

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 9, 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 **July 31, 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. 16341: Application of Manzano, LLC for Approval of the Morrison San Andres State Exploratory Unit, Roosevelt County, New Mexico. Applicant seeks approval of its Morrison San Andres State Exploratory Unit, which comprises 4,317.44 acres, more or less, of State of New Mexico lands situated in all of Sections 3, 4, 10, 14, 15 and 16, the N/2 NW/4, SE/4 NW/4, NE/4, and S/2 of Section 9 and the N/2 of Section 21, Township 6 South, Range 34 East, N.M.P.M., in Roosevelt County. The unitized interval is the San Andres formation, defined as the stratigraphic equivalent of the interval between 3,181 feet and 4,523 feet as depicted on the Laterlog dated September 12, 2014 for the Armstrong Energy Touch of Grey State #1 well (API No. 30-041-20960) located 1,839 feet from the south line and 417 feet from the west line in Section 15, Township 6 South, Range 34 East, N.M.P.M., in Roosevelt County. The unit acreage is located approximately eight (8) miles southwest of Dora, New Mexico.

Case No. 16342: 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, 233.69-acre, more or less, non-standard spacing and proration unit comprised of the W/2 W/2 of Section 27 and the NW/4 NW/4 and Lot 4 [W/2 NW/4] of Section 34, Township 26 South, Range 36 East, NMPM, Lea County, New Mexico; and (2) pooling all uncommitted interests in the WC-025 G-08 S263620C; LWR Bone Spring (Pool Code 98150) underlying this acreage. Said non-standard unit is to be dedicated to the proposed **Amen Corner State Com 26 36 27 No. 091H Well**, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 22 to a bottom hole location in the SW/4 NW/4 (Lot 4) of Section 34. 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 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. 16343: Application Of Matador Production Company For Approval Of The Expansion of the Northeast Kemnitz Unit, Lea County, New Mexico. Applicant seeks approval to expand the geographic area of the Northeast Kemnitz Unit by 1,760 acres of land. Said Unit currently consists of approximately 3,520 acres of State lands in Lea County, New Mexico. The total unit acreage will include 5,280 acres. Matador seeks to expand the Unit to include the following State lands situated in Lea County, New Mexico:

Township 16 South - Range 34 East N.M.P.M.

Section 22: S/2

Section 26: SW/4

Section 27: All

Section 28: E/2

Section 34: W/2

The unitized interval includes all depths. The Northeast Kemnitz Expansion Area is approximately 11 miles southeast of Lovington, New Mexico.

Case No. 15023 (re-opened): Application of COG Operating LLC to re-open Case No. 15023 to pool the interests of additional mineral owners under the terms of Compulsory Pooling Order R-13757, Eddy County, New Mexico. Applicant in the above-styled cause seeks to amend Division Order R-13757 to include the pooling of additional mineral interests in the Penasco Draw-San Andres-Yeso (Associated) (Pool Code 50270) consisting of the E/2 W/2 of Section 6, Township 19 South, Range 26 East, NMPM, Eddy County, New Mexico. Said unit is dedicated to the applicant's **Arabian 6 Fee No. 6H Well** and is located approximately 11 miles south of Artesia, New Mexico.

Case No. 15090 (re-opened): Application of COG Operating LLC to re-open Case No. 15090 to pool the interests of additional mineral owners under the terms of Compulsory Pooling Order R-13808, Eddy County, New Mexico. Applicant in the above-styled cause seeks to amend Division Order R-13808 to include the pooling of additional mineral interests in the Atoka-Glorieta-Yeso Pool (Pool Code 3250) consisting of the W/2 W/2 of Section 6, Township 19 South, Range 26 East, NMPM, Eddy County, New Mexico. Said unit is dedicated to the applicant's **Arabian 6 Fee No. 10H Well** and is located approximately 11 miles south of Artesia, New Mexico.

