

DOCKET: EXAMINER HEARING - THURSDAY-MARCH 8, 2018

8:15 a.m. - 1220 South St. Francis, Santa Fe, New Mexico 87505

Docket Nos. 11-18 and 12-18 are tentatively set for March 22, 2018 and April 5, 2018. Applications for hearing must be filed at least thirty (30) days in advance of the 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

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Case 16015 - No. 4

1. Case No. 15998: 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 approving a non-standard spacing and proration unit in the Wolfcamp formation, comprised of the W/2 of Section 13, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico, and the pooling of all uncommitted mineral interests located within the proration unit. This proposed non-standard spacing and proration unit will be the project area for the **Ballista Federal 23-32-13 WA 6H, Ballista Federal 23 32 13 WXY 3H** and the **Ballista Federal 23 32 13 WXY 12H** wells, to be horizontally drilled. The perforations for these wells will be orthodox. 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 wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 26 miles east northeast of Malaga, New Mexico.

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2. **Case No. 15999: 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 to create a non-standard spacing and proration unit covering the Bone Spring formation, which is comprised of the W/2 E/2 of Section 11, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico, and the pooling of all uncommitted mineral interests located within the proration unit. This proposed non-standard spacing and proration unit will be the project area for the **Urraca Federal Com 23 32 11 SB 15H well**, 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 Marathon as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 26 miles east northeast of Malaga, New Mexico.

3. **Case No. 16000: 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 to create a non-standard spacing and proration unit covering the Bone Spring formation, which is comprised of the E/2 E/2 of Section 11, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico, and the pooling of all uncommitted mineral interests located within the proration unit. This proposed non-standard spacing and proration unit will be the project area for the **Urraca Federal Com 23 32 11 SB 22H well**, 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 Marathon as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 26 miles east northeast of Malaga, New Mexico.

4. **Case No. 16015: 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 to create a non-standard spacing and proration unit covering the Bone Spring formation, which is comprised of the E/2 W/2 of Section 11, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico and the pooling of all uncommitted mineral interests located within the proration unit. This proposed non-standard spacing and proration unit will be the project area for the **Urraca Federal Com 23 32 11 AV 24H well**, 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 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 26 miles east northeast of Malaga, New Mexico.

5. **Case No. 15962: (Continued from the February 8, 2018 Examiner Hearing.)**
Application of Caza Petroleum, LLC for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Caza Petroleum, LLC seeks an order approving a non-standard 240-acre spacing and proration unit in the Bone Spring formation comprised of the W/2 SW/4 of Section 8 and the W/2 W/2 of Section 17, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit. The non-standard unit will be dedicated to applicant's **Desert Rose 17-8 Fed. Com. Well No. 1H**, to be horizontally drilled from a surface location in the SW/4 SW/4 of Section 17 to a bottom hole location in the NW/4 SW/4 of Section 8. The producing interval will be orthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Caza Operating, LLC as operator of the well, and a 200% charge for risk involved in drilling the well. The unit is located approximately 14 miles west-southwest of Monument, New Mexico.

6. **Case No. 15963: (Continued from the February 22, 2018 Examiner Hearing.)**
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 11 and the E/2 of Section 14, Township 26 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 **Delaware Ranch 11/14 W2AP Fed. Com. Well No. 1H**, a horizontal well with a surface location in the NE/4 NE/4 of Section 11, and a terminus in the SE/4 SE/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 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 north-northwest of the intersection of U.S. Highway 285 with the New Mexico/Texas state line.

7. **Case No. 15965 (readvertised): 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 N/2 of Section 23 and the N/2 of Section 24, Township 25 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 **Oxbow 23/24 W1DA Fed. Com. Well No. 1H** and the **Oxbow 23/24 W2DA Fed. Com. Well No. 2H**, horizontal wells with surface locations in the NW/4 NW/4 of Section 23, and bottomhole locations in the NE/4 NE/4 of Section 24. Also to be considered will be the cost of drilling and

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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 10-1/2 miles southeast of Malaga, New Mexico.

8. **Case No. 15966 (readvertised): 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 S/2 of Section 23 and the S/2 of Section 24, Township 25 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 **Oxbow 23/24 W2LI Fed. Com. Well No. 1H** and the **Oxbow 23/24 W1LI Fed. Com. Well No. 2H**, horizontal wells with surface locations in the NW/4 SW/4 of Section 23, and bottomhole locations in the NE/4 SE/4 of Section 24. 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 11 miles southeast of Malaga, New Mexico.

