

**AMENDED DOCKET: EXAMINER HEARING - THURSDAY – AUGUST 31, 2017**

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

Docket Nos. 32-17 and 33-17 are tentatively set for September 14, 2017 and September 28, 2017. Applications for hearing must be filed at least thirty (30) days in advance of the hearing date. OCD Rule Subsection B of 19.15.4.13 NMAC requires parties who intend to present evidence at an adjudicatory hearing to file a pre-hearing statement no later than the Thursday before the hearing, and serve a copy on opposing counsel of record. If the OCD does not receive a pre-hearing statement from the applicant by the close of business on the Thursday before the hearing, the hearing may be continued. A party who plans on using projection equipment at a hearing must contact Florene Davidson, seven (7) business days prior to the hearing, requesting the use of the projection equipment. Wireless internet is available; however, the party must provide its own laptop computer. The following cases will be heard by an Examiner.

*Locator Key for Cases*

*Case 15185 - No. 38*  
*Case 15348 - No. 29*  
*Case 15751 - No.37*  
*Case 15757 - No. 14*  
*Case 15758 - No 27*  
*Case 15759 - No. 28*  
*Case 15775- No. 6*  
*Case 15776 - No. 7*  
*Case 15777 - No. 8*  
*Case 15778 - No. 9*  
*Case 15779 - No. 10*  
*Case 15780 - No. 11*  
*Case 15781 - No. 12*  
***Case 15782 - No. 41***  
***Case 15783 - No. 42***  
***Case 15784 - No. 43***  
*Case 15785 - No. 20*  
*Case 15786 - No. 21*  
*Case 15787 - No. 22*  
*Case 15788 - No. 36*  
*Case 15791 - No. 1*  
*Case 15792 - No .30*  
*Case 15793- No. 31*  
*Case 15794- No. 24*  
*Case 15795 - No. 25*  
*Case 15796 - No. 26*  
*Case 15797- No. 13*  
*Case 15799 - No. 32*  
*Case 15801 - No. 35*  
*Case 15803 - No. 2*  
*Case 15804- No. 3*  
*Case 15805 - No. 4*  
*Case 15806 - No. 5*  
*Case 15807- No. 15*  
*Case 15808 - No.16*  
*Case 15809 - No. 17*  
*Case 15810 - No.18*  
*Case 15811- No. 19*  
*Case 15812 - No. 33*  
*Case 15813 - No. 34*  
*Case 15814 - No. 39*  
*Case 15815 - No. 40*  
*Case 15817 - No. 23*

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**1.** *Case No. 15791:* (Continued from the August 17, 2017, Examiner Hearing.)

***Application of Rockcliff Operating New Mexico LLC for approval of a salt water disposal well, Eddy County, New Mexico.*** Applicant seeks an order approving disposal of produced water into the Atoka formation at depths of 11750-11879 feet subsurface in the existing South Culebra Bluff Unit Well No. 1, located 1980 feet from the north line and 1650 feet from the east line of Section 23, Township 23 South, Range 28 East, NMPM. The well is located approximately 3 miles east-northeast of Loving, New Mexico.

**2.** *Case No. 15803:* ***Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Spence Energy Co., 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 Spence Energy Co. (“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.

**3.** *Case No. 15804:* ***Application of Manzano, LLC for a Non-Standard Spacing and Proration Unit, a Non-Standard Project Area, and Compulsory Pooling, Lea County, New Mexico.*** Applicant in the above styled cause seeks an order (1) creating a non-standard, 240-acre, more or less, spacing and proration unit comprised of E/2SE/4 Section 19 and the E/2E/2 Section 30, Township 9 South, Range 35 East, N.M.P.M., Lea County, New Mexico; (2) approving a non-standard project area; and (3) pooling all mineral interests in the San Andres Formation underlying said acreage. Said non-standard unit is to be dedicated to Applicant’s Rag Mama 30-19 Fee No. 1H Well, to be vertically drilled from the surface location in SE/4SE/4 (Unit P) of Section 30 to the San Andres Formation to the bottom hole location of in NE/4SE/4 (Unit I) of Section 19. 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 the well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of Manzano, LLC as operator of the well, and a 200% penalty for risk involved in the drilling the well.

