

DOCKET: EXAMINER HEARING - THURSDAY –JANUARY 5, 2017

8:15 A.M.

1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Docket Nos. 2-17 and 3-17 are tentatively set for January 19, 2017 and February 2, 2017. Applications for hearing must be filed at least 30 days in advance of hearing date. OCD Rule Subsection B of 19.15.4.13 NMAC requires parties who intend to present evidence at an adjudicatory hearing to file a pre-hearing statement no later than the Thursday before the hearing, and serve a copy on opposing counsel of record. If the OCD does not receive a pre-hearing statement from the applicant by the close of business on the Thursday before the hearing, the hearing may be continued. A party who plans on using projection equipment at a hearing must contact Florene Davidson seven (7) business days prior to the hearing requesting the use of the projection equipment. Wireless internet is available; however, the party must provide its own laptop computer. The following cases will be heard by an Examiner.

Locator Key for Cases

Case 15540 - No. 4
Case 15547 - No. 7
Case 15548 - No. 8
Case 15549 - No.91
Case 15550 - No. 10
Case 15551 - No. 11
Case 15552 - No. 12
Case 15562 - No. 13
Case 15582 - No. 1
Case 15589 - No. 2
Case 15594 – No. 3
Case 15600 – No. 14
Case 15601 – No. 15
Case 15602 – No. 16
Case 15604 – No. 5
Case 15605 – No. 23
Case 15607 – No. 24
Case 15609 – No. 25
Case 15610 – No. 6
Case 15611 – No.17
Case 15612 – No. 18
Case 15613 – No. 19
Case 15614 – No. 20
Case 15615 – No. 21
Case 15616 – No. 22

1. **Case No. 15582:** *(Continued from the December 1, 2016 Examiner Hearing.)*
Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Giant Operating LLC, for its wells operated in Eddy County, New Mexico. The New Mexico 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, §70-212 for a compliance order (1) determining operator Giant Operating LLC ("Operator") is out of compliance with 19.15.5.9 and 19.15.25.8 NMAC; (2) requiring Operator to return to compliance with 19.15.5.9 and 19.15.25.8 NMAC; and (3) in the event of non-compliance, finding the Operator in violation of a Division Order for each day after the deadline established in the sought order to obtain compliance.
2. **Case No. 15589:** *(Continued from the December 1, 2016 Examiner Hearing.)*
Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against McKay Oil Corporation, for wells operated in Chaves and Lea Counties, New Mexico. The New Mexico 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,

Examiner Hearing – October 27, 2016

Docket No. 43-16

Page 2 of 7

§70-2-12 for a compliance order (1) determining operator McKay Oil Corporation (“Operator”) is out of compliance with 19.15.5.9, 19.15.8, and 19.15.25.8 NMAC; (2) requiring Operator to return to compliance with 19.15.5.9, 19.15.8, and 19.15.25.8 NMAC; and (3) in the event of non-compliance, finding the Operator in violation of a Division Order for each day after the deadline established in the sought order to obtain 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).

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

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

5. ***Case No 15604: (Continued from the December 15, 2016 Examiner Hearing.)***
Application of Cimarex Energy Co. for a non-standard spacing and proration unit, and unorthodox well location, and compulsory pooling, Eddy County, New Mexico. Cimarex Energy Co. seeks an order approving a 640-acre non-standard spacing and proration unit (project area) in the Wolfcamp formation comprised of the E/2 of Section 23 and the E/2 of Section 26, Township 25 South, Range 26 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit. The unit is to be dedicated to the Wigeon 23-26 Fed. Com. Well No. 4H, a horizontal well with a surface location in the NE/4NE/4 of Section 23, and a terminus in the SE/4SE/4 of Section 26. The producing interval will be unorthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 6-1/2 miles south of Black River Village, New Mexico.

6. ***Case No. 15610: Application of Mewbourne Oil Company for compulsory pooling and an unorthodox well location, Eddy County, New Mexico.*** Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying Lots 3, 4, W/2 SW/4, and SE/4 (the S/2) of Section 7, Township 24 South, Range 28 East, NMPM, to form a standard 319.23-acre, more or less, gas spacing and proration unit. The unit will be dedicated to the **Boston 7 W2MP Fee Well No. 1H**, a horizontal well with a surface location 330 feet from the south line and 185 feet from the west line, and a terminus 330 feet from the south line and 330 feet from the east line of Section 7. The producing interval will be unorthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 3-1/2 miles west-northwest of Malaga, New Mexico.

