

DOCKET: EXAMINER HEARING - THURSDAY - MARCH 30, 2017

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

Docket Nos. 14-17 and 15-17 are tentatively set for April 13, 2017 and April 27, 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.

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1. **Case No. 15646:** *Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Cano Petro of New Mexico, Inc., for Wells Operated in Chaves 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, §70-2-12 for a compliance order (1) determining operator Cano Petro of New Mexico, Inc. (“Operator”) is out of compliance with 19.15.8 NMAC and NMSA 1978, §§ 70-2-12(B)(1) and 70-2-14; (2) requiring Operator to return to compliance with 19.15.8 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 acceptable financial assurance.

2. **Case No. 15647:** *Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Colfax Land & Cattle Company, LLC, for Wells Operated in Colfax 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, §70-2-12 for a compliance order (1) determining operator Colfax Land & Cattle Company, LLC (“Operator”) is out of compliance with 19.15.8 NMAC and NMSA 1978, §§ 70-2-12(B)(1) and 70-2-14; (2) requiring Operator to return to compliance with 19.15.8 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 acceptable financial assurance

3. **Case No. 15648:** *Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Jam Oil, LLC, 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, §70-2-12 for a compliance order (1) determining operator Jam Oil, LLC (“Operator”) is out of compliance with 19.15.8 NMAC and NMSA 1978, §§ 70-2-12(B)(1) and 70-2-14; (2) requiring Operator to return to compliance with 19.15.8 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 acceptable financial assurance.

4. **Case No.15649:** *Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Kersey and Company, for 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, §70-2-12 for a compliance order (1) determining operator Kersey and Company (“Operator”) is out of compliance with 19.15.8 NMAC and NMSA 1978, §§ 70-2-12(B)(1) and 70-2-14; (2) requiring Operator to return to compliance with 19.15.8 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 acceptable financial assurance.

5. **Case No. 15650:** *Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against M & M Production & Operation, for a Well Operated in Sandoval 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, §70-2-12 for a compliance order (1) determining operator M & M Production & Operation (“Operator”) is out of compliance with 19.15.8 NMAC and NMSA 1978, §§ 70-2-12(B)(1) and 70-2-14; (2) requiring Operator to return to compliance with 19.15.8 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 acceptable financial assurance.

6. **Case No. 15651:** *Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against M E W Enterprise, for a Well Operated in Chaves 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, §70-2-12 for a compliance order (1) determining operator M E W Enterprise (“Operator”) is out of compliance with 19.15.8 NMAC and NMSA 1978, §§ 70-2-12(B)(1) and 70-2-14; (2) requiring Operator to return to compliance with 19.15.8 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 acceptable financial assurance.

7. **Case No. 15652:** *Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Westbrook Oil Corp, for Wells Operated in Lea 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, §70-2-12 for a compliance order (1) determining operator Westbrook Oil Corp (“Operator”) is out of compliance with 19.15.8 NMAC and NMSA

1978, §§ 70-2-12(B)(1) and 70-2-14; (2) requiring Operator to return to compliance with 19.15.8 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 acceptable financial assurance.

8. **Case No. 15653: Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Elmira T Welch, for a Well Operated in Eddy 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 Elmira T Welch (“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 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 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).

9. **Case No. 15654: Application of Mesquite SWD, Inc. to Amend Approvals for Salt Water Disposal Wells in Lea and Eddy Counties.** Applicant seeks an order from the Division: Amending Order Numbers SWD-1667 for the San Dunes SWD #2 well, SWD-1642 for the Scott B SWD #1 well, SWD-1638 for the VL SWD #1 well, SWD-1558 for the Station SWD #1 well, SWD-1636 for the Cypress SWD #1 well, SWD-1610 for the Gnome East SWD #1 well, SWD-1602 for the Uber East SWD #1 well, and SWD-1600 for the Uber North SWD #1 well, to allow for injection to occur through internally-coated, 5 ½ inch or smaller tubing. The orders issued by the Division currently only allow for tubing to be used if its 4 ½ inches or smaller. The Station SWD #1 well is located approximately 31.7 miles Northwest of Jal, New Mexico. The San Dunes SWD #2, Scott B SWD #1, and Scott B SWD #1 are located within 17 miles of Malaga, New Mexico. The Cypress SWD #1, Gnome East SWD #1, Uber East SWD #1, and Uber North SWD #1 are located approximately 21 - 37 miles southeast of Carlsbad, New Mexico.

10. **Case No. 15655: Application of Black Mountain Operating LLC for a Non-Standard Oil Spacing and Proration Unit, Compulsory Pooling, and an Unorthodox Well Location, Lea County, New Mexico.** Applicant seeks an order approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of the W/2 SW/4 of Section 35, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico and the W/2 W/2 of Section 2, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit will be dedicated to Applicant’s proposed **Gramma Ridge State Com 1H well** to be drilled at an unorthodox location approximately 144.3 feet from the south line and 911 feet from the west line (surface) of Section 2, Township 22 South, Range 34 East, to 2371 feet from the south line and 330 feet from the west line (terminus) of Section 35, Township 21 South, Range 34 East. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 17 miles west of Eunice, New Mexico.