**4.** *Case No. 15805:* ***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, 239.62-acre spacing and proration unit comprised of the W/2 E/2 of Section 6, Township 25 South, Range 29 East, and the W/2 SE/4 of Section 31, Township 24 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 Cattle Baron State No. 2H Well, which will be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 6, Township 25 South, Range 29 East, to a standard bottom hole location in the NW/4 SE/4 (Unit J) of Section 31, Township 24 South, Range 29 East. 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.

**5.** *Case No. 15806:* ***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) authorizing a non-standard spacing unit in the Purple Sage Wolfcamp Gas Pool (98220); (2) creating a 479.09-acre non-standard spacing and proration unit comprised of the E/2 of Section 6, Township 25 South, Range 29 East, and the SE/4 of Section 31, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico; (3) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant’s proposed Sizzler State No. 2H Well, which will be horizontally drilled from a surface location in the SW/4 SE/4 of Section 6 (Unit O), Township 25 South, Range 29 East, to a bottom hole location in the NW/4 SE/4 (Unit J) of Section 31, Township 24 South, Range 29 East. The completed interval for this well will remain within the 330-foot standard offset required by the Special Rules for the Purple Sage Pool. Also, to be considered will be the cost of drilling and completing 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.

**6.** *Case No. 15775:* (Continued from the August 3, 2017 Examiner Hearing.)

***Application of OXY USA WTP Limited Partnership 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 323.00-acre spacing and proration unit comprised of the N/2 N/2 of Section 3 and the N/2 N/2 of Section 4, Township 19 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 **Turkey Track 4-3 State Com No. 21H Well**, which will be horizontally drilled

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from a surface location in the NW/4 NW/4 (Unit D) of Section 4 to a standard bottom hole location in NE/4 NE/4 (Lot 1) of Section 3. 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 WTP Limited Partnership as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 25 miles north of Malaga, N.M.

**7. Case No. 15776:** *(Continued from the August 3, 2017 Examiner Hearing.)*

**Application of OXY USA WTP Limited Partnership 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 312.88-acre spacing and proration unit comprised of the N/2 N/2 of Section 7 and the N/2 N/2 of Section 8, Township 19 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 **Turkey Track 8-7 State No. 21H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 9 to a standard bottom hole location in NW/4 NW/4 (Lot 1) of Section 7. 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 WTP Limited Partnership as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 25 miles north of Malaga, N.M.

**8. Case No. 15777:** *(Continued from the August 3, 2017 Examiner Hearing.)*

**Application of OXY USA WTP Limited Partnership 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 312.82-acre spacing and proration unit comprised of the S/2 N/2 of Section 7 and the S/2 N/2 of Section 8, Township 19 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 **Turkey Track 8-7 State No. 22H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 9 to a standard bottom hole location in SW/4 NW/4 (Lot 2) of Section 7. 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 WTP Limited Partnership as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 25 miles north of Malaga, N.M.

**9. Case No. 15778:** *(Continued from the August 3, 2017 Examiner Hearing.)*

**Application of OXY USA WTP Limited Partnership 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 312.78-acre spacing and proration unit comprised of the N/2 S/2 of Section 7 and the N/2 S/2 of Section 8, Township 19 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 **Turkey Track 8-7 State No. 23H Well**, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 9 to a standard bottom hole location in NW/4 SW/4 (Lot 3) of Section 7. 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 WTP Limited Partnership as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 25 miles north of Malaga, N.M.

**10. Case No. 15779:** *(Continued from the August 3, 2017 Examiner Hearing.)*

**Application of OXY USA WTP Limited Partnership for a non-standard spacing proration unit and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a 312.72-acre spacing and proration unit comprised of the S/2 S/2 of Section 7 and the S/2 S/2 of Section 8, Township 19 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 **Turkey Track 8-7 State No. 24H Well**, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 9 to a standard bottom hole location in SW/4 SW/4 (Lot 4) of Section 7. 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 WTP Limited Partnership as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 25 miles north of Malaga, N.M.

