

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 **August 23, 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 **August 13, 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. 16284: Amended Application of Novo Oil & Gas Northern Delaware, LLC, a wholly owned subsidiary of Novo Oil & Gas, LLC, for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted mineral interests in the Bone Spring formation underlying Lot 1 (NE/4 NE/4), SE/4 NE/4 and E/2 SE/4 of Section 5, Township 23 South, Range 29 East, Eddy County, New Mexico. This 160.36 acre standard horizontal spacing and proration unit is to be dedicated to the applicant's **Rana Salada Fed Com 5 23S 29E 2B #1H well** which will be horizontally drilled from a surface location in the NE/4 NE/4 of Section 5, Township 23 South, Range 29 East, to a bottom hole location in the SE/4 SE/4 of Section 5, Township 23 South, Range 29 East. The producing interval will be orthodox. Also to be considered will be the cost of drilling and completing each 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 wells and a 200% charge for risk involved in drilling the well. Said area is located approximately 5 miles Northeast of Loving, New Mexico.

Case No. 16142 (reopened): Application of Apache Corporation to Re-Open Case No. 16142 and Modify Order No. R-14765 to allow for drilling of a subsequent well and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division modifying Order No. R-14765 to allow for the drilling of a subsequent well in the unit in the Bone Spring formation, comprised of the N/2 S/2 of Section 21, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico; and, (2) pooling all mineral interests in the unit. The **Palmillo 21 State Com #213H well** is to be horizontally drilled. The producing area for this 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 Apache 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, New Mexico.

Case No. 16143 (re-opened): Application of Apache Corporation to Re-Open Case No. 16143 and Modify Order No. R-14766 to allow for drilling of a subsequent well and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division modifying Order No. R-14766 to allow for the drilling of a subsequent well in the 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) pooling all mineral interests in the well. The **Palmillo 21 State Com #214H well** is to be horizontally drilled. The producing area for this 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 Apache 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, New Mexico.

Case No. 16360: Application of Caza Petroleum, LLC for compulsory pooling, Eddy County, New Mexico. Caza Petroleum, LLC seeks an order pooling all mineral interests in the Wolfcamp formation underlying the N/2 of Section 22 and the N/2 of Section 21, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico, comprising a 640-acre horizontal spacing unit in the Wolfcamp formation. The unit will be dedicated to applicant's **Forehand Ranch 22-21 State Well No. 2H**, to be horizontally drilled from a surface location in the SE/4 NE/4 of Section 22 to a last take point in the SW/4 NW/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 Caza Operating, LLC as operator of the well, and a 200% charge for risk involved in drilling the well. The unit is located approximately 6-1/2 miles north-northwest of Black River Village, New Mexico.

Case No. 16279 (continued and re-advertised): Application of Mewbourne Oil Company for a non-standard horizontal spacing unit and compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order approving a 200-acre non-standard horizontal spacing unit in the Second Bone Spring Sand zone of the Bone Spring formation comprised of the SE/4 SW/4 and S/2 SE/4 of Section 11 and the S/2 SW/4 of Section 12, Township 19 South, Range 29 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Second Bone Spring Sand underlying the non-standard unit. The unit will be dedicated to the **Sapphire 11/12 B2NN State Com. Well No. 1H**, a horizontal well with a surface location in the SE/4 SW/4 of Section 11, and a final take point in the SE/4 SW/4 of Section 12. 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 approximately 11 miles south-southwest of Loco Hills, New Mexico.

Case No. 16361: Application of Tap Rock Resources, LLC to determine the validity of infill well proposals, Lea County, New Mexico. Tap Rock Resources, LLC seeks an order determining the validity of two infill well proposals submitted to it by Ameredev Operating, LLC for the **Amen Corner State Com. 26 36 27 Well Nos. 121H and 091H**, located in the W/2 W/2 of Section 27 and the W/2 NW/4 of Section 34, Township 26 South, Range 36 East, NMPM. The unit is located approximately 8 miles southwest of Jal, New Mexico.