11. **Case No. 15656: Application of Black Mountain Operating LLC for a Non-Standard Oil Spacing and Proration Unit, Compulsory Pooling, and an Unorthodox Well Location, Lea County, New Mexico.** Applicant seeks an order approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of the E/2 SW/4 of Section 35, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico and the E/2 W/2 of Section 2, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit will be dedicated to Applicant’s proposed **Gramma Ridge State Com 3H well** to be drilled at an unorthodox location approximately 144.3 feet from the south line and 971 feet from the east line (surface) of Section 2, Township 22 South, Range 34 East, to 2387 feet from the south line and 1707.7 feet from the east line (terminus) of Section 35, Township 21 South, Range 34 East. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 17 miles west of Eunice, New Mexico.

12. **Case No. 15657: Application of Rockcliff Operating New Mexico LLC for pool expansion and special rules and regulations for the West Milnesand-San Andres Pool, Roosevelt County, New Mexico.** Applicant seeks an order instituting special rules and regulations for the West Milnesand-San Andres Pool, including a special depth bracket allowable of 160 barrels of oil per day for a standard 40-acre oil spacing and proration unit. The West Milnesand-San Andres Pool currently includes the SE/4 of Section 17, the NE/4 of Section 20, and the W/2 of Section 21, Township 8 South, Range 34 East, NMPM. Applicant requests that the special rules and regulations be made effective retroactive to the date of first production from the **Annapurna 20 Well No. 1H (API No. 30-041-20969)**, a horizontal well with a well unit comprised of the E/2 E/2 of Section 20, Township 8 South, Range 34 East, NMPM. Applicant further requests that the horizontal limits of the pool be expanded to include the SE/4 of Section 20. The West Milnesand-San Andres Pool is centered approximately 3 miles southwest of Milnesand, New Mexico.

13. **Case No. 15658: Application of NM&O Operating Company for compulsory pooling, Rio Arriba County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Mesaverde formation (Blanco-Mesaverde Gas Pool) underlying the S/2 of Section 35, Township 25 North, Range 2 West, NMPM, to form a standard 320 acre gas spacing and proration unit. The unit is dedicated to the **Hawk Well No. 3**, located at an orthodox location in the NW/4 SE/4 of Section 35. Also to be

considered will be the designation of applicant as operator of the well. The unit is located approximately 2-1/2 miles north of Lindrith, New Mexico.

14. Case No. 15659: Application of GMT Exploration Company LLC for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. GMT Exploration Company LLC 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 2, Township 22 South, Range 34 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit (project area). The unit will be dedicated to the **Pucker Rapid State Com. Well No. 1H**, a horizontal well with a surface location in the SW/4 SW/4, and a terminus in the NW/4 NW/4, of Section 2. The beginning and end of the productive 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 12 miles west-southwest of Oil Center, New Mexico.

15. Case No. 15660: Application of GMT Exploration Company LLC for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. GMT Exploration Company LLC 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/2 W/2 of Section 2, Township 22 South, Range 34 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit (project area). The unit will be dedicated to the **Squeeze State Com. Well No. 1H**, a horizontal well with a surface location in the SE/4 SW/4, and a terminus in the NE/4 NW/4, of Section 2. The beginning and end of the productive 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 12 miles west-southwest of Oil Center, New Mexico.

16. Case No. 15625: (Continued from the March 16, 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.

17. Case No. 15637: (Continued from the March 16, 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.

18. Case No. 15638: (Continued from the March 16, 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.

19. Case No. 15661: Application of BC Operating, Inc., Crown Oil Partners V, Crump Energy Partners, and Nadel and Gussman Permian, LLC for compulsory pooling, Eddy County, New Mexico. Applicants in the above-styled cause seek an order pooling all uncommitted interests in the Wolfcamp formation underlying the 320-acre, more or less, spacing and proration unit comprised of the E/2 of Section 22, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico. Said unit is to be

dedicated to applicant's proposed **Chicken Fry Federal Com No. 1H Well**, which will be drilled horizontally from the NE/4 NE/4 (Unit A) to a standard bottomhole location in the SE/4 SE/4 (Unit P) of Section 22. 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. Said area is located approximately 1 mile south of Malaga, New Mexico.