Case No. 16344: Application 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 the W/2 W/2 of Section 9, Township 23 South, Range 28 East, Eddy County, New Mexico. Applicant proposes to dedicate the above-referenced lands to a standard horizontal spacing and proration unit for the **Goonch Fed Com 9 23S 28E 2B 1H well** which will be horizontally drilled in the 2nd Bone Spring from a surface location and first take-point location in the SW/4 SW/4 of Section 9, Township 23 South, Range 28 East, to a bottom hole location in the NW/4 NW/4 of Section 9, Township 23 South, Range 28 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 2 miles North of Loving, New Mexico.

Case No. 16345: Application 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 Wolfcamp formation underlying the W/2 of Section 9, Township 23 South, Range 28 East, Eddy County, New Mexico. Applicant proposes to dedicate the above-referenced lands to a standard horizontal spacing and proration unit for two proposed initial wells: (1) the **Goonch Fed Com 9 23S 28E WXY 1H well** which will be horizontally drilled to test the Wolfcamp XY formation from a surface location and first take-point in the SW/4 SW/4 of Section 9, Township 23 South, Range 28 East, to a bottom hole location in the NW/4 NW/4 of Section 9, Township 23 South, Range 28 East; and (2) the **Goonch Fed Com 9 23S 28E WB 1H well** which will be horizontally drilled to test the Wolfcamp B formation from a surface location and first take-point in the SW/4 SW/4 of Section 9, Township 23 South, Range 28 East, to a bottom hole location in the NW/4 NW/4 of Section 9, Township 23 South, Range 29 East. The completed interval for each well will remain within the 330-foot standard offset required by the Special Rules for the Purple Sage Pool. Also to be considered will be the cost of drilling and completing 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 2 miles North of Loving, New Mexico.

Case No. 16346: Application of Devon Energy Production Company, L.P. for 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 Lots 1 – 4 of Section 30 and Lots 1 – 4 of Section 31 (W/2W/2 of Sections 30 and 31), Township 23 South, Range 29 East, Eddy County, New Mexico. Said standard 312.39 acre horizontal spacing and proration unit is to be dedicated to the applicant's **Spud Muffin 31-30 Fed Com 331H well** to be horizontally drilled in the **Cedar Canyon; Bone Spring (Pool Code 11520)** from a surface location 270' FSL and 1275' FWL of Section 31 to a bottom hole location of 230' FNL and 990' FWL of Section 30. The completed interval for this well 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 Devon Energy Production Company, L.P. as operator of the well and a 200% charge for risk involved in drilling the well. Said area is located approximately 16 miles Southeast of Carlsbad, New Mexico.

Case No. 16347: Application of Devon Energy Production Company, L.P. for 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 the E/2 W/2 of Sections 30 and 31, Township 23 South, Range 29 East, Eddy County, New Mexico. Said standard 320-acre horizontal spacing and proration unit is to be dedicated to the applicant's **Spud Muffin 31-30 332H well** to be horizontally drilled in the **Cedar Canyon; Bone Spring (Pool Code 11520)** from a surface location 625' FSL and 2405' FWL of Section 31 to a bottom hole location of 230' FNL and 2310' FWL of Section 30. The completed interval for this well 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 Devon Energy Production Company, L.P. as operator of the well and a 200% charge for risk involved in drilling the well. Said area is located approximately 16 miles Southeast of Carlsbad, New Mexico.

Case No. 16348: Application of Devon Energy Production Company, L.P. for 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 the W/2 E/2 of Sections 30 and 31, Township 23 South, Range 29 East, Eddy County, New Mexico. Said standard 320-acre horizontal spacing and proration unit is to be dedicated to the applicant's **Spud Muffin 31-30 333H well** to be horizontally drilled in the **Cedar Canyon; Bone Spring (Pool Code 11520)** from a surface location 625' FSL and 2045' FEL of Section 31 to a bottom hole location of 230' FNL and 1650' FEL of Section 30. The completed interval for this well 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 Devon Energy Production Company, L.P. as operator of the well and a 200% charge for risk involved in drilling the well. Said area is located approximately 16 miles Southeast of Carlsbad, New Mexico.