Case No. 16362: Application of Ameredev Operating, LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 320-acre, more or less, non-standard spacing and proration unit comprised of E/2 E/2 of Section 29 and the E/2 E/2 of Section 32, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to the proposed **Redbud State Com 25 36 32 No. 097H Well**, which will be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section

32 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 29. The completed interval for this well will remain within the standard offset required by the statewide rules. 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 Ameredev Operating, LLC as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 8 miles southwest of Jal, NM.

Case No. 16363: Application of Ameredev Operating, LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 320-acre, more or less, non-standard spacing and proration unit comprised of E/2 E/2 of Section 29 and the E/2 E/2 of Section 32, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico; and (2) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to the proposed **Redbud State Com 25 36 32 No. 107H Well**, which will be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 32 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 29. The completed interval for this well will remain within the standard offset required by the statewide rules. 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 Ameredev Operating, LLC as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 8 miles southwest of Jal, NM.

Case No. 16364: Application of Chisholm Energy Operating, LLC for an unorthodox well location, non-standard spacing and proration unit, and compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard 324.54-acre, more or less, spacing and proration unit comprised of Lot 4, SW/4 NW/4, and W/2 SW/4 [W/2 W/2] of Section 1 and the W/2 W/2 of Section 12, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico; (2) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage; and (3) approving the proposed unorthodox well location. Said non-standard unit is to be dedicated to applicant's proposed **Buffalo 12-1 Fed Com WCC No. 6H Well**, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 12 to a bottom hole location in the NW/4 NW/4 (Lot 4) of Section 1. The completed interval for this well will be at an unorthodox location because it is closer to the eastern boundary of the spacing and proration unit than allowed by the statewide 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 Chisholm Energy Operating, LLC as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 14 miles southeast of Maljamar, New Mexico.

Case No. 16365: Application of Chisholm Energy Operating, LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a 320-acre, more or less, spacing and proration unit comprised of the E/2 E/2 of Sections 13 and 24 in Township 19 South, Range 33 East, NMPM, Lea County, New Mexico and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. The proposed spacing and proration unit will be dedicated to applicant's proposed **Stetson 13-24 Fed Com 1BS No. 6H Well**, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 13 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 24. This area is located within the Tonto; Bone Spring Pool (Pool Code 59475) and the completed interval for this well will comply with the setback requirements for this 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 Chisholm Energy Operating, LLC as operator of the well, and imposing a 200% charge for risk involved in drilling said well. Said area is located approximately 28 miles West of Hobbs, New Mexico.

Case No. 16366: Application of Chisholm Energy Operating, LLC for a non-standard spacing and proration unit, compulsory pooling, and approval of a non-standard well location, Lea 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 the W/2 E/2 of Sections 13 and 24 in Township 19 South, Range 33 East, NMPM, Lea County, New Mexico and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. The proposed spacing and proration unit will be dedicated to applicant's proposed **Stetson 13-24 Fed Com 3BS No. 5H Well**, which will be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 13 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 24. This area is located within the Tonto; Bone Spring Pool (Pool Code 59475) and the completed interval for this well will be at an unorthodox location 1595 feet FEL, thereby encroaching on the acreage to the East of the proposed spacing and proration unit. 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 Chisholm Energy Operating, LLC as operator of the well, and imposing a 200% charge for risk involved in drilling said well. Said area is located approximately 28 miles West of Hobbs, New Mexico.

Case No. 16367: 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, more or less, spacing and proration unit, three wells within the same quarter section, and two wells within the same quarter-quarter section. Hilcorp further seeks approval for the proposed location of the **Davis 011** (API No. 30-045-10998) in the Mesaverde formation with a surface location in Unit O of the S/2 of Section 3, Township 31 North, Range 12 West, NMPM, San Juan County, New Mexico, and authorization to simultaneously complete and produce the Davis 011 from the Blanco-Mesaverde Gas Pool. Said area is located approximately 15.8 miles east of Bloomfield, NM.

Case No. 16368: 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 four Mesaverde gas wells in the same standard 316.86-acre, more or less, spacing and proration unit and three wells within the same quarter section. Hilcorp further seeks approval for the proposed location of the **Grenier A 004E** (API No. 30-045-24887) in the Mesaverde formation with a surface location in Unit F of the W/2 of Section 26, Township 30 North, Range 10 West, NMPM, San Juan County, New Mexico, and authorization to simultaneously complete and produce the Grenier A 004E from the Blanco-Mesaverde Gas Pool. Said area is located approximately 8.3 miles east of Bloomfield, NM.