20. **Case No. 15662:** *(This case will be dismissed.)*

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 765.87-acre, more or less, spacing and proration unit in the Wolfcamp formation comprised of the W/2 W/2 of Section 21, the W/2 W/2 of Section 28, and the W/2 W/2 of Irregular Section 33, Township 26 South, Range 25 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 dedicated to applicant's proposed **Caverns Federal Com No. 4H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 21 to a standard bottom hole location in the SW/4 SW/4 (Lot 4) of irregular Section 33. The completed interval for this well will remain within the 330-foot standard offset required 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 20 miles southeast of Loco Hills, New Mexico.

21. **Case No. 15643:** *(Continued from the March 16, 2017 Examiner Hearing.)*

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.

22. **Case No. 15663:** **Application of XTO Energy 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 non-standard, 320-acre spacing and proration unit comprised of the E/2 W/2 of Section 8 and the E/2 W/2 of Section 17, Township 25 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation, Willow Lake; Bone Spring, Southeast (Pool Code 96217), underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Corral Canyon Federal No. 14H Well**, which will be horizontally drilled from a surface location in the SE/4 SW/4 of Section 5 (Unit N) to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 17. 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 XTO Energy Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 6 miles southeast of Malaga, New Mexico.

23. **Case No. 15664:** **Application of XTO Energy 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 non-standard, 320-acre spacing and proration unit comprised of the W/2 W/2 of Section 8 and the W/2 W/2 of Section 17, Township 25 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation, Willow Lake; Bone Spring, Southeast (Pool Code 96217), underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Corral Canyon Federal No. 13H Well**, which will be horizontally drilled from a surface location in the SE/4 SE/4 of Section 6 (Unit P) to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 17. 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 XTO Energy Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 6 miles southeast of Malaga, New Mexico.

24. **Case No. 15626:** *(Continued from the March 2, 2017 Examiner Hearing.)*

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 N/2 N/2 of Section 21, 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 **Cedar Canyon 21 Federal Com No. 21H Well**, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) to a standard bottom hole location in the NW/4 NW/4 (Unit D) of Section 21. 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 5 miles east of Malaga, N.M.

25. **Case No. 15627:** (Continued from the March 2, 2017 Examiner Hearing.)

Application of OXY USA Inc. for 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 N/2 of Section 21, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico and (2) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said unit is to be dedicated to applicant's proposed **Cedar Canyon 21 Federal Com No. 31H Well**, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) to a standard bottom hole location in the NW/4 NW/4 (Unit D) of Section 21. 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 5 miles east of Malaga, N.M.

26. **Case No. 15665: 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 S/2 S/2 of Section 21 and the S/2 S/2 of Section 22, 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 **Cedar Canyon 21-22 Federal Com No. 34H Well**, which will be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 21 to a standard bottom hole location in SE/4 SE/4 (Unit P) of Section 22. 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 5 miles east of Malaga, N.M.

27. **Case No. 15666: Application of EOG Resources, Inc. for a non-standard spacing and proration unit, compulsory pooling, and approval to surface (pool-lease) commingle, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a 240-acre spacing and proration unit in the Wolfcamp Formation (WC-025-G-08-S203429P; Wolfcamp Pool (98201)) comprised of the W/2 W/2 of Section 10, and the W/2 SW/4 of Section 3, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico; (2) approving an unorthodox location for the wellbore; (3) approving EOG's request to surface commingle (pool-lease commingle) production from the proposed spacing unit with production from the spacing unit in the W/2 W/2 of Section 10, and the W/2 SW/4 of Section 3 producing from the Bone Spring Formation (Lea; Bone Spring South Pool (37580)). Said unit will be the project area for its proposed **Osprey 10 No. 701H Well**, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 10 to a bottom hole location in NW/4 SW/4 (Unit L) of Section 3. The completed interval for this well will comply with the 330-foot standard setbacks 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 EOG Resources, Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 2 miles Southwest of Baird Place, New Mexico.

28. **Case No. 15667: Amended Application of EOG Resources, Inc. for a non-standard spacing and proration unit, approval of an unorthodox well location, compulsory pooling, and approval to surface (pool-lease) commingle, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a 240-acre spacing and proration unit in the Bone Spring Formation (Lea; Bone Spring South Pool (37580)) comprised of the W/2 W/2 of Section 10, and the W/2 SW/4 of Section 3, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico; (2) approving an unorthodox location for the wellbore; (3) pooling all mineral interests in the Bone Spring formation underlying this acreage; and (4) approving EOG's request to surface commingle (pool-lease commingle) production from the proposed spacing unit with production from the spacing unit in the W/2 W/2 of Section 10, and the W/2 SW/4 of Section 3 producing from the Wolfcamp Formation. Said unit will be the project area for its proposed **Osprey 10 No. 602H**, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 10 to a bottom hole location in NW/4 SW/4 (Unit L) of Section 3. The completed interval for this well will commence 330 feet from the South line, 1,270 feet from the West line (Unit M) of Section 10 to a location 2,304 feet from the South line, 1,270 feet from the West line (Unit L) of Section 3. The completed interval therefore encroaches on the spacing and proration units to the East and Northeast. 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 EOG Resources, Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 2 miles Southwest of Baird Place, New Mexico.