**11. Case No. 15780:** *(Continued from the August 3, 2017 Examiner Hearing.)*

**Application of OXY USA WTP Limited Partnership 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 N/2 S/2 of Section 9 and the N/2 S/2 of Section 10, Township 19 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 **Turkey Track 9-10 State No. 23H Well**, which will be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 8 to a standard bottom hole location in NE/4 SE/4 (Unit I) of Section 10. The completed interval for this well will remain within the 330-foot standard offset required by the Division's rules. Also to be

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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 WTP Limited Partnership as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 25 miles north of Malaga, N.M.

**12. Case No. 15781:** (Continued from the August 3, 2017 Examiner Hearing.)

**Application of OXY USA WTP Limited Partnership 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 9 and the S/2 S/2 of Section 10, Township 19 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 **Turkey Track 9-10 State No. 24H Well**, which will be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 8 to a standard bottom hole location in SE/4 SE/4 (Unit P) of Section 10. 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 WTP Limited Partnership as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 25 miles north of Malaga, N.M.

**13. Case No. 15797:** (Continued from the August 17, 2017 Examiner Hearing.)

**Application Of OXY USA Inc. For Approval Of The Mesa Verde Unit, Contraction of the Purple Sage-Wolfcamp Gas Pool, And Creation Of A Wolfcamp Oil Pool, Lea and Eddy Counties, New Mexico.** Applicant seeks an order (1) approving its Mesa Verde Unit; (2) contracting the Purple Sage-Wolfcamp Gas Pool (98220) from the interior boundary of the spacing unit; and (3) creation of a Wildcat Wolfcamp oil pool to cover the Wolfcamp formation within the Unit Area. The Mesa Verde Unit consists of approximately 3,461.80 acres of the following Federal and State lands situated in Lea and Eddy Counties, New Mexico:

**TOWNSHIP 24 SOUTH, RANGE 31 EAST, N.M.P.M., EDDY COUNTY**

Section 13: All

**TOWNSHIP 24 SOUTH, RANGE 32 EAST, N.M.P.M., LEA COUNTY**

Section 7: E/2 NE/4, SE/4

Section 8: All

Section 9: W/2

Section 16: W/2

Section 17: All

Section 18: All

The unitized interval is the stratigraphic equivalent of the top of the Wolfcamp formation at a measured depth of 11,882 feet down to the stratigraphic equivalent of the top of the Pennsylvanian formation at a measured depth of 13,400 feet as encountered in the Jack Tank 8 Federal 2 well in Section 8, Township 24 South, Range 32 East, N.M.P.M. (API # 30-025-32192). The subject acreage is located approximately 22 miles west of Malaga, New Mexico.

**14. Case No. 15757:** (Continued from the August 17, 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 S/2 of Section 29, 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 29 Federal Com No. 24H Well**, which will be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section to a standard bottom hole location in NE/4 SE/4 (Unit I) of Section 29. 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.

**15. Case No. 15807: Application of OXY USA WTP Limited Partnership 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, more or less, non-standard spacing and proration unit comprised of the N/2 S/2 of Section 3 and the N/2 S/2 of Section 4, Township 19 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 **Turkey Track 4-3 State Com No. 23H Well**, which will be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 4 to a standard bottom hole location in NE/4 SE/4 (Unit I) of Section 3. 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 WTP Limited Partnership as operator of the well and a 200% charge for risk involved

in drilling said well. Said area is located approximately 25 miles north of Malaga, N.M.

**16. Case No. 15808: Application of OXY USA WTP Limited Partnership 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, more or less, non-standard spacing and proration unit comprised of the S/2 S/2 of Section 3 and the S/2 S/2 of Section 4, Township 19 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 Turkey Track 4-3 State Com No. 24H Well, which will be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 4 to a standard bottom hole location in SE/4 SE/4 (Unit P) of Section 3. 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 WTP Limited Partnership as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 25 miles north of Malaga, N.M.

