

AMENDED DOCKET: EXAMINER HEARING - THURSDAY-JANUARY 25, 2018

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

Docket Nos.5-18 and 6-18 are tentatively set for February 8, 2018 and February 22, 2018. 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 15748 - No. 15
Case 15755 - No. 1
Case 15806 - No. 23
Case 15865 - No. 33
Case 15866 - No. 34
Case 15867 - No. 35
Case 15868 - No. 36
Case 15872 - No. 26
Case 15875 - No. 37
Case 15876 - No. 38
Case 15888 - No. 27
Case 15897 - No. 16
Case 15898 - No. 17
Case 15906 - No. 31
Case 15907 - No. 32
Case 15910 - No. 30
Case 15916 - No. 12
Case 15917 - No. 13
Case 15918 - No. 14
Case 15923 - No. 28
Case 15924 - No. 29
Case 15927 - No. 5
Case 15928 - No. 6
Case 15929 - No. 7
Case 15932 - No. 18
Case 15933 - No. 20
Case 15935 - No. 19
Case 15946 - No. 2
Case 15947 - No. 3
Case 15948 - No. 4
Case 15949 - No. 8
Case 15950 - No. 9
Case 15951 - No. 10
Case 15952 - No. 11
Case 15953 - No. 21
Case 15954 - No. 22
Case 15955 - No. 24
Case 15956 - No. 25
Case 15983 - No. 39

1. Case No. 15755 (re-opened): Application of Cimarex Energy Co. for a Non-Standard Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order approving a non-standard oil spacing and proration unit comprised of the W/2 of Sections 12 and 13, Township 25 South, Range 28 East NMPM, Eddy County, New Mexico, pooling all mineral interests in the Wolfcamp formation, Purple Sage Wolfcamp Gas Pool (98220), underlying the non-standard unit. The unit will be dedicated to Applicant's proposed **Riverbend 12-13 Fed Com 29H well** to be drilled from an approximate surface location 1042 feet from the south line and 1480 feet from the west line of Section 1, Township 25 South, Range 28 east, to a

bottomhole location 330 feet from the south line and 2158 feet from the west line of Section 13, Township 25 South, Range 28 East, NMPM. 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 eight miles southeast of Malaga, New Mexico.

2. **Case No. 15946: Application of Robert L. Bayless, Producer LLC For Approval of the La Jara Mancos Unit, Creation of a New Pool For Horizontal Development Within the Unit Area, and For Allowance of 660 Foot Setbacks From The Exterior of the Proposed Unit, Rio Arriba County, New Mexico.** Applicant seeks approval for its La Jara Mancos Unit consisting of 10,878.58 acres, more or less, of federal and fee lands situated in all or parts of Sections 1-2, 11-14, and 20-24, 25-29 and Section 32 of Township 29 North, Range 4 West, N.M.P.M., Rio Arriba County, New Mexico. The Unitized Interval includes all formations from the top of the Mancos Shale Formation to the base of the Mancos Shale Formation. In addition, Applicant seeks an order creating a new pool for horizontal wells which would extend from the top of the Mancos Shale Formation to the base of the Mancos Shale Formation within the proposed Unit Area that will allow for horizontal gas development with 660 foot setbacks from the exterior of the proposed Unit boundary and with no internal setbacks. The subject acreage is approximately five miles north of Fruitland, New Mexico.

3. **Case No. 15947: Application of Matador Production Company for approval of a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order approving a 154.21-acre non-standard spacing and proration unit (project area) in the Bone Spring formation comprised of Lot 6, N/2 SE/4, and NE/4 SW/4 (the N/2 S/2) of Section 6, Township 19 South, Range 29 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit (project area). The unit is to be dedicated to the **SST 6 State Well No. 123H**, a horizontal well with a surface location in the NE/4 SE/4, and a terminus in Lot 6, of Section 6. 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 15 miles east-northeast of Lakewood, New Mexico.

