

DOCKET: EXAMINER HEARING - THURSDAY – MARCH 16, 2017

8:15 A.M.
 1220 South St. Francis Drive
 Santa Fe, New Mexico
 87505

Docket Nos. 12-17 and 13-17 are tentatively set for March 30, 2017 and April 13, 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 15606 - No. 1
Case 15625 - No. 6
Case 15634 - No. 12
Case 15635 - No. 13
Case 15636- No. 14
Case 15637 – No. 7
Case 15638 - No. 8
Case 15639 - No. 2
Case 15640 - No. 3
Case 15641 – No. 4
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Case 15643 - No. 9
Case 15644 - No. 10
Case 15645 – No. 11

1. Case No. 15606: (Continued from the March 2, 2017 Examiner Hearing.)

Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against ICA Energy Operating, L.L.C. for its Well Operated in Roosevelt County, New Mexico. The New Mexico Oil Conservation Division Compliance and Enforcement Bureau, ("Bureau") 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 ICA Energy Operating, L.L.C. ("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 Operator in violation of a Division Order for each day after the deadline established in the sought order to obtain compliance, declaring the well abandoned, and authorizing the OCD to plug the violating well in accordance with a Division-approved plugging program and restore and remediate the location, recover costs from Operator's financial assurance as permitted by 19.15.8.13 NMAC, and seek indemnification as permitted by NMSA 1978, § 70-2-14(E).

2. Case No. 15639: 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 160-acre, more or less, non-standard spacing and proration unit comprised of the W/2 E/2 of Section 29, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interests in the 2nd Bone Spring Sand formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Populus Federal #2H Well**, which will be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 29 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 29. The completed interval for this well will remain within the 330-foot standard set back required by Division 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 the well. Said area is located approximately 14 miles southwest of Loving, New Mexico.

3. Case No. 15640: 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 160-acre, more or less, non-

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standard spacing and proration unit comprised of the W/2 W/2 of Section 29, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interests in the 2nd Bone Spring Sand formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Populus Federal #4H Well**, which will be horizontally drilled from an unorthodox surface location in the NW/4 NW/4 (Unit D) of Section 29 to an unorthodox bottom hole location in the SW/4 SW/4 (Unit M) of Section 29. The completed interval for this well will remain within the 330-foot standard set back required by Division 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 the well. Said area is located approximately 14 miles southwest of Loving, New Mexico.

4. **Case No. 15641: Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying the N/2 of Section 11, Township 23 South, Range 27 East, NMPM, to form a standard 320-acre gas spacing and proration unit. The unit will be dedicated to the **Michael Collins 11-23S-27E RB Well No. 206H**. The well is a horizontal well, with a surface location in the NE/4 SE/4 of Section 11. The first perforation is 2308 feet from the north line and 330 feet from the east line, and the last perforation is 2281 feet from the north line and 330 feet from the west line, of Section 11. 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 2 miles south-southeast of Otis, New Mexico.

5. **Case No. 15642: Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying the S/2 of Section 11, Township 23 South, Range 27 East, NMPM, to form a standard 320-acre gas spacing and proration unit. The unit will be dedicated to the **Michael Collins 11-23S-27E RB Well No. 208H**. The well is a horizontal well, with a surface location in the SE/4 SE/4 of Section 11. The first perforation is 330 feet from the south and east lines, and last perforation is 330 feet from the south and west lines, of Section 11. 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 2-1/2 miles south-southeast of Otis, New Mexico.

6. **Case No. 15625: (Continued from the March 2, 2017 Examiner Hearing.)**

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 21, Township 23 South, Range 28 East, NMPM, for all pools developed on 320 acre spacing within that vertical extent. The unit is to be dedicated to the **Loving Townsite 21 W2PA Fee Well No. 1H**, a horizontal well with a surface location 220 feet from the north line and 450 feet from the east line of adjoining Section 28, with the first take point approximately 330 feet from the south line and 450 feet from the east line and a terminus 330 feet from the north line and 450 feet from the east line of Section 21. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 1 mile east of beautiful, downtown Loving, New Mexico.

7. **Case No. 15637: (Continued from the March 2, 2017 Examiner Hearing.)**

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 Lots 1, 2, S/2 NE/4, and SE/4 (the E/2) of Section 3, Township 24 South, Range 28 East, NMPM, to form a standard 320.25 acre gas spacing and proration unit for all pools or formations developed on 320 acre spacing within that vertical extent. The unit will be dedicated to the **Yardbirds 3 W0AP Fee Well No. 2H**, a horizontal well with a surface location 185 feet from the north line and 450 feet from the east line, and a terminus 330 feet from the south line and 450 feet from the east line, of Section 3. The beginning and end of the producing interval are 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 1-1/2 miles north of Malaga, New Mexico.