**17. Case No. 15809: Application of OXY USA WTP Limited Partnership 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, more or less, non-standard spacing and proration unit comprised of the S/2 N/2 of Section 3 and the S/2 N/2 of Section 4, Township 19 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 Turkey Track 4-3 State Com No. 22H Well, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 4 to a standard bottom hole location in SE/4 NE/4 (Unit H) of Section 3. 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 WTP Limited Partnership as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 25 miles north of Malaga, N.M.

**18. Case No. 15810: Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard 320-acre, more or less, spacing and proration unit comprised of the E/2W/2 of Section 16 and the E/2 W/2 of Section 21, Township 25 South, Range 35 East, 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 White Falcon 16 Federal Com No. 11H Well, which will be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 16 to a standard bottom hole location in the SE/4 SW/4 (Unit N) of Section 21. The completed interval for this well will remain within the 330-foot offset as required by the Statewide rules for oil wells. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of COG Operating LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 11 miles northwest of Jal, New Mexico.

**19. Case No. 15811: Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard 320-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 16 and the E/2 W/2 of Section 21, Township 25 South, Range 35 East, 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 White Falcon 16 State Com No. 12H Well, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 16 to a standard bottom hole location in the SW/4 SW/4 (Unit M) of Section 21. The completed interval for this well will remain within the 330-foot offset as required by the Statewide rules for oil wells. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of COG Operating LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 11 miles northwest of Jal, New Mexico.

**20. Case No. 15785: (Continued from the August 3, 2017 Examiner Hearing.)**  
**Application of Matador Production Company for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard, 160-acre, more or less, spacing and proration unit comprised of the W/2 E/2 of Section 6, Township 20 South, Range 34 East, Lea 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 **Verna Rae Fed Com No. 133H Well**, which will be horizontally drilled from a surface location in the NW/4 NE/4 (Lot 2) to a standard bottom hole location in the SW/4 SE/4 (Unit O) of Section 6. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Matador Production Company as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 19 miles west of Monument, NM.

21. Case No. 15786: (Continued from the August 3, 2017 Examiner Hearing.)

**Application of Matador Production Company for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard, 160-acre, more or less, spacing and proration unit comprised of the E/2 E/2 of Section 6, Township 20 South, Range 34 East, Lea 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 **Verna Rae Fed Com No. 134H Well**, which will be horizontally drilled from a surface location in the NW/4 NE/4 (Lot 2) to a standard bottom hole location in the SE/4 SE/4 (Unit P) of Section 6. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Matador Production Company as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 19 miles west of Monument, NM.

22. Case No. 15787: (Continued from the August 3, 2017 Examiner Hearing.)

**Application of Matador Production Company for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard, 160-acre, more or less, spacing and proration unit comprised of the E/2 E/2 of Section 6, Township 20 South, Range 34 East, Lea County, New Mexico and (2) pooling all uncommitted interests in the Wolfcamp formation (Tonto, Wolfcamp Pool (59500) underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Verna Rae Fed Com No. 204H Well**, which will be horizontally drilled from a surface location in the NW/4 NE/4 (Lot 2) to a standard bottom hole location in the SE/4 SE/4 (Unit P) of Section 6. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Matador Production Company as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 19 miles west of Monument, NM.

23. Case No. 15817: **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 12, 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 Miss Sue 12-23S-27E RB Well No. 202H. The well is a horizontal well, with a surface location in the SE/4NE/4 of adjoining Section 11. The first perforation will be 1650 feet from the north line and 330 feet from the west line, and the last perforation will be 1650 feet from the north line and 330 feet from east line, of Section 12. The producing interval of the well will be orthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 3.5 miles northwest of Loving, New Mexico.