Case No. 16349: Application of Devon Energy Production Company, L.P. for 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 the E/2 E/2 of Sections 30 and 31, Township 23 South, Range 29 East, Eddy County, New Mexico. Said standard 320-acre horizontal spacing and proration unit is to be dedicated to the applicant's **Spud Muffin 31-30 334H** to be horizontally drilled in the **Cedar Canyon; Bone Spring (Pool Code 11520)** from a surface location 485' FSL and 185' FEL of Section 31 to a bottom hole location of 230' FNL and 330' FEL of Section 30. The completed interval for this well 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 Devon Energy Production Company, L.P. as operator of the well and a 200% charge for risk involved in drilling the well. Said area is located approximately 16 miles Southeast of Carlsbad, New Mexico

Case No. 16313 (readvertised): Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order pooling all mineral interests in the Wolfcamp formation underlying a 480-acre horizontal spacing unit comprised of the SE/4 of Section 21 and the E/2 of Section 28, Township 24 South, Range 28 East, NMPM. The unit will be dedicated to the **Kansas 21/28 W0IP Fed. Com. Well No. 2H** and the **Kansas W2IP Fed. Com. Well No. 1H**, horizontal wells with surface locations in the NE/4 SE/4 of Section 21, and last take points in the SE/4 SE/4 of Section 28. The producing intervals 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 2-1/2 miles southwest of Malaga, New Mexico.

Case No. 16350: Application of Matador Production Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Bone Spring formation underlying the W/2 E/2 of Section 19, Township 23 South, Range 35 East, NMPM. The horizontal spacing unit will be dedicated to the **Dr. Ireland Fed. Com. Well No. 113H**, a horizontal well with a surface location in the SE/4 SE/4, a first take point in the SW/4 SE/4, and a final take point in the NW/4 NE/4, of Section 19. The well's 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 17-1/2 miles southwest of Eunice, New Mexico.

Case No. 16351: Application of Matador Production Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Bone Spring formation underlying the E/2 E/2 of Section 19, Township 23 South, Range 35 East, NMPM. The horizontal spacing unit will be dedicated to the **Dr. Ireland Fed. Com. Well No. 114H**, a horizontal well with a surface location in the SE/4 SE/4, and a final take point in the NE/4 NE/4, of Section 19. The well's 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 17-1/2 miles southwest of Eunice, New Mexico.

Case No. 16352: Application of Matador Production Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying the W/2 E/2 of Section 19, Township 23 South, Range 35 East, NMPM. The horizontal spacing unit will be dedicated to the **Dr. Ireland Fed. Com. Well No. 213H**, a horizontal well with a surface location in the SE/4 SE/4, a first take point in the SW/4 SE/4, and a final take point in the NW/4 NE/4, of Section 19. The well's 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 17-1/2 miles southwest of Eunice, New Mexico.

Case No. 16353: Application of Matador Production Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying the E/2 E/2 of Section 19, Township 23 South, Range 35 East, NMPM. The horizontal spacing unit will be dedicated to the **Dr. Ireland Fed. Com. Well No. 214H**, a horizontal well with a surface location in the SE/4 SE/4, and a final take point in the NE/4 NE/4, of Section 19. The well's 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 17-1/2 miles southwest of Eunice, New Mexico.

Case No. 16354: Application of Rover Operating, LLC for statutory unitization, Eddy County, New Mexico. Applicant seeks an order statutorily unitizing all mineral interests in the Unitized Formation (the top of the Loco Hills Sand to the base of the Lovington Sand) in the proposed RP State Unit underlying 639.60 acres of state lands covering all of Section 2 of Township 17 South, Range 31 East, N.M.P.M. Among the matters to be considered at hearing, pursuant to the New Mexico Statutory Unitization Act, NMSA 1978 §§70-7-1 *et seq.*, will be: The necessity of unit operations; the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investments, to each of the tracts in the unit area; and such other matters as may be necessary and appropriate. The unit area is centered approximately 8-1/2 miles northeast of Loco Hills, New Mexico.

