

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

FINAL AGENDA AND DOCKET  
REGULAR MEETING  
September 13, 2018  
9:00 a.m.  
Wendell Chino Building  
Porter Hall  
1220 S. St. Francis Drive  
Santa Fe, New Mexico 87505

The Commission may conduct a closed executive session during which it will deliberate in connection with an administrative adjudicatory proceeding pending before the Commission or consult with the Commission counsel under the client-attorney privilege concerning threatened or pending litigation in which the Commission is or may become a participant.

The following items are for discussion and possible action:

1. Roll Call.
2. Approve the Agenda.
3. Approve minutes of August 20-21, 2018 Commission Meeting.

Final action may be taken in the following cases which were consolidated for hearing at the August 20-21 Commission Meeting:

4. *Case No. 16040 (De Novo):*  
**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 and Roosevelt Counties, New Mexico.**  
  
*Case No. 16359:*  
**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 and Roosevelt Counties, New Mexico.**
5. *Case No. 16027 (De Novo): (Continued from the August 20-21, 2018 Commission Meeting.)*  
**Application of Chisholm Energy Operating, LLC for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.**
6. *Case No. 16078 (Rulemaking):*  
**In the matter of Proposed Amendments to the Commission's Rules on Financial Assurance and Plugging and Abandonment of Wells, 19.15.2, 19.15.8 and 19.15.25 NMAC.**

The Commission will consider an application for re-hearing filed by Larry Marker in this case.

7. The Commission will consider the application for rehearing filed by Delaware Energy LLC in:

**Case No. 15855 (De Novo): Application of Delaware Energy LLC to revoke the injection authority granted under SWD-1680 for the Alpha SWD No. 1 Well operated by Alpha SWD Operating LLC, Eddy County, New Mexico**

The following cases are scheduled for hearing and possible action by the Commission. The hearing may continue to following days if not completed:

8. **Case No. 15758 (De Novo): (Continued from the August 20-21, 2018 Commission Meeting.) 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. 11.
9. **Case No. 15759 (De Novo): (Continued from the August 20-21, 2018 Commission Meeting.) 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.
10. **Case No. 15844 (De Novo): (Continued from the August 20-21, 2018 Commission Meeting.) (This case will be continued to the October 11, 2018 Commission Meeting.) Amended Application of XTO Energy Inc. for Approval of the Expansion of the James Ranch Unit, Eddy County, New Mexico.** Applicant seeks approval to expand the geographic area of the James Ranch Unit by 13,223.68 acres of land. Said Unit currently consists of approximately 15,094.41 acres of Federal, Fee, and State Acreage in Eddy County, New Mexico. The total unit acreage will include 28,318.09 acres.
11. **Case No. 15073 Re-opened: Application of DCP Operating Company, LP to Re-Open Case No. 15073 to Amend Order R-13809 to Remove the Request to Remediate the Wells Identified in Paragraph 33, Lea County, New Mexico.** Applicant DCP Operating Company, LP seeks an order from the New Mexico Oil Conservation Commission to amend Order R-13809. Specifically, Applicant seeks to modify paragraph 33 of Order R-13809, which currently reflects a request by the Oil Conservation Division for DCP to evaluate and potentially conduct remedial work on four wells offsetting Applicant's existing **Zia AGI #1** injection well: the **Delhi Federal-001 well** (API No. 30-025-20025), the **Lusk Deep Unit A-005 well** (API No. 30-025-20122), the **Gulf Federal-003 well** (API No. 30-025-20876), and the **Lusk Deep Unit-008 well** (API No. 30-015-10382). Applicant seeks to amend Order R-13809 by removing the Division's request to conduct remedial work on these wells. The existing Zia AGI #1 injection well will be maintained by the Applicant as a redundant back-up well to the existing Zia AGI #2D injection well. The anticipated limited injection into the Zia AGI #1 well is not expected to affect the four identified offsetting wells, making the requested remedial work no longer necessary. Said area is located approximately 30 miles northeast of Carlsbad, New Mexico.
12. **Case No. 16403: Application of Hilcorp Energy Company to Amend the Well Density And Location Requirements And Administrative Exceptions of the Special Rules for the Blanco-**

***Mesaverde Gas Pool, Rio Arriba and San Juan Counties, New Mexico.*** Applicant seeks to amend the Well Density Requirements of the Special Rules for the Blanco-Mesaverde Gas Pool (72319) for purposes of increasing well density for Mesaverde wells, Rio Arriba and San Juan Counties, New Mexico. Applicant seeks to update Rule I.B for the Special Rules for the Blanco-Mesaverde Gas Pool to authorize infill drilling, or simultaneous dedications of well recompletions, for up to eight wells within a standard 320-acre gas spacing unit (“GPU”) by increasing the well density from the current maximum of four (4) wells (80-acre infill) as provided in Order R-10987-A(1) to a maximum of eight (8) wells (40-acre infill) per 320-acre GPU and up to four (4) wells within either quarter section within a GPU. Applicant also proposes to eliminate the well location requirements for each GPU and to update regulatory references in the Administrative Exceptions provision.

13. Other business.
14. Next meeting: October 11, 2018
15. Adjournment

If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing or meeting, please contact Florene Davidson at least ten days prior to the meeting or as soon as possible at (505) 476-3458 or [florene.davidson@state.nm.us](mailto:florene.davidson@state.nm.us). Public documents can be provided in various accessible formats.