24. Case No. 15794: (Continued from the August 17, 2017 Examiner Hearing.)

**Application of Matador Production Company for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard, 160-acre, more or less, spacing and proration unit comprised of the N/2 N/2 of Section 32, Township 20 South, Range 29 East, Eddy County, New Mexico and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Pennzoil 32 Fed No. 131H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 33 to a standard bottom hole location in the NW/4 NW/4 (Unit D) of Section 32. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Matador Production Company as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 11 miles northeast of Carlsbad, NM.

25. Case No. 15795: (Continued from the August 17, 2017 Examiner Hearing.)

**Application of Matador Production Company for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard, 160-acre, more or less, spacing and proration unit comprised of the S/2 N/2 of Section 32, Township 20 South, Range 29 East, Eddy County, New Mexico and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Pennzoil 32 Fed No. 132H Well**, SW/4 NW/4 (Unit E) of Section 33 to a standard bottom hole location in the SW/4 NW/4 (Unit E) of Section 32. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Matador Production Company as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 11 miles northeast of Carlsbad, NM.

26. Case No. 15796: (Continued from the August 17, 2017 Examiner Hearing.)

**Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted mineral interests in the Wolfcamp formation underlying a 320-acre, more or less, spacing and proration unit comprised of the N/2 of Section 32, Township 20 South, Range 29 East, Eddy County, New Mexico. Said spacing and proration unit is to be dedicated to applicant's proposed **Pennzoil 32 Fed No. 201H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 33 to a non-standard bottom hole location in the NW/4 NW/4 (Unit D) of Section 32. The completed interval for this well is unorthodox because it does not comply with the 660-foot setbacks for gas wells pursuant to the statewide rules. Matador will apply administratively for approval of an unorthodox location. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Matador Production Company as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 11 miles northeast of Carlsbad, NM.

27.. **Case No. 15758:** (Continued from the August 17, 2017 Examiner Hearing.)

**Application of OneEnergy Partners 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 322.42-acre spacing and proration unit in the Bone Spring Formation comprised of the W/2 W/2 of Section 1 and the W/2 W/2 of Section 12, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico; and (2) pooling all uncommitted interest owners within the non-standard spacing and proration unit. Said unit will be the project area for its proposed **Lobo Rojo B3 State Com No. 1H Well**, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 12 to a standard bottom hole location in the NW/4 NW/4 (Unit D) of Section 1. 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 OneEnergy Partners Operating, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 16 miles west of Eunice, New Mexico.

28.. **Case No. 15759:** (Continued from the August 17, 2017 Examiner Hearing.)

**Application of OneEnergy Partners 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 322.49-acre spacing and proration unit in the Bone Spring Formation comprised of the E/2 W/2 of Section 1 and the E/2 W/2 of Section 12, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico; and (2) pooling all uncommitted interest owners within the non-standard spacing and proration unit. Said unit will be the project area for its proposed **Lobo Rojo B3 State Com No. 2H Well**, which will be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 12 to a standard bottom hole location in the NE/4 NW/4 (Unit C) of Section 1. 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 OneEnergy Partners Operating, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 16 miles west of Eunice, New Mexico.

29.. **Case No. 15348 (re-opened):** (Continued from the August 17, 2017 Examiner Hearing.)

**Application Of WPX Energy Production, LLC To Amend Order R-14100 To Expand The West Escavada Unit And The Corresponding West Escavada Unit; Mancos Pool, Sandoval Counties and San Juan, New Mexico.** Applicant seeks to amend Order R-14100 to (1) expand the geographic area of the West Escavada Unit by 960 acres of Federal and Indian allotted land, and (2) expand the corresponding West Escavada Unit; Mancos Pool created by that Order to allow horizontal wells to be located anywhere within the Unit so long as the completed interval is no closer than 330 feet from the outer boundary of the expanded West Escavada Unit area. The proposed expanded Unit Area will consist of approximately 2,886.42 acres of Federal and Indian Allotted lands located in in all or parts of the following sections in San Juan and Sandoval Counties, New Mexico:

**TOWNSHIP 22 NORTH, RANGE 7 WEST, SANDOVAL COUNTY**

Section 7: S/2

Section 8: S/2

Section 17: All

Section 18: All

**TOWNSHIP 22 NORTH, RANGE 8 WEST, SAN JUAN COUNTY**

Section 12: S/2\*

Section 13: All\*

The unitized interval includes the Mancos formation at a depth of 3,858 feet down to the stratigraphic equivalent of the base of the Greenhorn formation at a depth of 5,695 feet as encountered in the Fulton well in Section 31, Township 23 North, Range 7 West, N.M.P.M (API No. 30-043-05164). The subject acreage is located approximately 6.5 miles Southwest of Counselor, New Mexico.

30.. **Case No. 15792:** (Continued from the August 17, 2017 Examiner Hearing.)

**Application of Forty Acres Energy, LLC for statutory unitization, Lea County, New Mexico.** Applicant seeks an order statutorily unitizing all mineral interests in the Yates-Seven Rivers-Queen formation in the proposed West Eumont Unit underlying 7977.30 acres of federal, state, and fee lands covering all or parts of Sections 21, 22, 26-29, and 32-35 of Township 20 South, Range 36

East, N.M.P.M., and Sections 1-3, 11, and 12 of Township 21 South, Range 35 East, N.M.P.M. Among the matters to be considered at hearing, pursuant to the New Mexico Statutory Unitization Act, NMSA 1978 §§70-7-1 *et seq.*, will be: The necessity of unit operations; the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investments, to each of the tracts in the unit area; the determination of credits and charges to be made among the working interest owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate. The unit area is centered approximately 5 miles northwest of Oil Center, New Mexico.

31.. **Case No. 15793:** (Continued from the August 17, 2017 Examiner Hearing.)

***Application of Forty Acres Energy, LLC for approval of a secondary recovery project and to qualify the project for the recovered oil tax rate, Lea County, New Mexico.*** Applicant seeks approval to institute a secondary recovery project in the West Eumont Unit Area by the injection of water into the Yates-Seven Rivers-Queen formation in wells located on 7977.30 acres of federal, state, and fee lands covering all or parts of Sections 21, 22, 26-29, and 32-35 of Township 20 South, Range 36 East, N.M.P.M., and Sections 1-3, 11, and 12 of Township 21 South, Range 35 East, N.M.P.M. Applicant further requests that the secondary recovery project for the West Eumont Unit Area be qualified for the recovered oil tax rate, pursuant to the Enhanced Oil Recovery Act (L. 1992, ch. 38) and Division regulations. The unit area is centered approximately 5 miles northwest of Oil Center, New Mexico.

32.. **Case No. 15799:** (Continued from the August 17, 2017 Examiner Hearing.)

***Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against CFM Oil, L.L.C., 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 CFM Oil, L.L.C., (“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.

33. **Case No. 15812:** ***Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.*** Applicant in the above-styled cause seeks an order (1) creating a non-standard 320-acre, more or less, spacing and proration unit comprised of the E/2 W/2 of Section 16 and the E/2 W/2 of Section 21, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico; and (2) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant’s two proposed initial wells: the proposed White Falcon 16 Federal Com No. 21H Well and the proposed White Falcon 16 Federal Com No. 22H Well, which will be simultaneously drilled and completed. The proposed initial wells will be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 16 to a standard bottom hole location in the SE/4 SW/4 (Unit N) of Section 21. The completed interval for each well will remain within the 330-foot offset as required by the Statewide rules for oil wells. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of COG Operating LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 11 miles northwest of Jal, New Mexico.

34. **Case No. 15813:** ***Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.*** Applicant in the above-styled cause seeks an order (1) creating a non-standard 320-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 16 and the W/2 W/2 of Section 21, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico; and (2) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant’s two proposed initial wells: the proposed White Falcon 16 State Com No. 23H Well and the proposed White Falcon 16 State Com No. 24H Well, which will be simultaneously drilled and completed. The proposed initial wells are will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 16 to a standard bottom hole location in the SW/4 SW/4 (Unit M) of Section 21. The completed interval for each well will remain within the 330-foot offset as required by the Statewide rules for oil wells. Also, to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of COG Operating LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 11 miles northwest of Jal, New Mexico.