7. ***Case No. 15547: (Continued from the December 1, 2016 Examiner Hearing.)***
Application of Mewbourne Oil Company for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Mewbourne Oil Company seeks an order pooling all mineral interests in the Wolfcamp formation underlying the E/2 of Section 22, Township 26 South, Range 27 East, NMPM, to form a standard 320 acre gas spacing

and proration unit in the Wolfcamp formation. The unit is dedicated to the **Owl Draw 22 W1AP Fed. Com. Well No. 1H**, a horizontal well with a surface location 230 feet from the south line and 660 feet from the east line of adjoining Section 15, and a terminus 333 feet from the south line and 650 feet from the east line of Section 22. The beginning and end of the producing interval will be unorthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 12-1/2 miles south-southeast of Black River Village, New Mexico.

8. **Case No. 15548:** (Continued from the December 1, 2016 Examiner Hearing.)

Application of Mewbourne Oil Company for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order approving a 320-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the E/2 E/2 of Section 22 and the E/2 E/2 of Section 27, Township 26 South, Range 27 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit. The unit is to be dedicated to the **Owl Draw 22/27 B2AP Fed. Com. Well No. 1H**, a horizontal well with a surface location 200 feet from the south line and 600 feet from the east line of adjoining Section 15, and a terminus 333 feet from the south line and 572 feet from the east line of Section 27. 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 15 miles south-southeast of Black River Village, New Mexico.

9. **Case No. 15549:** (Continued from the December 1, 2016 Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Mewbourne Oil Company seeks an order pooling all mineral interests in the Wolfcamp formation underlying the W/2 of Section 23, Township 26 South, Range 27 East, NMPM, to form a standard 320 acre gas spacing and proration unit in the Wolfcamp formation. The unit is to be dedicated to the **Owl Draw 23 DM Fed. Com. Well No. 1**, a horizontal well with a surface location in the SW/4 SW/4 of adjoining Section 14, and a terminus 344 feet from the south line and 625 feet from the west line of Section 23. 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 13 miles south-southeast of Black River Village, New Mexico.

10. **Case No. 15550:** (Continued from the December 1, 2016 Examiner Hearing.)

Application of Mewbourne Oil Company for a non-standard oil spacing and proration unit and compulsory pooling, Eddy 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 23, Township 26 South, Range 27 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the W/2 W/2 of Section 23. The unit is dedicated to the **Owl Draw 23 DM Fed. Com. Well No. 2**, a horizontal well with a surface location 370 feet from the south line and 1055 feet from the west line of adjoining Section 14, and a terminus 334 feet from the south line and 661 feet from the west line of Section 23. 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 the risk involved 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 13 miles south-southeast of Black River Village, New Mexico.

11. **Case No. 15551:** (Continued from the December 1, 2016 Examiner Hearing.)

Application of Mewbourne Oil Company for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order approving a 320-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the W/2 E/2 of Section 22 and the W/2 E/2 of Section 27, Township 26 South, Range 27 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit is dedicated to the **Owl Draw 22/27 B2BO Fed. Com. Well No. 2H**, a horizontal well with a surface location 330 feet from the north line and 1585 feet from the east line of Section 22, and a terminus 330 feet from the south line and 1980 feet from the east line of Section 27. 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 15 miles south-southeast of Black River Village, New Mexico.

Examiner Hearing – October 27, 2016

Docket No. 43-16

Page 4 of 7

12. *Case No. 15552:* *(Continued from the December 1, 2016 Examiner Hearing.)*

Application of Mewbourne Oil Company for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order approving a 320-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the W/2 W/2 of Section 27 and the W/2 W/2 of Section 22, Township 26 South, Range 27 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit is to be dedicated to the **Owl Draw 27/22 B2MD Fed. Com. Well No. 1H**, a horizontal well with a surface location 170 feet from the south line and 330 feet from the west line of Section 27, and a terminus 330 feet from the north line and 330 feet from the west line of Section 22. 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 14-1/2 miles south-southeast of Black River Village, New Mexico.