8. **Case No. 15638: (Continued from the March 2, 2017 Examiner Hearing.)**

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 Lots 1, 2, S/2 NE/4, and SE/4 (the E/2) of Section 3, Township 24 South, Range 28 East, NMPM, to form a standard 320.25 acre gas spacing and proration unit for all pools or formations developed on 320 acre spacing within that vertical extent. The unit will be dedicated to the **Yardbirds 3 W2AP Fee Well No. 1H**, a horizontal well with a surface location 185 feet from the north line and 400 feet from the east line, and a terminus 330 feet from the south line and 400 feet from the east line, of Section 3. The beginning and end of the producing interval are 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 1-1/2 miles north of Malaga, New Mexico.

9. Case No. 15643: Application of COG Operating LLC for a non-standard spacing and proration unit and/or unorthodox location, 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 in the Bone Spring formation, comprised of the E/2 of Section 36, Township 22 South, Range 31 East, NMPM, Eddy County, New Mexico; and/or (2) approving an unorthodox location for the Bultaco State No. 3H Well. The non-standard spacing unit will be dedicated to the **Bultaco State No. 1H Well, the Bultaco State No. 2H Well, and the Bultaco State No. 3H Well.** The first perforation for the Bultaco State No. 3H Well is located approximately 330 feet from the South line and 1,295 feet from the East line (Unit P). The last perforation is located 100 feet from the North line and 1,295 feet from the East line (Unit A). For this reason, the producing interval is encroaching on the spacing and proration units to the North, Northwest, West, and Southwest of the subject well. Said area is located approximately 22 miles northeast of Malaga, New Mexico.

10. Case No. 15644: Application Of WPX Energy Production, LLC For An Exception to NMAC 19.15.34.13(C), Rio Arriba County, New Mexico. Applicant seeks an order (1) granting an exception to NMAC 19.15.34.13(C); and (2) permitting an extension of the Division District Office's determination of cessation of operations for an additional six months for its Recycling Facility and Recycling Containment ("Facility") located in Section 30, Township 31 North, Range 5 West, NMPM, Rio Arriba County, New Mexico. The subject acreage is located approximately 33 miles east of Aztec, New Mexico.

11. Case No. 15645: Application Of WPX Energy Production, LLC For Approval Of The South Escavada Unit And For Allowance Of 330 Foot Setbacks From The Exterior Of The Proposed Unit, Sandoval County, New Mexico. Applicant seeks approval of its South Escavada Unit consisting of approximately 4,723.82 acres of Federal and Allotted Indian lands situated in all or parts of the Sections 13-15, 22-24, and 26-28, Township 22 North, Range 7 West, and Sections 17-20, Township 22 North, Range 6 West, NMPM, Sandoval County, New Mexico. The unitized interval includes the Mancos formation from the top of the Mancos formation at a measured depth of 3,715 feet down to the stratigraphic equivalent of the top of the Graneros formation at a measured depth of 5,575 feet as encountered on the induction electrical log run on the Sandoval 1-23 Well in Section 23, Township 22 North, Range 7 West, N.M.P.M. (API 30-043-05150), Sandoval County, New Mexico. In addition, Applicant seeks an order allowing for wells to be located anywhere within the proposed Unit Area so long as the completed interval is no closer than 330 feet from the outer boundary of the proposed Unit. The subject acreage is located approximately 4.5 miles southwest of Counselor, New Mexico.

12. Case No. 15634: (Continued from the March 2, 2017 Examiner Hearing.) Application of Devon Energy Production Company, L.P. for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Devon Energy Production Company, L.P. seeks an order approving a 320-acre, more or less, non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of Lot 4, SW/4 NW/4, and W/2 SW/4 (the W/2 W/2) of Section 1 and the W/2 W/2 of Section 12, Township 23 South, Range 31 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit, for any formations and/or pools developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the **Tomb Raider 1-12 Fed. Well No. 61H**, a horizontal well to be drilled at a surface location 200 feet from the north line and 1310 feet from the west line of Section 1, with a terminus 330 feet from the south line and 660 feet from the west line of Section 12. 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 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 21 miles east-northeast of Malaga, New Mexico.

13. Case No. 15635: (Continued from the March 2, 2017 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 2 and the W/2 E/2 of Section 11, Township 25 South, Range 28 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit will be dedicated to the **Hoss 2/11 B2BO Fed. Com. Well No. 2H**, a horizontal well with a surface location 185 feet from the north line and 1650 feet from the east line of Section 2, and a terminus 330 feet from the south line and 1650 feet from the east line of Section 11. 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 4-1/2 miles south-southeast of Malaga, New Mexico.

14. Case No. 15636: (Continued from the March 2, 2017 Examiner Hearing.) 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 640-acre non-standard spacing and proration unit (project area) in the Wolfcamp formation comprised of the E/2 of Section 2 and the E/2 of Section 11, 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 **Hoss 2/11 W2BO Fed. Com. Well No. 1H**, a horizontal well with a surface location 185 feet from the north line and 1700 feet from the east line of Section 2, and a terminus 330 feet from the south line and 1650 feet from

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the east line of Section 11. 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 4-1/2 miles south-southeast of Malaga, New Mexico.