35.. **Case No. 15801:** (Continued from the August 17, 2017 Examiner Hearing.)

***Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Yarbrough Oil LP, 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 Yarbrough Oil LP, (“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.



36.. **Case No. 15788:** (Continued from the August 17, 2017 Examiner Hearing.)

**Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against S & D Partnership, for a Well 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 S & D Partnership (“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.

37. **Case No. 15751:** (Continued from the August 17, 2017 Examiner Hearing.)

**Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Pecos River Operating, 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 Pecos River Operating, 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.

38. **Case No. 15185 (re-opened):** (Continued from the August 17, 2017 Examiner Hearing.)

**Application of Ard Energy, LLC to reopen Case No. 15185 pursuant to NMAC 19.15.13.13 and the provisions of Order No. R-13913, as amended,** and to (1) determine reasonable lease operating costs and expenses, and revenue netting attributable to the Ivar The Boneless Federal Well No. 11H, (API No. 30-025-42514), located in a unit comprised of W/2 W/2 of Section 15, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico, (The Unit); (2) to determine reasonable costs of drilling and completion, lease operating costs and expenses, and revenue netting attributable to the Ivar The Boneless Federal Wells No. 22H (API No. 30-025-42998) and 12H, API No. 30-025-42997), located within the Unit. The wells are located approximately five (5) miles southeast of Maljamar, New Mexico.

39. **Case No. 15814: 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) authorizing a suspension of Permit Number 3RF-3 for one year for WPX’s 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.

40. **Case No. 15815: Application of NewTex Partners LLC for a non-standard oil spacing and proration unit and compulsory pooling, Chaves County, New Mexico.** Applicant seeks an order (i) creating a 320-acre, non-standard oil spacing and proration unit (project area) comprised of the W/2 of Section 21, Township 7 South, Range 28 East, NMPM, in Chaves County, and (ii) pooling all mineral interests in the San Andres formation underlying this acreage. The project area is to be dedicated to the Bonanza #5H well, which will be horizontally drilled from a surface location in Unit D to a bottom hole location in Unit M of Section 21, Township 7 South, Range 28 East. The completed interval for the 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 the well and the allocation of the cost, the designation of Hadaway Consulting and Engineering, LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The proposed project area is located approximately 33 miles northeast of Roswell, New Mexico.41.

41. **Case No. 15782:** (Continued from the August 3, 2017 Examiner Hearing.)

**Application of Matador Production Company for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard, 160-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 16, Township 19 South, Range 34 East, Lea 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 **Cimarron 16-19S-34E RN No. 131H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) to a standard bottom hole location in the SW/4 SW/4 (Unit M) of Section 16. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Matador Production Company as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 25 miles west of Hobbs, NM.

42. **Case No. 15783:** (Continued from the August 3, 2017 Examiner Hearing.)

**Application of Matador Production Company for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard, 160-acre, more or less, spacing and proration unit comprised of the E/2 W/2 of Section 16, Township 19 South, Range 34 East, Lea 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 **Cimarron State 16-19S-34E RN No. 132H Well**, which will be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) to a standard bottom hole location in the NE/4 NW/4 (Unit C) of Section 16. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Matador Production Company as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 25 miles west of Hobbs, NM.

**43. Case No. 15784; Continued from the August 3, 2017 Examiner Hearing.)**

**Application of Matador Production Company for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard, 160-acre, more or less, spacing and proration unit comprised of the N/2 N/2 of Section 10, Township 24 South, Range 28 East, Eddy County, New Mexico and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Guitar 10-24S-28E RB No. 121H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 11 to a standard bottom hole location in the NW/4 NW/4 (Unit D) of Section 10. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Matador Production Company as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately one mile north of Malaga, New Mexico.