4. **Case No. 15948: Application of Matador Production Company for approval of a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order approving a 154.54-acre non-standard spacing and proration unit (project area) in the Bone Spring formation comprised of Lot 7, S/2 SE/4, and SE/4 SW/4 (the S/2 S/2) of Section 6, Township 19 South, Range 29 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit (project area). The unit is to be dedicated to the **SST 6 State Well No. 124H**, a horizontal well with a surface location in the SE/4 SE/4, and a terminus in Lot 7, of Section 6. 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 15 miles east-northeast of Lakewood, New Mexico.

5. **Case No. 15927: (Continued from the January 11, 2018 Examiner Hearing.)**
Application of Matador Production Company for approval of a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order approving a 152.67-acre non-standard spacing and proration unit (project area) in the Bone Spring formation comprised of Lot 1, N/2 NE/4, and NE/4 NW/4 (the N/2 N/2) of Section 19, Township 19 South, Range 29 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit (project area). The unit will be dedicated to the **Marbob 19 State Well No. 121H**, a horizontal well with a surface location in Lot 1, and a terminus in the NE/4 NE/4, of Section 19. 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 14 miles south-southwest of Loco Hills, New Mexico.

6. **Case No. 15928: (Continued from the January 11, 2018 Examiner Hearing.)**
Application of Matador Production Company for approval of a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order approving a 152.61-acre non-standard spacing and proration unit (project area) in the Bone Spring formation comprised of Lot 2, S/2 NE/4, and SE/4 NW/4 (the S/2 N/2) of Section 19, Township 19 South, Range 29 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit (project area). The unit will be dedicated to the **Marbob 19 State Well No. 122H**, a horizontal well with a surface location in Lot 2, and a terminus in the SE/4 NE/4, of Section 19. 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 14 miles south-southwest of Loco Hills, New Mexico.

7. Case No. 15929: (Continued from the January 11, 2018 Examiner Hearing.)

Application of Matador Production Company for approval of a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order approving a 152.49-acre non-standard spacing and proration unit (project area) in the Bone Spring formation comprised of Lot 4, S/2 SE/4, and SE/4 SW/4 (the S/2 S/2) of Section 19, Township 19 South, Range 29 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit (project area). The unit will be dedicated to the **Marbob 19 State Well No. 124H**, a horizontal well with a surface location in Lot 4, and a terminus in the SE/4 SE/4, of Section 19. 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 14-1/2 miles south-southwest of Loco Hills, New Mexico.

8. Case No. 15949: **Application of Ascent Energy, LLC for approval of a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant seeks an order approving a 143.56-acre non-standard spacing and proration unit (project area) in the Bone Spring formation comprised of Lots 1-4 (the W/2 W/2) of Section 18, Township 21 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit (project area). The unit is to be dedicated to the **Sombrero Fed. Com. Well No. 501H**, a horizontal well with a surface location in Lot 4 of adjoining Section 7, and a terminus in Lot 4 of Section 18. 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 8-1/2 miles southeast of Halfway, New Mexico.

9. Case No. 15950: **Application of Ascent Energy, LLC for approval of a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant seeks an order approving a 160-acre non-standard spacing and proration unit (project area) in the Bone Spring formation comprised of the E/2 W/2 of Section 18, Township 21 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit (project area). The unit is to be dedicated to the **Sombrero Fed. Com. Well No. 503H**, a horizontal well with a surface location in the SE/4 SW/4 of adjoining Section 7, and a terminus in the SE/4 SW/4 of Section 18. 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 8-1/2 miles southeast of Halfway, New Mexico.

10. Case No. 15951: **Application of Ascent Energy, LLC for approval of a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant seeks an order approving a 160-acre non-standard spacing and proration unit (project area) in the Wolfcamp formation comprised of the E/2 W/2 of Section 18, Township 21 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit (project area). The unit is to be dedicated to the **Sombrero Fed. Com. Well No. 701H**, a horizontal well with a surface location in the SE/4 SW/4 of adjoining Section 7, and a terminus in the SE/4 SW/4 of Section 18. 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 8-1/2 miles southeast of Halfway, New Mexico.