Case No. 16355: Application of Rover Operating, LLC for approval of a secondary recovery project, Eddy County, New Mexico. Applicant seeks approval to institute a secondary recovery project in the RP State Unit Area by the injection of water into the Unitized Formation (the top of the Loco Hills Sand to the base of the Lovington Sand) in wells located on 639.60 acres of state lands covering all or parts of Section 2, Township 17 South, Range 31 East, N.M.P.M. The unit area is centered approximately 8-1/2 miles northeast of Loco Hills, New Mexico.

Case No. 16356: Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Breck Operating Corp., for Wells Operated in Lea and San Juan Counties, New Mexico. The Oil Conservation Division Compliance and Enforcement Bureau ("Bureau"), through its undersigned attorney, hereby files this application with the Oil Conservation Division ("OCD" or "Division") pursuant to the provisions of NMSA 1978, §70-2-12 for a compliance order (1) determining operator Breck Operating Corp., ("Operator") is out of compliance with 19.15.5.9(A)(4), and 19.15.25.8 NMAC; (2) requiring the Operator to return to compliance with 19.15.5.9(A)(4) and 19.15.25.8 NMAC within 45 days and requiring producing wells shut-in until compliance is achieved; and (3) in the event of non-compliance, declaring the wells abandoned and authorizing the OCD to plug the violating wells in accordance with a Division-approved plugging program and restore and remediate the location, recover costs from the Operator's financial assurance as permitted by 19.15.8.13 NMAC, and seek indemnification as permitted by NMSA 1978, § 70-2-14(E).

Case No. 16357: Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Momentum Operating Co., Inc., for Wells Operated in Lea County, New Mexico. The Oil Conservation Division Compliance and Enforcement Bureau ("Bureau"), through its undersigned attorney, hereby files this application with the Oil Conservation Division ("OCD" or "Division") pursuant to the provisions of NMSA 1978, §70-2-12 for a compliance order (1) determining operator Momentum Operating Co., Inc., ("Operator") is out of compliance with 19.15.5.9(A)(4), and 19.15.25.8 NMAC; (2) requiring the Operator to return to compliance with 19.15.5.9(A)(4) and 19.15.25.8 NMAC within 45 days and requiring producing wells shut-in until compliance is achieved; and (3) in the event of non-compliance, declaring the wells abandoned and

authorizing the OCD to plug the violating wells in accordance with a Division-approved plugging program and restore and remediate the location, recover costs from the Operator's financial assurance as permitted by 19.15.8.13 NMAC, and seek indemnification as permitted by NMSA 1978, § 70-2-14(E).

Case No. 16358. Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Primal Energy Corporation, for Wells Operated in Eddy and Lea Counties, New Mexico. The Oil Conservation Division Compliance and Enforcement Bureau ("Bureau"), through its undersigned attorney, hereby files this application with the Oil Conservation Division ("OCD" or "Division") pursuant to the provisions of NMSA 1978, §70-2-12 for a compliance order (1) determining operator Primal Energy Corporation, ("Operator") is out of compliance with 19.15.5.9(A)(4), and 19.15.25.8 NMAC; (2) requiring the Operator to return to compliance with 19.15.5.9(A)(4) and 19.15.25.8 NMAC within 45 days and requiring producing wells shut-in until compliance is achieved; and (3) in the event of non-compliance, declaring the wells abandoned and authorizing the OCD to plug the violating wells in accordance with a Division-approved plugging program and restore and remediate the location, recover costs from the Operator's financial assurance as permitted by 19.15.8.13 NMAC, and seek indemnification as permitted by NMSA 1978, § 70-2-14(E).

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 11th day of July, 2018.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

**Heather Riley
Director**

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