

DOCKET: EXAMINER HEARING - THURSDAY - APRIL 27, 2017

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

Docket Nos. 17-17 and 18-17 are tentatively set for May 11, 2017 and May 25, 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 15600 - No. 21
Case 15601 - No. 22
Case 15602 - No. 23
Case 15628 - No. 18
Case 15629 - No. 19
Case 15630 - No. 20
Case 15646 - No. 7
Case 15651 - No. 8
Case 15658 - No. 5
Case 15668 - No. 16
Case 15669 - No. 17
Case 15671 - No. 14
Case 15674 - No. 15
Case 15676 - No. 2
Case 15678 - No. 1
Case 15679 - No. 3
Case 15680 - No. 4
Case 15681 - No. 6
Case 15682 - No. 9
Case 15683 - No. 10
Case 15684 - No. 11
Case 15685 - No. 12
Case 15686 - No. 13

1. ***Case No. 15678: Application of Lime Rock Resources II-A, L.P. for compulsory pooling, Eddy County, New Mexico.*** Applicant seeks an order pooling all uncommitted mineral interests in the Yeso formation in the NW/4 NW/4 of Section 12, Township 18 South, Range 26 East, NMPM, in Eddy County. Applicant will dedicate the acreage to its **Higgins Cahoon 12D #3 well**, which will be vertically drilled in Unit D of Section 12, Township 18 South, Range 26 East. The well will be completed within the 330-foot standard offset required by the Division's rules. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Lime Rock Resources II-A, L.P. as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well will be located approximately ten (10) miles southeast of Artesia, New Mexico.

2. ***Case No. 15676: (Continued from the April 13, 2017 Examiner Hearing.) Application Of Dakota Resources, Inc. To Reinstate The Injection Authorized By Order SWD-802, Eddy County, New Mexico.*** Applicant seeks an order re-approving injection authority pursuant to Administrative Order SWD-802 issued in 2001. Order SWD-802 authorized the disposal of produced water into the Bell Canyon member of the Delaware formation from approximately 2,926 feet to 3,315 feet through the **Trigg Federal Well No. 1** (API No. 30-015-25006), located in the NW/4 SW/4 (Unit L) of Section 7, Township 21 South, Range 28 East, in Eddy County, New Mexico. That authority expired on July 15, 2016, due to inactivity associated with remediation efforts at the well site, which are now completed. This area is located 9 miles northeast of Carlsbad, New Mexico.

3. ***Case No. 15679: 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 446.4-acre, more or less, spacing and proration unit comprised of the W/2 of Section 29 and the N/2 NW/4 and Lot 1 and Lot 2 of irregular Section 32, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interests in the Wolfcamp Formation. Said non-standard unit is to be dedicated to applicant's proposed **Sidewinder Federal Com No. 4H Well**,

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which will be horizontally drilled from a surface location in the SW/4 SW/4 (Lot 1) of irregular Section 32 to a standard bottomhole location in the NW/4 NW/4 (Unit D) of Section 29. The completed interval for this well will remain within the 330-foot standard offset required by the Special Rules for the Purple Sage-Wolfcamp Gas Pool in Division Order No. R-14262. 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 13.5 miles SE of Malaga, New Mexico.

4. ***Case No. 15680: Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.*** Applicant in the above-styled cause seeks an order (1) creating a 320-acre, more or less, spacing and proration unit comprised of the E/2 E/2 of Section 6 and the E/2 E/2 of Section 7, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico; and (2) pooling all uncommitted interests in the WC-025 G-09 S243532M; Wolfbone Pool (Pool Code 98098) underlying this acreage. Said non-standard unit is to be dedicated to applicant's two proposed wells: the proposed **Stove Pipe Federal Com No. 1H Well** and the proposed **Stove Pipe Federal Com No. 21H Well**, which will be simultaneously drilled and completed in the Wolfbone pool. These two stacked horizontal wells will be pad drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 6 to a standard bottom hole location in the SE/4 SE/4 (Unit P) of Section 7. The completed interval for each well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of COG Operating LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 12 miles northwest of Jal, New Mexico.