11. Case No. 15952: **Application of Ascent Energy, LLC for approval of a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant seeks an order approving a 143.56-acre non-standard spacing and proration unit (project area) in the Wolfcamp formation comprised of Lots 1-4 (the W/2 W/2) of Section 18, Township 21 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit (project area). The unit is to be dedicated to the **Sombrero Fed. Com. Well No. 702H**, a horizontal well with a surface location in Lot 4 of adjoining Section 7, and a terminus in Lot 4 of Section 18. 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 8-1/2 miles southeast of Halfway, New Mexico.

12. Case No. 15916: (Continued from the January 11, 2018 Examiner Hearing.)

Application of M & M Energy, LLC for compulsory pooling, Lea County, New Mexico. M & M Energy, LLC seeks an order pooling all mineral interests from the surface to the base of the San Andres formation underlying the NE/4 SW/4 of Section 6, Township 22 South, Range 36 East, NMPM, to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the **J.H. Day Well No. 1**, to be re-

Examiner Hearing January 25, 2018
Docket No. 4-18
Page 4 of 9

entered and deepened at an orthodox location 2310 feet from the south and west lines of Section 6. 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 8-1/2 mile west-southwest of Eunice, New Mexico.

13. Case No. 15917: *(Continued from the January 11, 2018 Examiner Hearing.)*

Application of M & M Energy, LLC for compulsory pooling, Lea County, New Mexico. M & M Energy, LLC seeks an order pooling all mineral interests from the surface to the base of the San Andres formation underlying the SE/4 NW/4 of Section 6, Township 22 South, Range 36 East, NMPM, to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the **J.H. Day Well No. 2**, to be re-entered and deepened at an orthodox location 1980 feet from the north and west lines of Section 6. 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 8-1/2 mile west-southwest of Eunice, New Mexico.

14. Case No. 15918: *(Continued from the January 11, 2018 Examiner Hearing.)*

Application of M & M Energy, LLC for compulsory pooling, Lea County, New Mexico. M & M Energy, LLC seeks an order pooling all mineral interests from the surface to the base of the San Andres formation underlying the SE/4 SW/4 of Section 6, Township 22 South, Range 36 East, NMPM, to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the **J.H. Day Well No. 3**, to be re-entered and deepened at an orthodox location 330 feet from the south line and 2310 feet from the west line of Section 6. 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 8-1/2 mile west-southwest of Eunice, New Mexico.

15. Case No. 15748 (re-opened): Amended Application of Matador Production Company to Re-Open Case No. 15748 To Amend the Initial Well Under the Terms Of Compulsory Pooling Order R-14433, Eddy County, New Mexico. Applicant in the above-styled cause seeks to amend Division Order R-14433 to change the initial well dedicated to the spacing unit to the **Stebbins 19 Federal Com No. 124H** (API No. 30-015-44172), a horizontal well to be drilled 180 feet from the South line, 110 feet from the East line (Unit P) to a standard bottom hole location 330 feet from the South line, 240 feet from the West line of Section 19, Township 20 South, Range 29 East, NMPM, in Eddy County, New Mexico. Said unit is located 11 miles northeast of Carlsbad, New Mexico.

16. Case No. 15897: *(Continued from the November 30, 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 SE/4 of Section 16 and the E/2 NE/4 of Section 21, Township 23 South, Range 32 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 proposed **Simon Camamile 21-23S-32E AR No. 204H Well**, which will be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 21 to a standard bottom hole location in the NE/4 SE/4 (Unit I) 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 13 miles west of Jal, NM.

17. Case No. 15898: *(Continued from the November 30, 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 SE/4 of Section 16 and the E/2 NE/4 of Section 21, Township 23 South, Range 32 East, NMPM, 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 **Simon Camamile 21-23S-32E AR No. 124H Well**, which will be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 21 to a standard bottom hole location in the NE/4 SE/4 (Unit I) 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 13 miles west of Jal, NM.