13. *Case No. 15562:* *(Continued from the December 1, 2016 Examiner Hearing.)*

Application of Mewbourne Oil Company for a non-standard spacing and proration unit, compulsory pooling, and an unorthodox gas well location, Eddy County, New Mexico. Mewbourne Oil Company seeks an order approving a 640-acre non-standard spacing and proration unit in the Wolfcamp formation underlying the W/2 of Section 22 and the W/2 of Section 27, Township 26 South, Range 27 East, NMPM, pooling all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit, and approving an unorthodox gas well location. The unit is to be dedicated to the **Owl Draw 27/22 W2NC Fed. Com. Well No. 2H**, a horizontal well with a surface location 170 feet from the south line and 2230 feet from the west line of Section 27, and a terminus 330 feet from the north line and 2310 feet from the west line of Section 22. The beginning and end of the producing interval will be unorthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 13-1/2 miles south-southeast of Black River Village, New Mexico.

14, *Case No. 15600:* *(Continued from the December 15, 2016 Examiner Hearing.)*

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 E/2E/2 of Section 15, Township 23 South, Range 34 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the E/2E/2 of Section 15. The unit will be dedicated to the **Pronghorn 15 B3AP Fed. Com. Well No. 1H**, a horizontal well with a surface location in the NE/4NE/4, and a terminus in the SE/4SE/4, of Section 15. 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 Oil Center, New Mexico.15.

15. *Case No. 15601:* *(Continued from the December 15, 2016 Examiner Hearing.)*

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/2E/2 of Section 15, Township 23 South, Range 34 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the W/2E/2 of Section 15. The unit will be dedicated to the **Pronghorn 15 B3BO Fed. Com. Well No. 1H**, a horizontal well with a surface location in the NW/4NE/4, and a terminus in the SW/4SE/4, of Section 15. 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 Oil Center, New Mexico.

16. *Case No. 15602:* *(Continued from the December 15, 2016 Examiner Hearing.)*

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 E/2W/2 of Section 15, Township 23 South, Range 34 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the E/2W/2 of Section 15. The unit will be dedicated to the **Pronghorn 15 B3CN Fed. Com. Well No. 1H**, a horizontal well with a surface location in the NE/4NW/4, and a terminus in the SE/4SW/4, of Section 15. 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

Examiner Hearing – October 27, 2016

Docket No. 43-16

Page 5 of 7

risk involved in drilling and completing the well. The unit is located approximately 18 miles southwest of Oil Center, New Mexico.

17. Case No. 15611: Application of Matador Production Company for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 160-acre, more or less, spacing and proration unit comprised of the S/2 S/2 of Section 20, Township 20 South, Range 29 East, Eddy County, New Mexico and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Stebbins 20 Federal No. 124H Well**, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) to a standard bottom hole location in the SE/4 SE/4 (Unit P) of Section 20. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Matador Production Company as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 12 miles northeast of Carlsbad, NM.

18. Case No. 15612: Application of Matador Production Company for a nonstandard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 160-acre, more or less, spacing and proration unit comprised of the N/2 S/2 of Section 20, Township 20 South, Range 29 East, Eddy County, New Mexico and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Stebbins 20 Federal No. 123H Well**, which will be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) to a standard bottom hole location in the NE/4 SE/4 (Unit I) of Section 20. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Matador Production Company as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 12 miles northeast of Carlsbad, NM.

19. Case No. 15613: Application of OXY USA Inc. for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a 320-acre spacing and proration unit comprised of the E/2 E/2 of Section 26 and the E/2 E/2 of Section 35, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Corral Fly 35-26 Federal Com No. 26H Well**, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 26 to a standard bottom hole location in SE/4 SE/4 (Unit P) of Section 35. The completed interval for this well will remain within the 330-foot standard offset required by the Division's rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of OXY USA Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 7 miles east of Malaga, N.M.

20. Case No. 15614: Application of OXY USA Inc. for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a 320-acre spacing and proration unit comprised of the W/2 E/2 of Section 26 and the W/2 E/2 of Section 35, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Corral Fly 35-26 Federal Com No. 24H Well**, which will be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 26 to a standard bottom hole location in SW/4 SE/4 (Unit O) of Section 35. The completed interval for this well will remain within the 330-foot standard offset required by the Division's rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of OXY USA Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 7 miles east of Malaga, N.M.

21: Case No. 15615: Application of OXY USA Inc. for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a 320-acre spacing and proration unit comprised of the E/2 W/2 of Section 26 and the E/2 W/2 of Section 35, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Corral Fly 35-26 Federal Com No. 23H Well**, which will be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 26 to a standard bottom hole location in SE/4 SW/4 (Unit N) of Section 35. The completed interval for this well will remain within the 330-foot standard offset required by the Division's rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges

Examiner Hearing – October 27, 2016
Docket No. 43-16
Page 6 of 7

for supervision, designation of OXY USA Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 7 miles east of Malaga, N.M.