Case No. 16369: 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 three Mesaverde gas wells in the same quarter section and within the same standard 320-acre, more or less, spacing and proration unit. Hilcorp further seeks approval for the proposed location of the **Patterson B Com 001E Well** (API No. 30-045-23959) in the Mesaverde formation with a surface location in Unit M of the W/2 of Section 2, Township 31 North, Range 12 West, NMPM, San Juan County, New Mexico, and

authorization to simultaneously complete and produce the Patterson B Com 001E Well from the Blanco-Mesaverde Gas Pool. Said area is located approximately 8 miles northwest of Aztec, NM.

Case No. 16370: 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 317.22-acre, more or less, spacing and proration unit, and three wells within the same quarter section. Hilcorp further seeks approval for the proposed location of the **Sunray F 1F** (API No. 30-045-34450) in the Mesaverde formation with a surface location in Unit I of the E/2 of Section 26, Township 30 North, Range 10 West, NMPM, San Juan County, New Mexico, and authorization to simultaneously complete and produce the Sunray F 1F from the Blanco-Mesaverde Gas Pool. Said area is located approximately 8.6 miles east of Bloomfield, NM.

Case No. 16371: Application of Hilcorp Energy Company for Approval to Downhole Commingling, San Juan County, New Mexico. Applicant seeks an order authorizing downhole commingling production from the Basin Dakota Pool (71599) and the Blanco Mesaverde Pool (72319) for the **Zella Calloway No. 1** Well in Unit A, Section 3, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico. Said well is located approximately 0.75 miles North of Aztec, New Mexico.

Case No. 16372: Application of Matador Production Company for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 160-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 23, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico and (2) pooling all uncommitted mineral interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Brad Lummis Fed Com No. 211H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 23. The completed interval for this well will remain within the standard offset required by the statewide 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 16 miles northwest of Jal, NM.

Case No. 16373: Application of Matador Production Company for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 160-acre, more or less, spacing and proration unit comprised of the E/2 W/2 of Section 23, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico and (2) pooling all uncommitted mineral interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Brad Lummis Fed Com No. 212H Well**, which will be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 23. The completed interval for this well will remain within the standard offset required by the statewide 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 16 miles northwest of Jal, NM.

Case No. 16374: Application of COG Operating LLC for Approval to Amend CTB-770, Eddy County, New Mexico. Applicant seeks an order amending CTB-770 to revise the leases subject to surface

commingling. The amended CTB-770 will include the following areas of diverse ownership in Township 20 South, Range 25 East, NMPM, Eddy County, New Mexico:

- a. the Bone Yard 11 Fee No. 11H Well (API No. 30-015-43417), dedicated to the W/2W/2 of Section 11;
- b. the Bone Yard 11 Fee No. 12H Well (API No. 30-015-43305), dedicated to the E/2W/2 of Section 11;
- c. the Bone Yard 11 Fee No. 16H Well (API No. 30-015-43999), dedicated to the E/2W/2 of Section 11 and the E/2 SW/4 of Section 2;

Said area is located approximately 6.5 miles southwest of Lakewood, New Mexico.

Case No. 16375: Application of Delaware Energy, LLC for approval of a salt water disposal well, Eddy County, New Mexico. Applicant seeks an order authorizing injection for purposes of salt water disposal in the proposed **Ensico Federal SWD No. 1** at a surface location 1095 feet from the North line, 2090 feet from the West line (Unit B) in Section 35, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico. The target injection interval is the Devonian formation at a depth of 12,750-13,750 feet. The average disposal rate will be 5,000-10,000 BWPD with a maximum daily disposal rate of 17,500 BWPD. The average pressure will be 400-1,000 psi with a maximum psi of 2,550. Said well is located approximately 4.3 miles northeast of Carlsbad, New Mexico.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 26th day of July, 2018.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

**Heather Riley
Director**

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