18. Case No. 15932: ***Amended Application of Hilcorp Energy Company for an Exception to the Well Density Requirements of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool, San Juan County, New Mexico.*** Applicant in the above-styled cause seeks an order for an exception to the well density requirements of Rule I.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool (72319), San Juan County, New Mexico, to permit it to complete

and simultaneously produce five Mesaverde gas wells in the same standard 320-acre spacing and proration unit, and three wells within the same quarter section. Hilcorp further seeks approval for the proposed location of the **Hardie 4E Well** (API No. 30-045-24938) in the Mesaverde formation with a surface location in the W/2 of Section 24, Township 29 North, Range 8 West, NMPM, San Juan County, New Mexico, and authorization to simultaneously complete and produce the Hardie 4E Well from the Blanco-Mesaverde Gas Pool. Said area is located approximately 12 miles east of Blanco, NM.

19. **Case No. 15935: Amended Application of Hilcorp Energy Company for an Exception to the Well Density Requirements of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool, Rio Arriba County, New Mexico.** Applicant in the above-styled cause seeks an order for an exception to the well density requirements of Rule I.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool (72319), San Juan County, New Mexico, to permit it to complete and simultaneously produce five Mesaverde gas wells in the same standard 320-acre spacing and proration unit, and three wells in the same quarter section. Hilcorp further seeks approval for the proposed location of the **San Juan 28-5 Unit 62E Well** (API No. 30-039-30154) in the Mesaverde formation with a surface location in N/2 of Section 31, Township 28 North, Range 5 West, NMPM, Rio Arriba County, New Mexico, and authorization to simultaneously complete and produce the San Juan 28-5 Unit 62E Well from the Blanco-Mesaverde Gas Pool. Said area is located approximately 25 miles east of Bloomfield, NM.

20. **Case No. 15933: Amended Application of Hilcorp Energy Company for an Exception to the Well Density Requirements of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool, Rio Arriba County, New Mexico.** Applicant in the above-styled cause seeks an order for an exception to the well density requirements of Rule I.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool (72319), San Juan County, New Mexico, to permit it to complete and simultaneously produce five Mesaverde gas wells in the same standard 320-acre spacing and proration unit, and three within the same quarter section. Hilcorp further seeks approval for the proposed location of the **San Juan 27-5 Unit 113F Well** (API No. 30-039-30495) in the Mesaverde formation with a proposed bottom-hole location in Unit F of the W/2 of Section 10, Township 27 North, Range 5 West, NMPM, Rio Arriba County, New Mexico, and authorization to simultaneously complete and produce the San Juan 27-5 Unit 113F Well from the Blanco-Mesaverde Gas Pool. Said area is located approximately 25 miles east of Bloomfield, NM.

21. **Case No. 15953: Amended Application Of Chisholm Energy Operating, LLC For Approval Of A 892.20-Acre Non-Standard Project Area and Non-Standard Spacing Unit in the Wolfcamp Formation Comprised Of Acreage Subject To A Proposed Communitization Agreement, And For Approval Of A 892.20-Acre Non-Standard Project Area and Non-Standard Spacing Unit in the Bone Spring Formation Comprised Of Acreage Subject To A Proposed Communitization Agreement Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order 1) approving an approximately 892.20-acre non-standard project area and non-standard spacing unit in the Wolfcamp formation comprised of acreage subject to a proposed communitization agreement covering Section 29 and all of Irregular Section 32, Township 26 South, Range 26 East, NMPM Eddy County, New Mexico; and 2) approving an approximately 892.20-acre non-standard project area and non-standard spacing unit in the Bone Spring formation comprised of acreage subject to a proposed communitization agreement covering Section 29 and all of Irregular Section 32, Township 26 South, Range 26 East, NMPM Eddy County, New Mexico. The acreage in the proposed non-standard project area in the Wolfcamp formation has been placed in the Purple Sage; Wolfcamp Gas Pool and is subject to the Special Rules set forth in Order No. R-14262. The acreage in the proposed non-standard project area in the Bone Spring formation has been placed in the Welch; Bone Spring Pool (Pool Code 64010) and is subject to Division statewide rules for oil wells. This subject area is located approximately 20 miles southwest of Jal, New Mexico.