9. **Case No. 15967 (readvertised): 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 N/2 of Section 25 and the N/2 of Section 26, Township 25 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 **Oxbow 26/25 W2DA Fed. Com. Well No. 1H** and the **Oxbow 26/25 W1DA Fed. Com. Well No. 2H**, horizontal wells with surface locations in the NW/4 NW/4 of Section 26, and bottomhole locations in the NE/4 NE/4 of Section 25. 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 11 miles southeast of Malaga, New Mexico.

10. **Case No. 15991 (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 the S/2 of Section 32, Township 23 South, Range 28 East, NMPM. The unit will be dedicated to (i) the **Zeppelin 32 W2LI State Com. Well No. 2H**, a horizontal well with a surface location in the NW/4 SW/4, and a bottomhole location in the NE/4 SE/4, of Section 32, and (ii) the **Zeppelin 32 W0LI State Com. Well No. 1H**, a horizontal well with a surface location in the NW/4 SW/4, and a bottomhole location in the NE/4 SE/4 of Section 32. The producing intervals of the wells 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 miles south of Loving, New Mexico.

11. **Case No. 15914 (readvertised): Application of Mewbourne Oil Company for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Mewbourne Oil Company seeks an order approving a 479.88-acre non-standard spacing and proration unit in the Wolfcamp formation underlying Lots 1, 2, S/2 NE/4, and SE/4 (the E/2) of Section 6 and the NE/4 of Section 7, Township 24 South, Range 29 East, NMPM, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit. The unit will be dedicated to (i) the **Pecos Valley W2AH Fed. Com. Well No. 1H**, a horizontal well with a surface location in Lot 1 of Section 6, and a terminus in the SE/4 NE/4 of Section 7, and (ii) the **Pecos Valley W0AH Fed. Com. Well No. 2H**, a horizontal well with a surface location in Lot 1 of Section 6, and a terminus in the SE/4 NE/4 of Section 7. 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 approximately 3-1/2 miles northeast of Malaga, New Mexico.

12. **Case No. 16001: 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 480-acre non-standard gas spacing and proration unit in the Wolfcamp formation underlying the W/2 of Section 36 and the SW/4 of Section 25, Township 24 South, Range 28 East, NMPM, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit. The unit will be dedicated to: (i) the **Fleetwood 36/25 W0ML State Com. Well No. 1H**, a horizontal well with a surface location in the SW/4 SW/4 of Section 36 and a terminus in the NW/4 SW/4 of Section 25; and (ii) the **Fleetwood 36/25 W2ML State Com. Well No. 2H**, a horizontal well with a surface location in the SW/4 SW/4 of Section 36 and a terminus in the NW/4 SW/4 of Section 25. The beginning and end of the producing interval in 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 approximately 4 miles south-southeast of Malaga, New Mexico.

13. **Case No. 16002: 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 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.

14. **Case No. 16003: 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 the E/2 of Section 28, Township 23 South, Range 28 East, NMPM. The unit will be dedicated to (i) the **Night Ranger 28 W2AP Fee Well No. 1H**, a horizontal well with a surface location in the NE/4 NE/4, and a bottomhole location in the SE/4 SE/4, of Section 28, and (ii) the **Night Ranger 28 W0AP Fee Well No. 2H**, a horizontal well with a surface location in the NE/4 NE/4, and a bottomhole location in the SE/4 SE/4, of Section 28. The producing intervals of the wells 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 3-1/2 miles east-southeast of Black River Village, New Mexico.

15. **Case No. 15978: Amended 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 within the same spacing unit, three wells within a quarter section (E/2 of Section 14), and two wells in the same quarter-quarter section (SE/4 NE/4, Unit H). Hilcorp further seeks approval for the proposed locations of the **San Juan 28-7 Unit 233G Well** (API No. 30-039-27005) and the **San Juan 28-7 Unit 233E Well** (API No. 30-039-2291) in the Mesaverde formation within the E/2 of Section 14, Township 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico, and authorization to simultaneously complete and produce the San Juan 28-7 Unit 233G Well and the San Juan 28-7 Unit 233E Well from the Blanco-Mesaverde Gas Pool. Said area is located approximately 25 miles east of Bloomfield, NM.

16. **Case No. 16004: 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), San Juan County, New Mexico, to permit it to complete and simultaneously produce five Mesaverde gas wells in the same standard 324.69-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 **San Juan 28-6 Unit 164 Well** (API No. 30-039-20479) in the Mesaverde formation with a surface location in the W/2 of Section 34, 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 164 Well from the Blanco-Mesaverde Gas Pool. Said area is located approximately 25 miles east of Bloomfield, NM.