22. Case No. 15616: *Application of OXY USA Inc. for Approval of a Pressure Maintenance Project, Eddy County, New Mexico.* Applicant in the above-styled cause seeks an order approving a pressure maintenance pilot project for injection of produced gas and produced water through two horizontal wells into the Second Bone Spring in a project area comprised of Section 16, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico. Produced water and produced gas will be injected into the Second Bone Spring formation (Pierce Crossing, Bone Spring, East Pool (96473) and Corral Draw Bone Spring Pool (96238)) through the Cedar Canyon 16 State No. 7H and the Cedar Canyon 16 State No. 12H in a proposed project area comprised of Section 16, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico. The surface hole location for the Cedar Canyon 16 State No. 7H (API No. 30-015-41251) is 2,485 feet from the North line, 330 feet from the West (Unit E) of Section 15 and the bottom hole location is 1,980 feet from the North line, 330 feet from the West line (Unit E) of Section 16. The Cedar Canyon 16 State No. 7H is currently producing from the Pierce Crossing, Bone Spring, East Pool (96473). True vertical depth at the first perforation point is 8,690 feet, and corresponding measured depth is 9,200 feet. True vertical depth at the last perforation point is 8,644 feet, and the corresponding measured depth is 13,860 feet. The proposed injection interval is along the horizontal portion of the wellbore at a measured depth of 9,200 feet to 13,680 feet. The surface hole location for the Cedar Canyon 16 State No. 12H (API No. 30-015-42683) is 900 feet from the South line, 860 feet from the West (Unit M) of Section 15 and the bottom hole location is 910 feet from the South line, 180 feet from the West line (Unit M) of Section 16. The Cedar Canyon 16 State No. 12H produces from the Corral Draw Bone Spring Pool (96238). True vertical depth at the first perforation point is 8,691 feet, and the corresponding measured depth is 9,704 feet. True vertical depth at last perforation is 8,635 feet and the corresponding measured depth is 14,214 feet. The proposed injection interval is along the horizontal portion of the wellbore at a measured depth of 9,704 feet to 14,214 feet. Produced water used for injection into the Subject Wells will be from the Bone Spring and Delaware formations. Injected gas is sourced from the Cedar Canyon Central Delivery Point integration system, which will include gas produced from the Delaware, First Bone Spring, and Second Bone Spring formations. The proposed project is located approximately 5 miles east of Malaga, New Mexico.

23. Case No. 15605: *(Continued from the December 15, 2016 Examiner Hearing)*
Application of COG Operating LLC for a non-standard spacing and proration unit, a non-standard project area, and compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 280- acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 27, the W/2 NW/4 of Section 34, and the NW/4 SW/4 of Section 34, Township 25 South, Range 33 East, NMPM, Lea County, New Mexico; (2) approving a non-standard project area; and (3) pooling all mineral interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to proposed **Rojo AE 7811 JV-P Federal Com No. 1H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 27 to a standard bottom hole location in the NW/4 SW/4 (Unit L) of Section 34. 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 COG Operating LLC as the contract operator of the well for BTA Oil Producers, LLC, and a 200% charge for risk involved in drilling said well. Said area is located approximately 22 miles west of Jal, New Mexico.

24. Case No. 15607: *(Continued from the December 15, 2016 Examiner Hearing.)*
Application of COG Operating 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 (1) creating a 223.77-acre, more or less, spacing and proration unit comprised of the E/2 W/2 of Section 28 and the NE/4 NW/4 and Lot 2 of irregular Section 33, Township 26 South, Range 28 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Graham Nash Federal Com No. 7H Well**, which will be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 21 to a standard bottom hole location in the SW/4 NW/4 (Lot 2) of irregular Section 33. 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 COG Operating LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 20 miles southeast of Loco Hills, New Mexico.

25. Case No. 15609: *(Continued from the December 15, 2016 Examiner Hearing.)*
Application of COG 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 the W/2 E/2 of Section 34, Township 25 South, Range 33 East, and the W/2 E/2 of Section 3, Township 26 South, Range 33 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 applicant's two proposed wells: the proposed **Columbus Fee No. 23H Well** and the proposed **Columbus Fee No. 24H Well**, which will be simultaneously drilled and completed. Both wells will be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 34 to a standard bottom hole location in the SW/4 SE/4 (Unit 0) of Section 3. The completed interval for each 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 COG Operating LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 11 miles southwest of Ochoa, New Mexico.

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