13. ***Case No. 15658: (Continued from the March 30, 2017 Examiner Hearing.)***

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.

6. ***Case No. 15681: Application of Mewbourne Oil Company for a non-standard project area and an unorthodox gas well location, Eddy County, New Mexico.*** Mewbourne Oil Company seeks an order approving a non-standard 1280-acre horizontal well project area in the Wolfcamp formation comprised of all of Sections 17 and 20, Township 21 South, Range 25 East, NMPM. Applicant further requests approval of an unorthodox gas well location (Wildcat-Wolfcamp Gas Pool) for the proposed **Rio Bravo 17/20 W2AP Fed. Com. Well No. 1H**, with a surface location in the NE/4 NE/4 of Section 17 and a bottomhole location in the SE/4SE/4 of Section 20. The first and last take points will be unorthodox. The project area is located approximately 7-1/2 miles south of Seven Rivers, New Mexico.

7. ***Case No. 15646: (Continued from the April 13, 2017 Examiner Hearing.)***

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.

8. ***Case No. 15651: (Continued from the April 13, 2017 Examiner Hearing.)***

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.

9. ***Case No. 15682: Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Minel, Inc. for Wells Operated in Rio Arriba 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 Minel, Inc. ("Operator") is out of compliance with 19.15.8 NMAC and NMSA 1978, § 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.

10. **Case No. 15683:** *Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Nancy Wilcox E Qualls, for Wells Operated in Rio Arriba 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 Nancy Wilcox E Qualls (“Operator”) is out of compliance with 19.15.8 NMAC and NMSA 1978, § 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.

11. **Case No. 15684:** *Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Petro Mex, LLC, for Wells Operated in San Juan 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 Petro Mex, LLC (“Operator”) is out of compliance with 19.15.8 NMAC and NMSA 1978, §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.

12. **Case No. 15685:** *Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Pierce Production Company, LLC 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 Pierce Production, LLC (“Operator”) is out of compliance with 19.15.8 NMAC and NMSA 1978, § 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.

13. **Case No. 15686:** *Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Primal Energy Corporation for Wells Operated in Eddy and Lea Counties, New Mexico.* The 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 Primal Energy Corporation (“Operator”) is out of compliance with 19.15.8 NMAC and NMSA 1978, §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.

14. **Case No. 15671:** *(Continued from the April 13, 2017 Examiner Hearing.)*
Application of Smith and Marrs Inc., for approval of lease pressure maintenance project, in Eddy County, New Mexico. Applicant seeks approval to institute a lease pressure maintenance project in its **Superior State Well #1**, located 1980' FNL and 660' FEL, Unit H, Section 8, Township 25 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. Applicant intends to inject produced water into the Delaware Sand formation at depths of 3736-3776 feet (perforated). The well is located approximately 10 miles south east of Malaga, New Mexico.

15. **Case No. 15674:** *(Continued from the April 13, 2017 Examiner Hearing.)*
Application of Mewbourne Oil Company for a nonstandard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order approving a 478.39 acre non-standard spacing and proration unit in the Wolfcamp formation underlying Lots 3-7, SE/4 NW/4, and E/2 SW/4 (the E/2) of Section 6 and Lots 1, 2, and E/2 NW/4 (the NW/4) of Section 7, 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 the **Motley 6/7 W2DE Fee Com. Well No. 1H**, a horizontal well with a surface location in Lot 4 of Section 6, and a terminus in Lot 2 of Section 7. 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 4 miles west-northwest of Malaga, New Mexico.

16. **Case No. 15668:** *(Continued from the March 30, 2017 Examiner Hearing.)*
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.

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Section 25: SW/4
Section 26: All
Section 36: W/2

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

17. Case No. 15669: *(Continued from the March 30, 2017 Examiner Hearing.)*

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.

18. Case No. 15628: *(Continued from the March 30, 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.

19. Case No. 15629: *(Continued from the March 30, 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.

20. Case No. 15630: *(Continued from the March 30, 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.

21. Case No. 15600: *(Continued from the March 30, 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 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

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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.

22. **Case No. 15601:** *(Continued from the March 30, 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.

23. **Case No. 15602:** *(Continued from the March 30, 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.