17. **Case No 15969: (Continued from the February 22, 2018 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 non-standard 320-acre, more or less, spacing and proration unit comprised of the E/2 W/2 of Section 24 and the E/2 W/2 of Section 25, Township 25 South, Range 26 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 two proposed initial wells: the proposed **Road Runner Fed Com No. 3H Well** and the proposed **Road Runner Fed Com No. 13H Well**, which will be drilled and simultaneously completed. These wells are stacked laterals and will be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 25 to a standard bottom hole location in the NE/4 NW/4 (Unit C) of Section 24. The completed interval for each well will remain within the 330-foot offset as required by the Statewide rules for oil wells. 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 10 miles southeast of White City, New Mexico.

18. **Case No. 16005: 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 non-standard 160-acre, more or less, spacing and proration unit comprised of the S/2 N/2 of Section 22, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico; and (2) pooling record title owners in the San Andres formation (Red Lake; San Andres Pool (Pool Code

97253)). Said non-standard unit is to be dedicated to applicant's **Collier 22 State Com No. 43H Well**. This is a horizontal well that has been drilled from a surface location in the SW/4 NW/4 (Unit E) to a standard bottom hole location in the SE/4 NE/4 (Unit H) of Section 22. The completed interval for this well is within the 330-foot offset as required by the Statewide rules for oil wells. Said area is located approximately 13 miles east of Artesia, New Mexico.

19. Case No. 16006: Application Of EOG Resources, Inc. For Approval Of A 640-Acre Non-Standard Spacing Unit, Lea County, New Mexico. Applicant in the above-styled cause seeks an order approving an approximately 640-acre non-standard spacing unit in the Wolfcamp formation comprised of the E/2 of Section 14 and the E/2 of Section 23, Township 26 South, Range 33 East, NMPM Lea County, New Mexico. This acreage has been placed in the Sanders Tank; Upper Wolfcamp Pool (Pool Code 98097) and is subject to the Division's general statewide rules for oil development. This subject area is located approximately 5 miles west of Andrews Place, New Mexico.

20. Case No. 16007: 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 640-acre non-standard spacing and proration unit comprised of the N/2 of Section 1 and the N/2 of Section 2, Township 25 South, Range 29 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be the project area for three proposed initial wells, to be drilled and simultaneously completed: the proposed **Corral Fly "02-01" State No. 31H Well**, the proposed **Corral Fly "02-01" State No. 32H Well**, and the proposed **Corral Fly "02-01" State No. 33H Well**. The three proposed horizontal wells will be pad drilled from a surface location in the NW/4 NW/4 (Lot 4) of Section 2. The **Corral Fly "02-01" State No. 31H Well** has a standard bottom hole location in the NE/4 NE/4 (Lot 4) of Section 1. The **Corral Fly "02-01" State No. 32H Well** and the **Corral Fly "02-01" State No. 33H Well** have standard bottom hole locations in the SE/4 NE/4 (Unit H) of Section 1. The completed interval for each well will remain within the 330-foot standard offset required by 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 OXY USA Inc. as operator of the wells and a 200% charge for risk involved in drilling said wells. Said area is located approximately 9 miles southeast of Malaga, N.M.

21. Case No. 16008: 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 640-acre non-standard spacing and proration unit comprised of the S/2 of Section 1 and the S/2 of Section 2, Township 25 South, Range 29 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be the project area for two proposed initial wells, to be drilled and simultaneously completed: the proposed **Corral Fly "02-01" State No. 34H Well** and the proposed **Corral Fly "02-01" State No. 35H Well**. The two proposed horizontal wells will be pad drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 2. The **Corral Fly "02-01" State No. 34H Well** has a standard bottom hole location in the NE/4 SE/4 (Unit I) of Section 1. The **Corral Fly "02-01" State No. 35H Well** will have a standard bottom hole location in the SE/4 SE/4 (Unit P) of Section 1. The completed interval for each well will remain within the 330-foot standard offset required by 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 OXY USA Inc. as operator of the wells and a 200% charge for risk involved in drilling said wells. Said area is located approximately 9 miles southeast of Malaga, N.M.