22. **Case No. 15954: Application of Matador Production Company for a non-standard spacing and proration unit in the Purple Sage Pool, a non-standard spacing and proration unit for compulsory pooling, 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 328.09-acre, more or less, spacing and proration unit in the Purple Sage Pool comprised of the N/2 S/2 of Section 11 and the N/2 S/2 of Section 12, Township 24 South, Range 27 East, NMPM, Eddy County, New Mexico; and (3) pooling all uncommitted mineral interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **David Edelstein State Com No. 203H Well**, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit I) of Section 12 to a standard bottom hole location in the NW/4 SW/4 (Unit L) of Section 11. 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 Matador Production Company as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 4 miles southwest of Loving, NM.

23. **Case No. 15806 (re-opened): (Continued from the January 11, 2018 Examiner Hearing.)** **Application of XTO Energy Inc. to revise the well name and to dedicate two additional initial wells to the non-standard spacing and proration unit under the terms of Order R-14478, Eddy County, New Mexico.** Applicant in the above-styled cause seeks to amend Order No. R-14478 to 1) revise the well name for the initial well; and 2) to dedicate an additional initial well to the spacing unit under the terms of compulsory pooling Order No. R-14478. The revised well name for the initial well will be the **Sizzler Fed Com No. 2H Well**. XTO further requests that the **Roadhouse Fed Com No. 1H Well** and the **Roadhouse Fed Com No. 2H Well**

be dedicated to the non-standard spacing and proration unit as additional initial well. The **Sizzler Fed Com No. 2H Well**, the **Roadhouse Fed Com No. 1H Well**, and the **Roadhouse Fed Com No. 2H Well** will be pad-drilled and simultaneously completed. The **Roadhouse Fed Com No. 1H Well** and the **Roadhouse Fed Com No. 2H Well** are horizontal wells to be 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 bottomhole location in the NW/4 SE/4 (Unit J) of Section 31, Township 24 South, Range 29 East. The completed interval will comply with the setback requirements for the Purple Sage; Wolfcamp Gas Pool. Said area is located approximately 6 miles southeast of Malaga, New Mexico.

24. Case No. 15955: Application of OXY USA Inc. for Approval Of A 720-Acre Non-Standard Project Area and Non-Standard Spacing Unit Comprised Of Acreage Subject To A Proposed Communitization Agreement, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order approving an approximately 720-acre non-standard project area and non-standard spacing unit in the Bone Spring formation comprised of acreage subject to a proposed communitization agreement covering the W/2 of Section 25, the W/2 of Section 36, and the S/2 SW/4 Section 24, Township 24 South, Range 29 East, NMPM Eddy County, New Mexico. This acreage has been placed in the Pierce Crossing Bone Spring, East Pool (Pool Code 96473) and is subject to the Division's general statewide rules for oil development. This subject area is located approximately 7 miles southeast of Malaga, New Mexico.

25. Case No. 15956: 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, more or less, spacing and proration unit comprised of W/2 E/2 of Section 36, and W/2 E/2 of Section 25, 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 **Corral Canyon "36-25" Fed Com No. 24H Well**, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Lot 1) of Section 1, Township 25 South, Range 29 East to a standard bottom hole location in NW/4 NE/4 (Unit B) of Section 25, Township 24 South, Range 29 East. 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 7 miles southeast of Malaga, N.M.

26. Case No. 15872: (Continued from the December 21, 2017 Examiner Hearing.) Amended 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 240-acre spacing and proration unit comprised of S/2 SW/4 of Section 1 and the S/2 S/2 of Section 2, Township 25 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 **Corral Fly "02-01" State No. 26H Well**, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 2 to a standard bottom hole location in SE/4 SW/4 (Unit N) of Section 1. 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 9 miles southeast of Malaga, N.M.

27. Case No. 15888: (Continued from the December 21, 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 10, Township 23 South, Range 34 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 **Ibex B3NC Fed. Com. Well No. 1H**, a horizontal well with a surface location in the NE/4 NW/4 of adjoining Section 15, and a terminus 330 feet from the north line and 1980 feet from the west line of Section 10. 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 19-1/2 miles west-southwest of Eunice, New Mexico.