29. **Case No. 15668: Application of EOG Resources, Inc., For Creation Of A New Pool And For A Special Depth Bracket Allowable For The WC-025 G-09 S253336D; Upper Wolfcamp Pool, Lea County, New Mexico.** Applicant seeks an order (1) creating a new Wolfcamp Oil Pool; and (2) authorization to increase the depth bracket allowable for oil wells within the C-025 G-

09 S253336D; Upper Wolfcamp Pool (98094) from 410 to 1400 barrels of oil per day for each 40-acre spacing unit. This pool currently covers the following acreage in Lea County, New Mexico:

Township 25 South, Range 33 East, N.M.P.M.

Section 25: SW/4

Section 26: All

Section 36: W/2

Said pool is located approximately 30 miles west of Jal, New Mexico.

30. Case No. 15669: Application of EOG Resources, Inc., For Creation Of A New Pool And For A Special Depth Bracket Allowable For The WC-025 G-09 S263327G; Upper Wolfcamp Pool, Lea County, New Mexico. Applicant seeks an order (1) creating a new Wolfcamp Oil Pool; and (2) authorization to increase the depth bracket allowable for oil wells within the WC-025 G-09 S263327G; Upper Wolfcamp Pool (98097) from 410 to 1400 barrels of oil per day for each 40-acre spacing unit. This pool currently covers the following acreage in Lea County, New Mexico:

Township 26 South, Range 33 East, N.M.P.M.

Section 21: All

Section 22: W/2, SE.4

Section 25: W/2

Section 26: N/2

Section 27: NE/4

Section 28: E/2

Section 33: E/2

Section 36: W/2

Said pool is located approximately 30 miles west of Jal, New Mexico.

31. Case No. 15634: (Continued from the March 16, 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.

32. Case No. 15635: (Continued from the March 16, 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.

33. Case No. 15636: (Continued from the March 16, 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 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.

34. Case No. 15547: (Continued from the February 16, 2017 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.

35. Case No. 15548: (Continued from the February 16, 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 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.

36. Case No. 15549: (Continued from the February 16, 2017 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.

37. Case No. 15550: (Continued from the February 16, 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 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 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.

38. Case No. 15551: (Continued from the February 16, 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 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.

39. Case No. 15552: (Continued from the February 16, 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 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.

40. Case No. 15562: (Continued from the February 16, 2017 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.

41. Case No. 15628: (Continued from the March 2, 2017 Examiner Hearing.)

Application of Black Mountain Operating LLC for a Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of the E/2 W/2 of Section 15 and the E/2 SW/4 of Section 10, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit will be dedicated to Applicant's proposed **Duke Federal 10 #10H** well to be drilled at a location approximately 2470 feet from the south line and 1906 feet from the west line (surface) of Section 10 to 330 feet from the south line and 1546 feet from the west line (terminus) of Section 15. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 20 miles northwest of Jal, New Mexico.

42. Case No. 15629: (Continued from the March 2, 2017 Examiner Hearing.)

Application of Black Mountain Operating LLC for a Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of the W/2 E/2 of Section 15 and the W/2 SE/4 of Section 10, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit will be dedicated to Applicant's proposed **Duke Federal 10 #18H** well to be drilled at a location approximately 2470 feet from the south line and 1840 feet from the east line (surface) of Section 10 to 330 feet from the south line and 1792 feet from the east line (terminus) of Section 15. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 20 miles northwest of Jal, New Mexico.

43. Case No. 15630: (Continued from the March 2, 2017 Examiner Hearing.)

Application of Black Mountain Operating LLC for a Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of the E/2 E/2 of Section 15 and the E/2 SE/4 of Section 10, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit will be dedicated to Applicant's proposed **Duke Federal 10 #26H** well to be drilled at a location approximately 2442 feet from the south line and 461 feet from the east line (surface) of Section 10 to 330 feet from the south line and 461 feet from the east line (terminus) of Section 15. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 20 miles northwest of Jal, New Mexico.

44. Case No. 15600: (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, Lea County, New Mexico. Mewbourne Oil Company seeks an order approving a 160-acre non-standard oil spacing and proration unit

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(project area) in the Bone Spring formation comprised of the E/2 E/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/2 E/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/4 NE/4, and a terminus in the SE/4 SE/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.

45. *Case No. 15601:* *(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, 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/2 E/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/2 E/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/4 NE/4, and a terminus in the SW/4 SE/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.

46. *Case No. 15602:* *(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, 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/2 W/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/2 W/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/4 NW/4, and a terminus in the SE/4 SW/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 18 miles southwest of Oil Center, New Mexico.