22. Case No. 16009: 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 319.91-acre spacing and proration unit comprised of the W/2 W/2 of Section 1 and the W/2 W/2 of Section 12, Township 24 South, Range 30 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 the project area for two proposed initial wells, to be drilled and completed simultaneously: the proposed **Nimitz MDP1 "12" Federal Com No. 1H Well** and the proposed **Nimitz MDP1 "12" Federal Com No. 2H Well**. The **Nimitz MDP1 "12" Federal Com No. 1H Well** will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 12 to a standard bottom hole location in the NW/4 NW/4 (Lot 4) of Section 1. The **Nimitz MDP1 "12" Federal Com No. 2H Well** will be horizontally drilled from a surface location in the NE/4 NW/4 of Section 13 (Unit C) to a standard bottom hole location in the NW/4 NW/4 (Lot 4) of Section 1. The completed interval for the **Nimitz MDP1 "12" Federal Com No. 1H Well** will remain within the 330-foot standard offset required by the Statewide Rules set forth in 19.15.15 NMAC. The completed interval for the **Nimitz MDP1 "12" Federal Com No. 2H Well** will be at a non-standard location. OXY has obtained administrative approval of a non-standard location for the **Nimitz MDP1 "12" Federal Com No. 2H Well**. 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 wells. Said area is located approximately 14 miles east of Malaga, N.M.

23. Case No. 16010: 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 319.99-acre spacing and proration unit comprised of the E/2 E/2 of Section 1 and the E/2 E/2 of Section 12, Township 24 South, Range 30 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 the project area for two proposed initial wells, to be drilled and completed simultaneously: the proposed **Nimitz MDP1 "12" Federal Com No. 6H Well** and the proposed **Nimitz MDP1 "12" Federal Com No. 7H Well**. The **Nimitz MDP1 "12" Federal Com No. 6H Well** and the **Nimitz MDP1 "12" Federal Com No. 7H Well** will be pad drilled horizontally from a surface location in the SE/4 SE/4 (Unit P) of Section 12 to a standard bottom hole location in the NE/4 NE/4 (Lot 1) of Section 1. The completed interval for the **Nimitz MDP1 "12" Federal Com No. 6H Well** will remain within the 330-foot standard offset required by the Statewide Rules set forth in 19.15.15 NMAC. The completed interval for the **Nimitz MDP1 "12" Federal Com No. 7H Well** will be at a non-standard location. OXY has obtained administrative approval of a non-standard location for the **Nimitz MDP1 "12" Federal Com No. 7H Well**. 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 wells. Said area is located approximately 14 miles east of Malaga, N.M.

24. Case No. 16011: 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 319.96-acre non-standard spacing and proration unit comprised of the W/2 E/2 of Section 1 and the W/2 E/2 of Section 12, Township 24 South, Range 30 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 **Nimitz MDP1 "12" Federal Com No. 8H Well**, which will be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 13 to a standard bottom hole location in the NW/4 NE/4 (Lot 2) of Section 1. 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.

25. Case No. 16012: 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 319.94-acre non-standard spacing and proration unit comprised of the E/2 W/2 of Section 1 and the E/2 W/2 of Section 12, Township 24 South, Range 30 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 **Nimitz MDP1 "12" Federal Com No. 9H Well**, which will be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 13 to a standard bottom hole location in the NE/4 NW/4 (Lot 3) of Section 1. 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.

26. Case No. 16013: 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 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; 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 **Nimitz MDP1 "13" Federal Com No. 1H Well**, which will be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) to a standard bottom hole location in the SW/4 SE/4 (Unit O) of Section 13. 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.

27. Case No. 16014: 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 160-acre spacing and proration unit comprised of the E/2 E/2 of Section 13, Township 24 South, Range 30 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 the project area for two proposed initial wells, to be drilled and completed simultaneously: the proposed **Nimitz MDP1 "13" Federal Com No. 2H Well** and the proposed **Nimitz MDP1 "13" Federal Com No. 3H Well**. Both wells 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 the SE/4 SE/4 (Unit P) of Section 13. The completed interval for the **Nimitz MDP1 "13" Federal Com No. 3H Well** will remain within the 330-foot standard offset required by the Statewide Rules set forth in 19.15.15 NMAC. The completed interval for the **Nimitz MDP1 "13" Federal Com No. 2H Well** will be at a non-standard location. OXY has obtained administrative approval of a non-standard location for the **Nimitz MDP1 "13" Federal Com No. 2H Well**. 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 wells. Said area is located approximately 14 miles east of Malaga, N.M.

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28. Case No. 15997: (Continued from the February 22, 2018 Examiner Hearing.)

