at a location 100 feet from the west line and 360 feet from the south line of Section 32. The last take point is unorthodox to the spacing and proration units to the west and southwest. 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 Percussion Petroleum Operating, LLC 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 Artesia, New Mexico.



***Case No. 16158: Application of Delaware Energy LLC for Authorization to Inject Salt Water for Purposes of Disposal Through its Moomaw SWD No. 1 Well, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks an order authorizing injection of salt water for purposes of disposal through its proposed Moomaw SWD No. 1 well with a surface location 1,646 feet from the north line and 2,294 feet from the east line (Unit G) of Section 25, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico. The maximum proposed daily injection rate will be 30,000 barrels per day with an average injection rate of 15,000 to 20,000 barrels per day. The proposed injection will occur within the Devonian-Fusselman Formations from 17,400 to 19,200 feet deep. The maximum surface injection pressure will be 3,480 psi with an average injection pressure of 1,800 psi. Said well is located approximately 9 miles northwest of Jal, New Mexico.

***Case No. 16159: Application of OXY USA WTP Limited Partnership for Approval of a Waterflood Unit Agreement for Purposes of Implementing a Pressure Maintenance Project in the Benson; Bone Spring Pool through its Smokey Bits State Com No. 2H well, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks an order approving its Waterflood Unit Agreement and authorizing a pilot pressure maintenance project in the Benson; Bone Spring Pool (Pool Code 5200) within the Second Bone Spring Sand formation and to inject produced water through its **Smokey Bits State Com No. 2H well** (API No. 30-015-40196), with a surface location 1,575 feet from the North line and 75 feet from the West line (Unit E) of Section 36, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico. The unitized interval is the stratigraphic equivalent of the Second Bone Spring which covers the depths from 7,862 feet to 8,818 feet in the Oxy Smokey State #1 (30-015-31611), located 1,780 feet from the north line and 1,980 feet from the west line of Section 36, Township 18 South, Range 30 East, Eddy County, New Mexico. The maximum proposed daily injection rate will be 6,000 barrels per day with an average daily injection rate of 1,500 barrels per day. The proposed injection will occur within the Second Bone Spring formation at a depth of approximately 8,532 feet to 8,624 feet deep. The proposed Unit Area and project area is approximately 640 acres in size, consisting of said Section 36. The applicant requests administrative approval to convert future wells with the Unit Area to injection pursuant to 19.15.26.8.F.3 NMAC. Applicant also requests authorization to set injection packers in the proposed injection well and all future injection wells within the Unit Area more than 100 feet above the uppermost injection perforation. The maximum surface injection pressure will be 1,706 psi. Said well is located approximately 15 miles southwest of Maljamar, New Mexico.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 23<sup>rd</sup> day of April, 2018.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**

**Heather Riley  
Director, Oil Conservation Division**

**S E A L**