28. Case No. 15923: (Continued from the January 11, 2018 Examiner Hearing.) Application of Impetro 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 Wolfcamp formation comprised of the E/2 E/2 of Section 19, Township 26 South, Range 36 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit. The unit will be dedicated to Applicant's proposed **Prizehog BWZ State Com #2H well** to be drilled from an orthodox location approximately 286 feet from the north line and 1188 feet from the east line (surface) of Section 19, Township 26 South, Range 36 East, to a landing point approximately 330 feet from the north line and 990 feet from the east line of Section 19, Township 26 South, Range 36 East, and then to a bottom hole location approximately 330 feet from the south line and 990 feet from the east line (terminus) of Section 19, Township 26 South, Range 36

Examiner Hearing January 25, 2018
Docket No. 4-18
Page 7 of 9

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 8 miles southwest of Jal, New Mexico.

29. Case No. 15924: (Continued from the January 11, 2018 Examiner Hearing.)

Application of Impetro 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 Wolfcamp formation comprised of the E/2 E/2 of Section 20, Township 26 South, Range 36 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Jal (Wolfcamp) formation underlying the non-standard unit. The unit will be dedicated to Applicant's proposed **Wildhog BWX State Com #2H well** to be drilled from an orthodox location approximately 250 feet from the north line and 1020 feet from the east line (surface) of Section 20, Township 26 South, Range 36 East, to a landing point approximately 330 feet from the north line and 990 feet from the east line of Section 20, Township 26 South, Range 36 East, and then to a bottom hole location approximately 330 feet from the south line and 990 feet from the east line (terminus) of Section 20, Township 26 South, Range 36 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 8 miles southwest of Jal, New Mexico

30. Case No. 15910: (Continued from the January 11, 2018 Examiner Hearing.)

Application of EOG Y Resources, 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 240-acre spacing and proration unit comprised of the E/2 SE/4 of Section 11 and the E/2 E/2 of Section 14, Township 26 South, Range 26 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Plucky 14 Fed Com No. 502H** (API No. 30-015-44144), which will be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 14 to a bottom hole location in NE/4 SE/4 (Unit I) of Section 11. The project area is located within the Welch Bone Spring Pool (64010). The completed interval for this well will commence and 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 EOG Y Resources, Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 16 miles southwest of Malaga, New Mexico.

31. Case No. 15906: (Continued from the January 11, 2018 Examiner Hearing.)

Application of Marathon Oil Permian LLC for a non-standard spacing and proration unit, non-standard locations and compulsory pooling, Lea County, New Mexico. Applicant seeks an order approving a non-standard spacing and proration unit in the Wolfcamp formation, comprised of the E/2 of Section 26, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico, the approval of non-standard locations, and the pooling of all uncommitted mineral interests located within the proration unit. This proposed non-standard spacing and proration unit will be the project area for the **Knife Fight Fee 24 34 26 WXY 3H, Knife Fight Fee 24 34 26 WA 6H, and Knife Fight Fee 24 34 26 WXY 19H** wells, to be horizontally drilled. The producing area for these wells will be unorthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 15 miles northwest of Jal, New Mexico.

32. Case No. 15907: (Continued from the January 11, 2018 Examiner Hearing.)

Application of Marathon Oil Permian LLC for a non-standard spacing and proration unit, non-standard locations and compulsory pooling Lea County, New Mexico. Applicant seeks an order to create a non-standard spacing and proration unit covering the Bone Spring formation, which is comprised of the E/2 E/2 of Section 26, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico, the approval of non-standard locations, and the pooling of all uncommitted mineral interests located within the proration unit. This proposed non-standard spacing and proration unit will be the project area for the **Knife Fight Fee 24 34 26 TB 7H well**, to be horizontally drilled. The producing area for this well will be unorthodox, less than 330 feet from the project area boundary. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 15 miles northwest of Jal, New Mexico.