Application of Devon Energy Production Company, L.P. 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) authorizing a non-standard spacing unit in the Purple Sage Wolfcamp Gas Pool (98220); (2) creating a 480-acre non-standard spacing and proration unit comprised of the SW/4 of Section 30 and the W/2 of Section 31, Township 23 South, Range 29 East, Eddy County, New Mexico; and (3) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to the applicant's four proposed initial wells:

- The proposed **Spud Muffin 30-31 Fed Com 731H Well**, which will be horizontally drilled from a surface location in the NW/4 SW/4 of Section 30 (Unit L) to a bottom hole location in the SW/4 SW/4 of Section 31 (Unit M);
- The proposed **Spud Muffin 30-31 Fed Com 732H Well**, which will be horizontally drilled from a surface location in the NW/4 SW/4 of Section 30 (Unit L) to a bottom hole location in the SW/4 SW/4 of Section 31 (Unit M);
- The proposed **Spud Muffin 31-30 Com 733H Well**, which will be horizontally drilled from a surface location in the SE/4 SW/4 of Section 31 (Unit N) to a bottom hole location in the NE/4 SW/4 of Section 30 (Unit K);
- The proposed **Spud Muffin 31-30 Com 734H Well**, which will be horizontally drilled from a surface location in the SE/4 SW/4 of Section 31 (Unit N) to a bottom hole location in the NE/4 SW/4 of Section 30 (Unit K).

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 Devon Energy Production Company, L.P. as operator of the wells and a 200% charge for risk involved in drilling each well. Said area is located approximately 16 miles Southeast of Carlsbad, New Mexico.

29. Case No. 15984: (Continued from the February 22, 2018 Examiner Hearing.)

Application of Devon Energy Production Company, L.P. 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) authorizing a non-standard spacing unit in the Purple Sage Wolfcamp Gas Pool (98220); (2) creating a 480-acre non-standard spacing and proration unit comprised of the SE/4 of Section 30 and the E/2 of Section 31, Township 23 South, Range 29 East, Eddy County, New Mexico; and (3) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to the applicant's four proposed initial wells:

- The proposed **Spud Muffin 31-30 735H Well**, which will be horizontally drilled from a surface location in the SW/4 SE/4 of Section 31 (Unit O) to a bottom hole location in the NW/4 SE/4 of Section 30 (Unit J);
- The proposed **Spud Muffin 31-30 736H Well**, which will be horizontally drilled from a surface location in the SW/4 SE/4 of Section 31 (Unit O) to a bottom hole location in the NW/4 SE/4 of Section 30 (Unit J);
- The proposed **Spud Muffin 31-30 737H Well**, which will be horizontally drilled from a surface location in the SE/4 SE/4 of Section 31 (Unit P) to a bottom hole location in the NE/4 SE/4 of Section 30 (Unit I);
- The proposed **Spud Muffin 31-30 738H Well**, which will be horizontally drilled from a surface location in the SE/4 SE/4 of Section 31 (Unit P) to a bottom hole location in the NE/4 SE/4 of Section 30 (Unit I).

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 Devon Energy Production Company, L.P. as operator of the wells and a 200% charge for risk involved in drilling each well. Said area is located approximately 16 miles Southeast of Carlsbad, New Mexico.

30. Case No. 15926: (Continued from the February 22, 2018 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 320-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the E/2 W/2 of Section 20 and the E/2W/2 of Section 29, Township 21 South, Range 32 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the E/2 W/2 of Section 20 and the E/2 W/2 of Section 29. The unit will be dedicated to the **Caper 20/29 B2CN Fed. Com. Well No. 1H**, a horizontal well with a surface location in the SE/4 SW/4 of adjoining Section 17, and a terminus in the SE/4 SW/4 of Section 29. The producing interval of the 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 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-southeast of the intersection of State Highway 176 and U.S. Highway 62/180.

31 Case No. 15971: (Continued from the February 22, 2018 Examiner Hearing.)

Application of Prime Rock Resources, 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 W/2 of Section 20 and the E/2 W/2 of Section 29, Township 21 South, Range 32 East, NMPM, Lea County, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard

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unit is to be dedicated to applicant's proposed **Olive Woolly Bugger 20-29 Federal Com #1H**, which will be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 17 to a standard bottom hole location in the SE/4 SW/4 (Unit N) of Section 29. The completed interval for this well will remain within the 330-foot offset as required by the Statewide rules for oil wells. 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 Prime Rock Resources, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 26 miles Northeast of Loving, New Mexico.