33. Case No. 15865: (Continued from the January 11, 2018 Examiner Hearing.)

Application of Chisholm Energy 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 160-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 34, Township 21 South, Range 34 East, NMPM, 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 **Gramma Ridge East 34 State 3BS No. 2H 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 34. The completed interval for the 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

Examiner Hearing January 25, 2018

Docket No. 4-18

Page 8 of 9

costs and charges for supervision, designation of Chisholm Energy Operating, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 18 miles west of Eunice, New Mexico.

34. Case No. 15866: *(Continued from the January 11, 2018 Examiner Hearing.)*

Application of Chisholm Energy 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 160-acre, more or less, spacing and proration unit comprised of the E/2 W/2 of Section 34, Township 21 South, Range 34 East, NMPM, 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 **Grama Ridge East 34 State 3BS No. 3H 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 SE/4 SW/4 (Unit N) of Section 34. The completed interval for the 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 Chisholm Energy Operating, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 18 miles west of Eunice, New Mexico.

35. Case No. 15867: *(Continued from the January 11, 2018 Examiner Hearing.)*

Amended Application of Chisholm Energy 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 160-acre, more or less, spacing and proration unit comprised of the W/2 E/2 of Section 34, Township 21 South, Range 34 East, NMPM, 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 **Grama Ridge East 34 State 2BS No. 8H Well**, which will be drilled horizontally from a surface location in the SE/4 SE/4 (Unit P) to a standard bottom hole location in the NW/4 NE/4 (Unit B) of Section 34. The completed interval for the 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 Chisholm Energy Operating, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 18 miles west of Eunice, New Mexico.

36. Case No. 15868: *(Continued from the January 11, 2018 Examiner Hearing.)*

Amended Application of Chisholm Energy 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 160-acre, more or less, spacing and proration unit comprised of the E/2 E/2 of Section 34, Township 21 South, Range 34 East, NMPM, 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 **Grama Ridge East 34 State 2BS No. 9H Well**, which will be drilled horizontally from a surface location in the SE/4 SE/4 (Unit P) to a standard bottom hole location in the NE/4 NE/4 (Unit A) of Section 34. The completed interval for the 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 Chisholm Energy Operating, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 18 miles west of Eunice, New Mexico.

37. Case No. 15875: *(Continued from the January 11, 2018 Examiner Hearing.)*

Application of Great Western Drilling Ltd. 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 W/2 of Section 34, Township 21 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 **Grama Ridge East 34 State 3BS #2H well** to be drilled from an orthodox location approximately 275 feet from the north line and 870 feet from the west line (surface) of Section 34, Township 21 South, Range 34 East, to a landing point approximately 330 feet from the north line and 460 feet from the west line of Section 34, Township 21 South, Range 34 East, and then to a bottom hole location approximately 330 feet from the south line and 460 feet from the west line (terminus) of Section 34, 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 20 miles west of Eunice, New Mexico.

38. Case No. 15876: *(Continued from the January 11, 2018 Examiner Hearing.)*

Application of Great Western Drilling Ltd. 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 34, Township 21 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 **Grama Ridge East 34 State 3BS #9H well** to be drilled from an orthodox location approximately 275 feet from the south line and 1220 feet from the east line (surface) of Section 34, Township 21 South, Range 34 East, to a landing point approximately 330 feet from the south line and 460 feet from the east line of Section 34, Township 21 South, Range 34 East, and then to a bottom hole location approximately 330 feet from the north line and 460 feet from the east line (terminus) of Section 34,

Examiner Hearing January 25, 2018

Docket No. 4-18

Page 9 of 9

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 20 miles west of Eunice, New Mexico.

39. *Case No. 15983: Application of EOG Resources, Inc. for approval of an unorthodox well location, Lea County, New Mexico.* Applicant seeks an order approving an unorthodox well location for its **Date 14 State Com No. 602H Well** in the W/2 E/2 of Section 11 and the W/2 E/2 of Section 14, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico. The first perforation will be located 330 feet from the South line and 1370 feet from the East line (Unit O) of Section 14 and the last perforation will be located 330 feet from the North line and 1370 feet from the East line (Unit B) of Section 11. The completed interval for the proposed well encroaches on the spacing units to the east, southeast, and northeast of the project area. Said area is located approximately 19 miles southwest of Monument, New Mexico.